

# **LIGHTWAVERF Plc**

(Formerly JSJS Designs Plc)

Registered Number: 06690180 (England and Wales)

## **REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014**

LightwaveRF Plc ("LightwaveRF" or "the Company"), Internet of Things company and creators of the LightwaveRF Smart Home platform enabling households and businesses to remotely monitor and control lighting, heating, power and security using app or web, is pleased to announce its final results for the year ended 30 September 2014.

## **FINANCIAL HIGHLIGHTS**

- Revenue for the year of £3.04 million, an increase of 189% (2013: £1.05 million)
- Gross profit increased to £1.03 million (2013: £0.45 million)
- Pre-tax losses substantially reduced to £0.30 million (2013: £0.81 million)
- Year closes on £1.8 million of forward orders
- Zero working capital model adopted in UK through Megaman UK distributor deal
- Total loans and borrowings decreased by £0.46 million

## **OPERATIONAL HIGHLIGHTS**

- Launch of heating range enabling monitoring and control of heat, light and power by individual room
- Development of lighting solution with a new Smart Dimmer designed to work with latest low-energy LED lamps which do not operate with most existing dimmer switches
- Appointment of Megaman UK as our master distributor for the UK
- Warwick University Innovate UK (formerly Technology Strategy Board) energy management project now with 300 rooms
- Entire product range now available in over 150 Maplin Electronics shops across the UK, as well as their on-line store.
- LightwaveRF products now stocked by 130 UK electrical and plumbing wholesalers
- Global distribution deal for lighting products now in place with Neonlite. First stocking orders now received for Australasia and Asia.
- Almost 25,000 homes across Europe now connected using the LightwaveRF cloud-based platform

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**CONTENTS**

<b>Section</b>	<b>Page</b>
Company Information	4
Chairman and Chief Executive Officer Report	5
Report of the Directors	7
Strategic Report and Product Review	11
Report of the Independent Auditor	15
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Cashflows	20
Statement of Changes in Equity	22
Notes to the Financial Statements	24

# **LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

## **COMPANY INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**DIRECTORS:**

Michael Lord (Chairman)	
Barry Gamble	- Appointed 3 April 2014
Michael Hughes	- Resigned 10 March 2014*
Simon Lane	- Resigned 10 March 2014*
John Shermer	- Resigned 10 March 2014*
John Sinclair	- Resigned 10 March 2014
Tom Sykes	- Appointed 10 December 2014
Frank Tiller	- Resigned 2 December 2014

\* continues to hold office as director of LightwaveRF Technology Limited, the 100% subsidiary of the company.

**SECRETARY:**

Peter Britton	- Resigned 10 March 2014; Appointed 2 December 2014
Frank Tiller	- Appointed 10 March 2014; Resigned 2 December 2014

### **REGISTERED OFFICE:**

Birmingham Science Park Aston  
Faraday Wharf  
Holt Street  
Birmingham B7 4BB

**REGISTERED NUMBER:** 06690180

**SEDOL:** B3FW44

### **AUDITORS:**

BDO LLP  
125 Colmore Row  
Birmingham B3 3SD

### **SOLICITORS:**

BPE Solicitors LLP  
St James House  
St James Square  
Cheltenham GL50 3PR

### **REGISTRARS:**

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands B63 3DA

### **NOMINATED ADVISER AND BROKER:**

W.H. Ireland Limited  
4 Colston Avenue  
Bristol BS1 4ST

### **BANKERS:**

HSBC Bank plc  
Commercial Street  
Halifax  
West Yorkshire HX1 1HN

## LIGHTWAVE RF PLC (Formerly JSJS Designs Plc)

### CHAIRMAN & CHIEF EXECUTIVE OFFICER REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

---

I am pleased to report that during the period as brand awareness increased, LightwaveRF has seen an almost threefold increase in revenues, mainly in our core UK retrofit market which has been well serviced by our UK master distribution relationship with Megaman UK.

