

Registered number
05836806

Fonix Mobile Ltd
Report and Consolidated Accounts for the year ended
30 June 2015

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Fonix Mobile Ltd
Report and accounts
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Fonix Mobile Ltd
Company Information

Directors

William Richard Neale
Robert Henry Weisz (appointed 01/07/2014)
Richard Charles Thompson

Secretary

William Richard Neale

Auditors

CK Partnership Ltd
1 Old Court Mews
311 Chase Road
London
N14 6JS

Registered office

23 Heddon Street
London
W1B 4BQ

Registered number

05836806

Fonix Mobile Ltd**Registered number:** 05836806**Directors' Report**

The directors present their report and accounts for the year ended 30 June 2015.

Principal activities

The principal activity of the group was that of a mobile and interactive service provider.

Future developments

The group is looking to further expand their client base and product range.

Research and development

Fonix Mobile is heavily investing in Research and Development in order to improve the current platform and to create further innovative products, with a view to grow revenue as well as profit in the coming year.

Financial risk management policies & objectives

The Board of Directors is responsible for setting financial risk management policies and objectives, and approves the parameters within which the various aspects of financial risk management are operated. The group's principal financial instruments are cash, trade debtors, trade creditors and loans. These financial instruments arise directly from the operations of the company. The group's policy is that no trading in financial instruments shall be undertaken for financing purposes.

Interest Rate Risk

Any loans between group companies are interest free. Accordingly the company has no material exposure to interest rate risk.

Credit risk

The company incurs relatively little credit risk. Any customers to whom credit is granted are subject to credit verification procedures. Receivable balances will be monitored on an ongoing basis with the result that the company's exposure to doubtful debts is not significant. There are no significant concentrations of credit risk within the group.

Liquidity Risk

The company has no external borrowings, therefore there is no significant exposure to liquidity risk in relation to borrowings. Liquidity risk may arise from difficulties the group may face in meeting obligations under financial liabilities as they fall due. The group mitigates liquidity risk by long, medium and short term forecasts, utilising the full trading terms with its suppliers.

Market risk

The group's key risks are regulatory, technology and client risks. Regulatory risks are mitigated by liaising closely with regulators and trade bodies. The risk presented by rapidly evolving technology is mitigated by on going research and development. The risk of key clients leaving is mitigated through medium term contracts and maintaining as broad a client base as possible.

Directors

The following persons served as directors during the year:

William Richard Neale
Robert Henry Weisz (appointed 01/07/2014)
Richard Charles Thompson

Fonix Mobile Ltd

Registered number:

05836806

Directors' Report

Political and charitable donations

There were no political or charitable donations during the year.

Disclosure of information to auditors

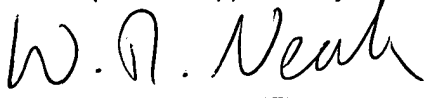
Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Employment of disabled persons

It is the policy of the group to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for continued employment of persons who have become disabled during service and for the appropriate training, career development and promotion of disabled persons.

This report was approved by the board on 27 October 2015 and signed on its behalf.



W R Neale
Director

Fonix Mobile Ltd

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fonix Mobile Ltd Strategic Report

Review of the business and future developments

The Board is pleased to report a year of good growth in revenue and profits of the Group. The Board looks to build further on the progress achieved across the group to date and will look to increase its client base and product offering in the year ahead.

Principal risks and uncertainties

The principal risks identified are liquidity risk and market risk.

Liquidity risk arises from the difficulties the group may face in meeting obligations under financial liabilities as they fall due. The group mitigates liquidity risk by long, medium and short term forecasts, applying cash collection targets throughout the group and utilisation of full trading terms with its suppliers.

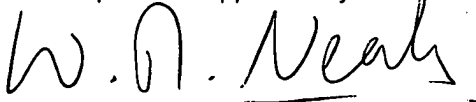
Market risks relates to client risks. The risk of key clients leaving is mitigated through medium term contracts and maintaining as broad a client base as possible.

The strategic report is only part of the company's annual accounts and reports.

The auditor's opinion given in relation to the annual accounts in the auditors' report was an unqualified opinion.