We have expanded our product portfolio, and are now starting to see sales traction internationally through our non-exclusive distribution deal with NeonLite in Australia and Asia. Furthermore, we are seeing UK sales beyond our retail customer market into new commercial sectors including new home builds and commercial building applications.

Our product range has expanded to include heating control, which allows householders to reduce energy usage by intelligently controlling the temperature in individual rooms, something most competitors, such as Nest and Hive, do not offer. Additionally, those products do not integrate with a full Smart Home platform that we offer to control power and lighting in addition to heat.

We are now building relationships with UK companies which have large customer bases for energy related products and services in both the domestic and commercial markets. For these companies, LightwaveRF's ability to monitor and control power, light and heat provides them with great opportunities to add value to their proposition.

On 2 April 2014 the Company changed its name from JSJS Designs Plc to LightwaveRF Plc to reinforce the growing strength of the LightwaveRF brand.

#### Results

Revenue for the year amounted to £3,039,894 (FY13 £1,053,735) which represents a 189% increase.

Eradication of supply chain costs as a result of our Megaman UK relationship means that despite the increased revenues, administrative expenses increased by only by 5.8% in the year to £1.29 million (2013: £1.21 million). However, gross margin dropped to 33.9% (2013: 42.5%) due to transfer of stock to Megaman in the first six months of the year and by reduced margin from existing customers due to the Megaman deal. The second half of the year saw gross margins return to a more normal trading level of 39.4% (first Half 29.4%).

Pre-tax losses for the year of £0.30 million were significantly lower than in the previous year (2013; £0.81 million). The company benefitted from a tax credit of £154,546, relating to R&D claims made in respect of 2012 and 2013. During these periods and the current year development was focused primarily on research and no development costs were capitalised.

Loans and borrowings for the Group were reduced by £0.46 million in the year.

A fundraising of £385,550 was completed in the year, the proceeds of which were predominantly used to strengthen our in-house development team and bring the heating products to market. The recruitment of additional software and hardware design resource is intended to create additional Intellectual Property value for the Company. All design work is now undertaken in the UK giving the business the opportunity to source hardware product supply more effectively.

# LIGHTWAVERF PLC (Formerly JSJS Designs Plc)

## CHAIRMAN & CHIEF EXECUTIVE OFFICER REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

### Strategy for Growth

Our mission is to create an affordable market-leading Smart Home platform that will deliver cost-savings to home and commercial building owners through reduced energy usage, increased safety and security, plus enhanced convenience and time saved through automation of energy monitoring and control processes.

There are three main core markets we are focused on serving with our product range. Our product development priorities have therefore continued to centre on lighting, power and cooling control together with security.

- Domestic Retrofit

Over the last 12 months we have extended our presence in this market beyond retail and on-line outlets to a large trade wholesale presence which services tens of thousands of electrical and heating contractors. In addition we are developing relationships with key partners in the domestic retrofit/upgrade market, predominantly providers of energy products and services who have existing relationships with large customer bases.

- New House Build

141,000 new homes were built across the UK last year. Our products allow builders to offer all the benefit of a Smart Home platform to their customers for a very low percentage incremental cost. We are in the planning stages of showcasing the LightwaveRF Smart Home platform in a number of new build Show Homes.

- Light Commercial

The ability to link multiple Smart Home hubs in a single network allows affordable control in very large buildings at a fraction of the cost of current commercial building energy control solutions. This is supported by the level of interest we have had from this sector, and the value we have demonstrated, not only in our 12 month involvement with Warwick University, but more recently with trials with other large commercial customers. We are in the process of creating partnerships with service providers for owners and operators of commercial buildings, such as facilities management and maintenance companies.

The company's strategic intent is to grow internationally through replication of this UK business model seeking in country master distributors to create global awareness of the LightwaveRF Smart Home platform.

### Outlook

The financial outlook for the business is increasingly more positive. Our order book at the start of the year was almost £2 million just through our UK Megaman relationship. With the additional UK opportunities, as well as our increasing international business, we expect to move make significant progress in the coming year.

I welcome Tom Sykes and his considerable financial management experience to the team. I believe that the right team is now in place with the skills and experience aligned to deliver success in all elements of the business. We are focused on achieving rapid global growth through concentrating on our core competencies of Smart Home technology development.

We believe that pursuing our strategies as detailed will allow us to maximise our potential within the global Smart Home market, which according to Berg Insights, will be worth £9.5bn in 2015 and is growing annually at a rate of 33% through to 2020.



Michael Lord  
Chairman & CEO

30/01/15

# **LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

The Directors present their report with the financial statements of the Group and Company for the year ended 30 September 2014.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is that of a Holding Company and that of its subsidiary LightwaveRF Technology Limited is that of a designer and developer of equipment to remotely control domestic devices and systems.

### **FUTURE TRADING AND LIQUIDITY RISK**

As noted above, the Group has continued to develop its product portfolio and with product storage & distribution now passed to Megaman the sales ledger debt risk has been removed and the payment terms with Megaman being ex works in full, means that the liquidity will be much improved in a short period of time. All other customers pay on proforma.

The directors have prepared profit and cash flow forecasts ("the forecasts") for the period from 1 October 2014 to 31 December 2015 based on current expectations of activity levels. These forecasts show that the group does not require additional funding. The directors intend to continue to manage the cash flows of the Group carefully over the forthcoming months and through a range of measures consider that this close management of overheads and payment profiles should enable the group to continue in a cash positive position.

The group has a bank loan of £23,000 of which £4,675 remains outstanding. The invoice discounting facility was ended on 31 January 2014 as it was no longer required to fund the debtors' ledger.

Based on our current expectations of the continuing progress of product range development, extending our partner distribution in other parts of the world, and our ability to manage the short-term payments of the group the directors consider that the Group will have adequate funding resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

### **RESEARCH AND DEVELOPMENT**

As outlined in the strategic report, the Company undertakes a large amount of Research and Development activity, the vast majority of which is with regard to software, including product firmware, Applications software and Web design for user interface. Firmware is subject to continual development and improvement as we improve and change functionality and it is conceivable that entire sections of code become redundant or are significantly rewritten. Application software is subject to continual change as the user experience is enhanced and kept fresh. The Company's subcontract manufacturing partner in Taiwan pays for hardware development costs, recovered in their pricing to the Company. In light of these factors the directors do not consider there to be any ongoing economic benefit from this expenditure and therefore believe that it is not appropriate to capitalise any Research and Development Costs in the year under IAS38.

### **FINANCIAL INSTRUMENTS**

Financial risks associated with the Group are detailed in note 18 to the financial statements.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**REPORT OF THE DIRECTORS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**DIRECTORS**

The Directors during the year under review were:

Michael Lord (Chairman)	
Barry Gamble	- Appointed 3 April 2014
Michael Hughes	- Resigned 10 March 2014*
Simon Lane	- Resigned 10 March 2014*
John Shermer	- Resigned 10 March 2014*
John Sinclair	- Resigned 10 March 2014
Tom Sykes	- Appointed 10 December 2014
Frank Tiller	- Resigned 2 December 2014

\* continues to hold office as director of LightwaveRF Technology Limited, the 100% subsidiary of the company.

The Directors' aggregate emoluments in respect of qualifying services were:

	Mike Lord	Barry Gamble	John Shermer £	Simon Lane £	Frank Tiller £	Michael Hughes £	John Sinclair £
Emoluments receivable	-	-	26,334	4,105	21,500	-	4,117
Fees paid to third parties in respect of Directors services	23,500	-	-	11,993	-	2,000	11,993
	23,500	-	26,334	16,098	21,500	2,000	16,110
Prior Year	-	-	62,172	46,136	24,000	2,500	43,800

Barry Gamble is contractually entitled to a fee, but this was waived in 2014 (£12,500).