The auditor's opinion in relation to section 496 regarding whether the strategic report and directors' report are consistent with the accounts was an unqualified opinion.

This report was approved by the board on 27 October 2015 and signed on its behalf.



W R Neale
Director

Fonix Mobile Ltd
Independent auditors' report
to the members of Fonix Mobile Ltd

We have audited the accounts of Fonix Mobile Ltd for the year ended 30 June 2015 which comprise the consolidated Profit and Loss Account, the consolidated and company Balance Sheets, the consolidated Cash Flow Statement, the consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2015 and of its group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.


Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other Matters

- The prior period accounts did not form the scope of an audit review.



Ravi Koppa
(Senior Statutory Auditor)
for and on behalf of
CK Partnership Ltd
Accountants and Statutory Auditors
27 October 2015

1 Old Court Mews
311 Chase Road
London
N14 6JS

Fonix Mobile Ltd
Consolidated Profit and Loss Account
for the year ended 30 June 2015

		12 Months	6 Months
	Notes	2015 £	2014 £
Turnover	3	28,115,607	4,317,724
Cost of sales		(25,477,536)	(3,821,851)
Gross profit		<u>2,638,071</u>	<u>495,873</u>
Administrative expenses		(1,647,438)	(306,619)
Other operating income		181	-
Operating profit	4	<u>990,814</u>	<u>189,254</u>
Interest receivable		143	21
Profit on ordinary activities before taxation		<u>990,957</u>	<u>189,275</u>
Tax on profit on ordinary activities	7	(8,389)	-
Profit for the financial year		<u>982,568</u>	<u>189,275</u>

Continuing operations

None of the group's activities were acquired or discontinued during the above two financial years.

The group has no recognised gains or losses other than the profit for the above two financial years.

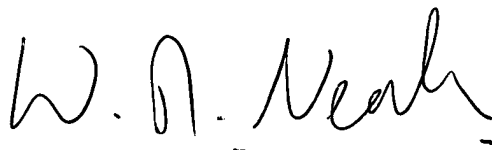
Fonix Mobile Ltd
Consolidated Statement of total recognised gains and losses
for the year ended 30 June 2015

	12 Months	6 Months
Notes	2015 £	2014 £
Profit for the financial year	982,568	189,275
Total recognised gains and losses related to the year	<u>982,568</u>	<u>189,275</u>

Fonix Mobile Ltd
Consolidated Balance Sheet
as at 30 June 2015

As restated

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	8	1,617,406	621,646
Tangible assets	10	<u>22,153</u>	<u>12,144</u>
		1,639,559	633,790
Current assets			
Debtors	12	7,040,997	2,049,827
Cash at bank and in hand		<u>3,158,557</u>	<u>348,016</u>
		10,199,554	2,397,843
Creditors: amounts falling due within one year			
	14	(9,089,867)	(1,964,959)
Net current assets		<u>1,109,687</u>	<u>432,884</u>
Net assets		<u>2,749,246</u>	<u>1,066,674</u>
Capital and reserves			
Called up share capital	16	41	21
Share premium	17	1,452,008	752,024
Profit and loss account	18	1,297,197	314,629
Shareholders' funds	19	<u>2,749,246</u>	<u>1,066,674</u>



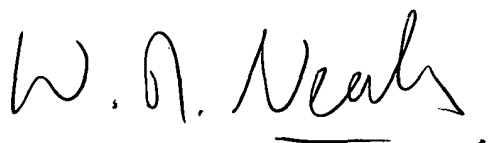
W R Neale
 Director

Approved by the board on 27 October 2015

Fonix Mobile Ltd
Company Balance Sheet
as at 30 June 2015

As restated

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	9	639,643	621,646
Tangible assets	10	22,153	12,144
Investments	11	699,999	-
		<u>1,361,795</u>	<u>633,790</u>
Current assets			
Debtors	13	7,040,997	2,049,827
Cash at bank and in hand		<u>3,151,681</u>	<u>348,016</u>
		<u>10,192,678</u>	<u>2,397,843</u>
Creditors: amounts falling due within one year	15	(9,126,181)	(1,964,959)
Net current assets		<u>1,066,497</u>	<u>432,884</u>
Total assets less current liabilities		<u>2,428,292</u>	<u>1,066,674</u>
Net assets		<u>2,428,292</u>	<u>1,066,674</u>
Capital and reserves			
Called up share capital	16	41	21
Share premium	17	1,452,008	752,024
Profit and loss account		976,243	314,629
Shareholders' funds	19	<u>2,428,292</u>	<u>1,066,674</u>