There were no share based payments made during the year. At 30 September 2014, Tom Skyes held an option over 360,000 ordinary shares of the company (2013 360,000), option price 12.5p

**INDEMNITY COVER**

The company purchases Directors and Officers insurance cover to protect the Directors from third party claims. Indemnity cover was in force during the year under review and was in force at the date of the directors' report.



# **LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

## **REPORT OF THE DIRECTORS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2014**

### **SUBSTANTIAL SHAREHOLDERS**

At 30 September 2014 the Company had been notified of the following beneficial interests in 3% or more of its issued share capital pursuant to the Companies Act 2006:

<b>Shareholder</b>	<b>No. of Shares</b>	<b>Percentage</b>
Michael Lord	1,300,000	10.74%
TD Direct Investing Nominees (Europe) Limited	1,133,640	9.37%
John Shermer	956,667	7.91%
HSDL Nominees Limited	885,136	7.31%
L R Nominees Limited	755,598	6.24%
John Sinclair	695,044	5.74%
SVS (Nominees) Limited	475,270	3.93%
Vidacos Nominees Limited	428,571	3.54%
Barry Gamble	396,190	3.27%

### **DIVIDENDS**

No dividends will be distributed for the period ended 30 September 2014 (FY13 - nil).

### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the group and company and of the profit or loss of the group and company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements 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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**REPORT OF THE DIRECTORS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

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 financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

**WEBSITE PUBLICATION**

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

**CORPORATE GOVERNANCE**

The Company's shares are traded on the Alternative Investment Market of the London Stock Exchange and the Company is therefore not required to report on compliance with the UK Corporate Governance Code ('the code'). The company does not seek to comply with the code but refers to the code in order to establish current best practice.

**DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

The auditors, BDO LLP have expressed their willingness to continue in office and in accordance with the provisions of S485 of the Companies Act a resolution to reappoint them will be proposed at the Annual General Meeting.

**ON BEHALF OF THE BOARD: -**



**Michael Lord  
Chairman**

Date: 18/1/15

# LIGHTWAVERF PLC (Formerly JSJS Designs Plc)

## STRATEGIC REPORT AND PRODUCT REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2014

### STRATEGIC REPORT

The last year has seen the company continue to augment its LightwaveRF Smart Home platform to exploit the significant growth expected in demand from the Internet of Things market, and within it the control and monitoring of Power, Light, Heat and Security for homes and business premises.

Beyond creating a large global network of devices and users, we recognise from the prices paid by companies such as Google and Samsung for relatively small Smart Home companies such as Nest (\$3.2 billion), Dropcam (\$555 million) and SmartThings (\$200 million), that the real prize in the Smart Home sector is not only the sale of the devices themselves, but the user base these generate and the power of the huge amount of data about how people interact with their homes that can then be used to optimise the use of energy, better protect their families and property, and create valuable time and savings through automation of many of their home's processes.

### Principal risks and uncertainties

The company is exposed to a variety of risks in the conduct of its normal operations. Whilst it is not possible to either completely record or to quantify every material risk that the company faces, below is a summary of those risks that the directors believe are most significant to the company's business and could have a material impact on future performance, causing it to differ materially from expected or historic achieved results.

#### Treasury function

The company monitors cash flow as part of its day to day control procedures; the implementation of the zero working capital model through the relationship with Megaman UK, has greatly simplified the risk associated with treasury and the board considers cash flow projections and liquidity risk at its meetings and ensures that appropriate facilities are available to be drawn down upon as necessary.

#### Credit risk

The company's credit risk is primarily attributable to its trade debtors. All customers normally pay for product in advance of delivery which minimises such risks.