W R Neale
 Director

Approved by the board on 27 October 2015

Fonix Mobile Ltd
Cash Flow Statement
for the year ended 30 June 2015

	Notes	2015 £	2014 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		990,814	189,254
Depreciation and amortisation		404,227	150,835
Increase in debtors		(4,991,170)	(903,450)
Increase in creditors		7,110,069	951,291
Net cash inflow from operating activities		<u>3,513,940</u>	<u>387,930</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		3,513,940	387,930
Returns on investments and servicing of finance	20	143	21
Taxation		6,450	-
Capital expenditure	20	<u>(1,409,996)</u>	<u>(216,897)</u>
		2,110,537	171,054
Financing	20	700,004	-
Increase in cash		<u>2,810,541</u>	<u>171,054</u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		2,810,541	171,054
Change in net debt	21	<u>2,810,541</u>	<u>171,054</u>
Net funds at 1 July		<u>348,016</u>	<u>176,962</u>
Net funds at 30 June		<u>3,158,557</u>	<u>348,016</u>

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Fonix Mobile Ltd and its subsidiary undertakings. The results of the subsidiary undertakings acquired or sold are consolidated for the periods from or to the date that control passed. Acquisitions are accounted for under the acquisition method. No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

Going concern

The group's business activities, key risks and financial performance are set out in the director's report. The director has an expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis in preparing the annual report and accounts has been adopted.

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers derived from ordinary activities. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the income can be reliably measured.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Asset class	Depreciation method and rate
Platform Hardware and Office IT	3 years straight line
Plant and machinery	3 years straight line

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Foreign currencies

Both the functional and presentation currency of the Group is GBP. The majority of the company's transactions are undertaken in GBP. Transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rate in effect as the transaction date. Monetary items receivable or payable in a currency other than the functional currency are translated at balance sheet date at the closing rate. Exchange differences are recognised in the Statement of Comprehensive Income as income or expenditure.

Impairment of Current and Non-Current Assets

At each reporting date, the entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

Goodwill

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

Positive goodwill is capitalised, classified as an intangible asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Asset class	Amortisation method and rate	Internally generated or acquired
Goodwill	over 20 years	Acquired
Platform Software	over 3 years	Internally generated

Prior year adjustment

Fonix Mobile re-assessed its accounting for Intangible and Tangible fixed assets in respect of classifying Platform Software as an Intangible asset. The parent company was previously classifying Platform Software (internally generated software) as a Tangible asset. On 01 July 2014 Fonix Mobile decided to reclassify Platform Software as an Intangible asset as it believes that this classification reflects more effectively the substance of this asset.

Significant transactions and events

On 01 July 2014, Fonix Mobile Ltd acquired 100% of the total shares of Fonix Interactive Ltd, an unlisted company based in the United Kingdom and specialising in mobile and interactive services provision. The acquisition was made in order to increase the market share of Fonix Mobile Ltd. See note 28 for workings regarding the acquisition.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2 Profit of the Parent Company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements. The company made a profit for the financial year of £661,587 (2014: £189,275 for 6 months)

3 Analysis of turnover

	2015	2014
	£	£
By group component :		
Fonix Mobile Ltd	28,104,987	4,317,724
Fonix Interactive Ltd	10,622	-
	<u>28,115,609</u>	<u>4,317,724</u>

4 Operating profit - Group

	2015	2014
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	12,523	4,341
Amortisation of goodwill	51,461	-
Amortisation of intangible assets	340,244	146,494
Operating lease rentals - land buildings	61,968	12,011
Auditors' remuneration for audit services	7,200	-
Auditors' remuneration for other services	-	745
	<u>-</u>	<u>745</u>