#### Customer concentration and relationships

The loss of, or deterioration in any single customer relationship, could have a material impact on the company's results. The company's relationship with its main distributor – Megaman UK – has been well established for 18 months and is contracted to 2017. In addition, the risk of Megaman not renewing this contract is mitigated by maintaining strong working relationships with the individual customers of Megaman.

### Key Performance Indicators

The company monitors turnover, gross profit margin, pre-tax profit, cash generated from operations and uses the following non-financial key performance indicators to measure the performance of the business and progress against key strategic objectives:

	2014	2013	YOY Change
Number of global installations (Rounded)	25,000	12,500	+100%
Number of countries with installations	5	5	-
Number of UK distribution outlets	800	436	+83%

## LIGHTWAVERF PLC (Formerly JSJS Designs Plc)

### STRATEGIC REPORT AND PRODUCT REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2014

---

Our strategy on product and software development remains focused in the four main areas; Products, Apps, Cloud Services and Big Data, and Licensing. The aim is to create a world beating range of Smart Home controls at affordable prices.

#### 1. Products

Our product strategy is to create a broad platform of devices that are; easily retrofittable, intuitive to operate either traditionally or remotely and aesthetically designed. We aim to give the user complete control of their home or workspace using only one App. The product range is therefore centered on four main categories.

##### Light Control

The well-established lighting control range is now comprehensive. We have improved this range further in the year with the launch of our Smart Dimmer. This addresses the problem that many existing dimmers have of working with the new LED lamps that are rapidly taking over from CFL lamps due to their very low power usage and "instant-on" capability.

In the coming year we plan to improve our light solutions with new technology that allows monitoring of electricity usage in real-time. This technology will benefit from the two way communication protocol development we have already successfully implemented in our heating range.

##### Power Control

Similarly the power solutions we offer are now comprehensive and once again in the coming year we plan to improve them further with new technology that allows monitoring of electricity usage in real-time. This technology will also benefit from the two way communication protocol development.

This level of information and control in power and light offers us a market leading proposition in the UK being able to deliver far more granular data to further optimise savings and benefits. However, the big opportunity for this level of technology is the commercial market, where our solution can offer savings through increased control and visibility, for a significantly lower cost than current commercial solutions.

Finally, with currently half a million homes in the UK with roof solar panels, we believe there is a major opportunity for integration with solar electricity generation by allowing homeowners to automatically turn on high power usage devices such as immersion heaters, washing machines and dishwashers during the day when the power generated by the solar panels would otherwise be wasted. Here we are working with a hardware partner to give homeowners real-time visibility of the power they are generating and how much money they have saved through the control that the LightwaveRF Smart Home platform gives them.

##### Heating and Cooling

Our recently launched heating system when combined with the power and light solutions reinforces our market leading proposition being the only provider of power, heat and lighting control on one platform.

The LightwaveRF heating system consists of boiler control, independent thermostat, thermostat and a thermostatic radiator valve. The system has full two way communication allowing users to both set and see temperatures in each room independently.

## **LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

### **STRATEGIC REPORT AND PRODUCT REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

In addition when used with the LightwaveRF window switch can cut off the heat supply to a room when a window is opened. In addition the LightwaveRF system can also control electrical heating in the same system with the thermostatic radiator switch.

In a commercial application occupancy sensing is also available allowing temperature to be set back when a room is unoccupied. A domestic solution will ultimately also be available.

#### **Security**

Our easy to use apps and web manager allow control of lighting and electrical devices enabling users to "be at home when they are not". Our new two way communications protocol in our heating range has already been extended to include door and window sensors to automatically manage room heating. We will be extending that functionality to alert users via their smartphones if doors or windows are opened and will be adding that same technology into our motion sensing devices

We are now in discussions with potential cloud based webcam partners to integrate video alerting and recording into the LightwaveRF Smart Home platform. This offers a level of two-way interaction between our devices and sensors much more advanced than the current simple motion detection offered in the market.

This combination of cameras, sensors and reporting on the use of light and power devices will create an alerting system for homeowners of any unauthorised activity in their home which will be much more comprehensive than traditional home security solutions.

#### **2. Apps**

Smartphone app development has continued during the year with the launch of our new IOS and Android Apps leading to much better ratings and consumer acceptance. This development continues with further releases being anticipated in the coming year. A significant update has been the addition of heating allowing heat, power and light to be controlled in one App which we believe to be unique.

The Apps now allow customers to interact with, monitor and control their LightwaveRF Smart Home from the comfort of their settee, or when out travelling away from the home. Every interaction between the user and our devices plus a consistent stream of device status can now be collected and stored, using secure encryption, to build the historical data that will allow users to analyse and then optimise their set-up.

We will shortly be launching of a new web-based interface that takes advantage of the larger desktop on PCs or tablets to allow better visibility of the increasing number of LightwaveRF devices in our users' buildings. For businesses we have further enhanced this with user level access and control options.

#### **3. Cloud Services and Big Data**

The Wifi Link is at the heart of a LightwaveRF Smart Home platform. Although many of our products can be controlled easily with conventional style switches and easy-to-use hand-held remote controls when in the home, to fully exploit the power of our products customers need a WifiLink. This is the connection between the devices in the home and the LightwaveRF Cloud that allows control using our IOS and Android smartphone apps and our web manager portal.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**STRATEGIC REPORT AND PRODUCT REVIEW  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

The Wifi link which can be updated by LightwaveRF Cloud as updates become available makes it possible to have virtually no computing power or data storage in the home but to manage services from the Cloud. This makes the LightwaveRF Platform constantly updatable and flexible. With our new two-way communication the LightwaveRF Platform is now capable of monitoring and collecting data for use in either realtime for storage and analysis later.

Warwick University has provided a huge opportunity to develop the monitoring and analysis tools. The LightwaveRF Cloud in conjunction with our Commercial Web Manager can now display a site map showing temperatures, which windows are open and room occupancy. The system also records and stores data for later analysis or actioning changes to settings based on predefined rules. The Cloud based nature of the LightwaveRF platform also makes it considerably cheaper than traditional building management systems.

Finally, the levels of "Big Data" that the LightwaveRF Cloud can produce will also have real value, beyond the home or business owner themselves. They will provide data for energy producers, consumer electronic businesses and construction companies, as they aim to design and improve their products and services to make them more efficient and more effective.

**4. Licensing**

We continue to pursue a further broadening of the range by embedding LightwaveRF technology in to partner products creating a "Connected by LightwaveRF" range. Not only will this increase the range of control available but it will potentially create recurring revenue streams.



**Mike Lord  
Chairman & CEO**

Date:

30/1/15

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

---

We have audited the financial statements of LightwaveRF Plc for the year ended 30 September 2014 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Statement of Cashflows, the Group and Company Statement of Changes In Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditor's 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 financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
LIGHTWAVERF PLC (Formerly JSJS Designs Plc) – continued**

---

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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.

*BDO LLP*

*Stephen Ward (senior statutory auditor)*  
*For and on behalf of BDO LLP, statutory auditor*  
Birmingham  
United Kingdom

Date *30/01/15*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

<b>CONTINUING OPERATIONS</b>			
	<b>Notes</b>	<b>Year ended 30-Sep-14 £</b>	<b>Year ended 30-Sep-13 £</b>
<b>REVENUE</b>			
Cost of Sales	2	3,039,894 (2,009,409)	1,053,735 (606,219)
<b>GROSS PROFIT</b>		<u>1,030,485</u>	<u>447,516</u>
Administrative expenses		(1,282,306)	(1,212,379)
<b>LOSS FROM OPERATIONS</b>		<u>(251,821)</u>	<u>(764,863)</u>
Finance Income	6	-	29
Finance Expense	7	(47,573)	(43,839)
<b>LOSS FOR THE YEAR BEFORE INCOME TAX</b>		<u>(299,394)</u>	<u>(808,674)</u>
Tax charge/(credit) on loss on ordinary activities	8	(154,546)	-
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT</b>		<u>(144,848)</u>	<u>(808,674)</u>
Other Comprehensive Income		-	-
<b>LOSS AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT</b>		<u>(144,848)</u>	<u>(808,674)</u>
Basic & Diluted loss per share	9	<u>1.20p</u>	<u>7.38p</u>