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

5 Directors' emoluments	2015	2014
	£	£
Emoluments	<u>135,000</u>	<u>88,500</u>
Highest paid director: Emoluments	<u>135,000</u>	<u>88,500</u>
6 Staff costs - Group	2015	2014
	£	£
Wages and salaries	985,113	175,566
Social security costs	<u>115,689</u>	<u>18,436</u>
	<u>1,100,802</u>	<u>194,002</u>
Average number of employees during the year	Number	Number
Administration	6	3
Development	8	7
Sales	<u>3</u>	<u>1</u>
	<u>17</u>	<u>11</u>
Staff costs - Company	2015	2014
	£	£
Wages and salaries	985,112	175,566
Social security costs	115,689	18,436
Other pension costs	-	-
	<u>1,100,801</u>	<u>194,002</u>

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

7 Taxation - Group	2015	2014
	£	£
Analysis of charge in period		
Current tax:		
Corporation tax on profits of the period	14,839	-
Adjustments in respect of previous periods	(6,450)	-
	<u>8,389</u>	<u>-</u>
Tax on profit on ordinary activities	<u>8,389</u>	<u>-</u>

Factors affecting tax charge for the year

The differences between the tax assessed for the period and the

	2015	2014
	£	£
Profit on ordinary activities before tax	<u>990,957</u>	<u>189,275</u>
Standard rate of group corporation tax	20%	20%
	£	£
multiplied by the standard rate of corporation tax	198,191	37,855
Effects of:		
Net effect of R&D tax relief and disallowed expenses	(183,352)	(37,855)
Adjustments to tax charge in respect of previous periods	(6,450)	-
R&D tax credit	<u>-</u>	<u>-</u>
Current tax charge for period	<u>8,389</u>	<u>-</u>

Factors that may affect future tax charges

The group will continue to request R&D tax relief subject to compliance requirements.

8 Intangible fixed assets - Group

	Goodwill	Platform Software	Total
	£	£	£
Cost			
At 1 July 2014	-	1,877,306	1,877,306
Additions	1,029,224	358,241	1,387,465
Disposals	-	(491,284)	(491,284)
At 30 June 2015	<u>1,029,224</u>	<u>1,744,263</u>	<u>2,773,487</u>
Amortisation			
At 1 July 2014	-	1,255,660	1,255,660
Provided during the year	51,461	340,244	391,705
On disposals	-	(491,284)	(491,284)
At 30 June 2015	<u>51,461</u>	<u>1,104,620</u>	<u>1,156,081</u>
Net book value			
At 30 June 2015	<u>977,763</u>	<u>639,643</u>	<u>1,617,406</u>
At 30 June 2014	<u>-</u>	<u>621,646</u>	<u>621,646</u>

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years. Platform software is being amortised on a straight line basis over 3 years. Platform Software is capitalised as the useful life of the internally generated software is typically 3 years.

9 Intangible fixed assets - Company

	Research and Development - Software	Total
	£	£
Cost		
At 1 July 2014	1,877,306	1,877,306
Additions	358,241	358,241
Disposals	(491,284)	(491,284)
At 30 June 2015	<u>1,744,263</u>	<u>1,744,263</u>
Amortisation		
At 1 July 2014	1,255,660	1,255,660
Provided during the year	340,244	340,244
On disposals	(491,284)	(491,284)
At 30 June 2015	<u>1,104,620</u>	<u>1,104,620</u>
Net book value		
At 30 June 2015	<u>639,643</u>	<u>639,643</u>
At 30 June 2014	<u>621,646</u>	<u>621,646</u>

Platform Software is capitalised as the useful life of the internally generated software is typically 3 years. Research and development costs are written off on a straight line basis over 3 years.

10 Tangible fixed assets - Group

	Platform Hardware and Office IT	Furniture and fittings	Total
	£	£	£
Cost			
At 1 July 2014	82,632	3,944	86,576
Additions	15,408	7,123	22,531
Disposals	(50,080)	-	(50,080)
At 30 June 2015	<u>47,960</u>	<u>11,067</u>	<u>59,027</u>
Depreciation			
At 1 July 2014	71,320	3,112	74,432
Charge for the year	10,035	2,487	12,522
On disposals	(50,080)	-	(50,080)
At 30 June 2015	<u>31,275</u>	<u>5,599</u>	<u>36,874</u>
Net book value			
At 30 June 2015	<u>16,685</u>	<u>5,468</u>	<u>22,153</u>
At 30 June 2014	<u>11,312</u>	<u>832</u>	<u>12,144</u>

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

11 Investments - Company

	Investments in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 July 2014	-	-	-
Additions	699,999		699,999
Unpaid share capital		-	-
At 30 June 2015	<u>699,999</u>	<u>-</u>	<u>699,999</u>

The company has investments in the following subsidiary undertakings

Company	Shares held Class	%	Country of incorporation	Principal activity
Fonix Interactive Limited (No: 08777289)	Ordinary	100	United Kingdom	mobile service provider

The principal activities of Fonix Interactive Limited were that of a mobile service provider.

12 Debtors - Group

	2015 £	2014 £
Trade debtors	6,450,978	1,982,604
Other debtors	34,482	35,050
VAT Recoverable	463,490	-
Deposits	28,658	-
Prepayments	61,349	30,133
Employee loans	2,040	2,040
	<u>7,040,997</u>	<u>2,049,827</u>

13 Debtors - Company

	2015 £	2014 £
Trade debtors	6,450,978	1,982,604
Other debtors	34,482	35,050
VAT Recoverable	463,490	-
Deposits	28,658	-
Prepayments	61,349	30,133
Employee loans	2,040	2,040
	<u>7,040,997</u>	<u>2,049,827</u>

14 Creditors: amounts falling due within one year - Group

	2015 £	2014 £
Trade creditors	8,359,044	737,349
Corporation tax	14,839	-
Other taxes and social security costs	42,726	21,473
Other creditors	1,000	-
Accruals	672,258	1,206,137
	<u>9,089,867</u>	<u>1,964,959</u>

Fonix Mobile Ltd
Notes to the Accounts
for the year ended 30 June 2015

15 Creditors: amounts falling due within one year - Company	2015	2014
	£	£
Trade creditors	8,359,044	737,349
Due to group undertakings	60,216	
Other taxes and social security costs	33,662	21,473
Other creditors	1,000	-
Accruals	672,259	1,206,137
	<u>9,126,181</u>	<u>1,964,959</u>

16 Share capital	Nominal value	2015 Number	2015	2014
			£	£
Allotted, called up and fully paid:				
Ordinary shares	£0.00001 each	4,028,133	40	21
B Ordinary shares	£0.00001 each	101,833	1	-
			<u>41</u>	<u>21</u>
	Nominal value	Number	Amount	
			£	
Shares issued during the period:				
Ordinary shares	£0.00001 each	1,934,833	19	
B Ordinary shares	£0.00001 each	101,833	1	
			<u>20</u>	

17 Share premium	2015
	£
At 1 July 2014	752,024
Shares issued	699,984
	<u>1,452,008</u>
At 30 June 2015	

18 Profit and loss account	2015
	£
At 1 July 2014	314,629
Profit for the financial year	982,568
	<u>1,297,197</u>
At 30 June 2015	

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19 Reconciliation of movement in shareholders' funds	2015	2014
	£	£
At 1 July	1,066,674	877,399
Profit for the financial year	982,568	189,275
Shares issued	700,004	-
	<hr/>	<hr/>
At 30 June	<u>2,749,246</u>	<u>1,066,674</u>

20 Gross cash flows	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	143	21
	<hr/>	<hr/>
Capital expenditure		
Payments to acquire intangible fixed assets	(1,387,465)	(216,897)
Payments to acquire tangible fixed assets	(22,531)	-
	<hr/>	<hr/>
	<u>(1,409,996)</u>	<u>(216,897)</u>
Financing		
Issue of share capital	700,004	-
	<hr/>	<hr/>

21 Analysis of changes in net debt	At 1 Jul 2014	Cash flows	Non-cash changes	At 30 Jun 2015
	£	£	£	£
Cash at bank and in hand	348,016	2,810,541		3,158,557
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>348,016</u>	<u>2,810,541</u>	<u>-</u>	<u>3,158,557</u>

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22 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2015 £	Land and buildings 2014 £	Other 2015 £	Other 2014 £
Operating leases which expire: within one year	61,968	12,011	-	-

23 Contingent liabilities

There were no contingent liabilities as at the year end.

24 Financial Risk Management Policies & Objectives

The group's principal financial instruments are cash, fund investemnts, client deposits. These financial instruments arise directly from the operations of the group. The company's policy is that no trading in financial instruments shall be undertaken for financing purposes.

Interest rate risk

The group has no external term debt and there is no bank overdraft facility. Any loans between group companies are interest free. Accordingly the company has no material exposure to interest rate risk.

Commodity Price Risk

The company's exposure to commodity price risk is minimal.

Credit risk

The company incurs relatively little credit risk. Any customers to whom credit is granted will be subject to credit verification procedures. Receivable balances will be monitored on an ongoing basis with the result that the company's exposure to doubtful debts is not significant. There are no significant concentrations of credit risk within the group.

Liquidity Risk

The company has no external borrowings. Any inter company loans have no fixed term of repayment. Therefore there is no significant exposure to liquidity risk in relation to borrowings.

25 Financial Instruments

All the group's financial instruments are carried in the financial statements as their values or at amortised cost adjusted for any impairment in fair value.

Interest rate risk

The only financial instrument of the group that is exposed to interest rate risk is the group's bank balance. This balance attracts interest on a floating rate. Due to the low interest environment the impact is minimal.

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26 Related party transactions

Grabyo Limited

Grabyo Limited is a company in which the director and majority shareholder W Neale, has a significant influence.

The company invoiced Grabyo Limited £157,688.92 during the year for Grabyo Limited's share of overhead office costs. This is included as a reduction of overheads in the Profit and Loss account. Grabyo Limited invoiced the group £6.320 for video services.

	2015	2014
	£	£
Amount due from the related party	6,732	-

Gullway Limited

Gullway Limited is a company in which the director and majority shareholder W Neale, has a significant influence.

Gullway Limited invoiced the group £143,997.03 during the year for services and this is included in Administrative expenses. There are no amounts owed to/from Gullway Limited at the end of the year.

27 Ultimate controlling party

The ultimate controlling party is William Richard Neale, a director, who owns 55.63% of the issued share capital of the company.

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28 Business combinations and acquisition of non-controlling interests
Acquisitions in 2014

On 01 July 2014, Fonix Mobile Ltd acquired 100% of the voting shares of Fonix Interactive Ltd, an unlisted company based in United Kingdom and specialising in the provision of mobile services. Fonix Mobile Ltd acquired Fonix Interactive Ltd because it increases its existing market share.

Assets acquired and liabilities assumed

The book values of the identifiable assets and liabilities of Fonix Interactive Ltd as at the date of acquisition were:

Assets	
Bank	
Bank	£33,087
<hr/>	
Current Assets	£930,756
<hr/>	
Fixed Assets	£19,509
<hr/>	
Non-current Assets	£0
<hr/>	
Total Assets	£983,352
Total Current Liabilities	£1,312,577
<hr/>	
Total Liabilities	£1,312,577
<hr/>	
Net Assets	(£329,225)
<hr/>	
Equity	
Capital - Ordinary Shares	£95
Retained Earnings	(£329,320)
Total Equity	(£329,225)

The goodwill of £1,029,224.66 comprises the value of expected synergies arising from the acquisition and a customer list.

From the date of acquisition, Fonix Interactive Ltd contributed £1,610,200 of revenue and £387,253 to profit before tax from continuing operations of the Group.

<i>Purchase consideration</i>	£
Shares issued, at fair value	
Total consideration	<u>699,999</u>
	<u>699,999</u>
<hr/>	
<i>Analysis of cash flows on acquisition</i>	
Transaction costs of the acquisition (included in cash flows from operating activities)	
Net cash acquired with the subsidiary	33,087
Transaction costs attributable to issuance of shares	(3,510)
Net cash flow on acquisition	<u>-</u>
	<u>29,577</u>

The group issued 1,934,833 ordinary shares as consideration for the 100% interest in Fonix Interactive Ltd.

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The company Fonix Interactive Limited (the subsidiary) is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts. A guarantee has been given for the subsidiary Fonix Interactive Ltd under the requirements of Section 479C, Companies Act 2006.