The notes on pages 24 to 47 form part of these financial statements

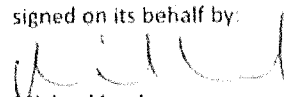
**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**


**GROUP STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2014**

Company number: 06690180

	Notes	Year ended 30-Sep-14 £	Year ended 30-Sep-13 As Restated £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	11	62,312	7,748
		<u>63,312</u>	<u>7,748</u>
<b>Current Assets</b>			
Inventories	3	-	395,478
Trade and other receivables	12	344,790	350,125
Cash and cash equivalents	15	222,662	43,286
Corporate tax recoverable		154,546	
		<u>721,998</u>	<u>788,889</u>
<b>TOTAL ASSETS</b>		<u>784,310</u>	<u>796,637</u>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Issued share capital	14	605,060	547,774
Share premium account		2,824,910	2,496,645
Reverse acquisition reserve		(100,616)	(100,616)
Retained Losses		(4,232,000)	(4,087,152)
<b>Total Equity</b>		<u>(902,646)</u>	<u>(1,143,349)</u>
<b>Current liabilities</b>			
Trade and other payables	13	492,933	289,286
Loans and borrowings	13	574,008	718,307
<b>Total current liabilities</b>		<u>1,066,941</u>	<u>1,007,593</u>
<b>Non-current liabilities</b>			
Loans and borrowings	13	620,015	932,393
<b>Total non-current liabilities</b>		<u>620,015</u>	<u>932,393</u>
<b>Total Equity &amp; Liabilities</b>		<u>784,310</u>	<u>796,637</u>

The financial statements were approved and authorised for issue by the Board of Directors on 30/1/15 and were signed on its behalf by:

  
Michael Lord  
Chairman & CEO

  
Tom Sykes  
Finance Director

The notes on pages 24 to 47 form part of these financial statements

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2014**

Company number: 06690180

	Notes	Year ended 30-Sep-14 £	Year ended 30-Sep-13 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	10	100,620	100,620
		<u>100,620</u>	<u>100,620</u>
<b>Current Assets</b>			
Other Receivables	12	2,799,149	2,600,542
Cash and cash equivalents	23	7,115	
		<u>2,799,172</u>	<u>2,607,657</u>
<b>TOTAL ASSETS</b>		<u>2,899,792</u>	<u>2,708,277</u>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Issued share capital	14	605,060	547,774
Share premium account		2,824,910	2,496,645
Retained Losses		(1,021,041)	(884,432)
<b>Total Equity</b>		<u>2,408,929</u>	<u>2,159,987</u>
<b>Current liabilities</b>			
Trade and other payables	13	69,572	123,149
Loans and borrowings	13	421,291	425,141
<b>Total current liabilities</b>		<u>490,863</u>	<u>548,290</u>
<b>Total Equity &amp; Liabilities</b>		<u>2,899,792</u>	<u>2,708,277</u>

The financial statements were approved and authorised for issue by the Board of Directors on 30/11/15 and were signed on its behalf by:



**Michael Lord**  
Chairman & CEO



**Tom Sykes**  
Finance Director

The notes on pages 24 to 47 form part of these financial statements

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**GROUP STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Notes	Year ended 30-Sep-14 £	Year ended 30-Sep-13 £
<b>Cash flow from operating activities</b>			
Loss after tax		(144,848)	(808,674)
<b>Adjusted for:</b>			
Depreciation		7,587	3,757
Loss on disposal of property, plant and equipment		-	1,062
Investment income		-	(29)
Exchange adjustments		-	(250)
Interest expense		47,573	43,839
Decrease in inventories		395,478	73,785
Decrease / (Increase) in trade and other receivables		5,335	(60,076)
Increase / (Decrease) in trade and other payables		(104,217)	211,537
(Increase) in corporate tax recoverable		(154,546)	-
<b>Cash generated/(absorbed) by operations</b>		52,362	(535,049)
Finance costs		(47,573)	(43,839)
<b>Cash flows from investing activities</b>		4,789	(578,888)
Purchase of property, plant & equipment		(62,151)	-
Finance revenue		-	29
		(62,151)	29
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		385,550	509,050
Repayment of bank borrowings		(9,350)	(9,350)
Repayment of convertible loan note		(3,849)	(5,161)
		372,351	494,539
<b>Net Increase / (decrease) in cash and cash equivalents</b>		314,990	(84,320)
<b>Cash and cash equivalents at 1 October 2013</b>		(92,327)	(8,007)
<b>Cash and cash equivalents at 30 September 2014</b>	15	222,663	(92,327)

The notes on pages 24 to 47 form part of these financial statements

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**COMPANY STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Notes	Year ended 30-Sep-14 £	Year ended 30-Sep-13 £
<b>Cash flow from operating activities</b>			
Loss after tax		(136,609)	(153,476)
<b>Adjusted for:</b>			
Investment income		-	(29)
Exchange adjustments		-	(250)
Interest expense		12,186	13,888
Decrease in trade and other receivables		(198,606)	(377,210)
(Decrease) / Increase in trade and other payables		(53,577)	33,702
<b>Cash absorbed by operations</b>		<u>(376,606)</u>	<u>(483,375)</u>
Finance costs		(12,186)	(13,888)
		<u>(388,792)</u>	<u>(497,263)</u>
<b>Cash flows from investing activities</b>			
Finance revenue		-	29
		<u>-</u>	<u>29</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		385,550	509,050
Repayment of convertible loan note		(3,849)	(5,161)
		<u>381,701</u>	<u>503,889</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		(7,092)	6,655
<b>Cash and cash equivalents at 1 October 2013</b>		7,115	460
<b>Cash and cash equivalents at 30 September 2014</b>		<u>23</u>	<u>7,115</u>

The notes on pages 24 to 47 form part of these financial statements

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

<b>GROUP</b>	<b>Issued Share Capital £</b>	<b>Share Premium £</b>	<b>Reverse Acquisition reserve £</b>	<b>Retained Earnings/ (Losses) £</b>	<b>Total Equity £</b>
<b>As at 1st October 2013</b>	547,774	2,496,645	(100,616)	(4,087,152)	(1,143,349)
Loss for the year and total comprehensive income	-	-	-	(144,848)	(144,848)
Shares issued	57,285	343,715	-	-	401,000
Share issue costs	-	(15,450)	-	-	(15,450)
<b>As at 30th September 2014</b>	<b>605,059</b>	<b>2,824,910</b>	<b>(100,616)</b>	<b>(4,232,000)</b>	<b>(902,647)</b>

<b>COMPANY</b>	<b>Issued Share Capital £</b>	<b>Share Premium £</b>	<b>Retained Earnings/ (Losses) £</b>	<b>Total Equity £</b>
<b>As at 1st October 2013</b>	547,774	2,496,645	(884,432)	2,159,987
Loss for the year and total comprehensive income	-	-	(136,609)	(136,609)
Shares i	57,285	343,715	-	401,000
Share issue costs	-	(15,450)	-	(15,450)
<b>As at 30th September 2014</b>	<b>605,059</b>	<b>2,824,910</b>	<b>(1,021,041)</b>	<b>2,408,928</b>

The notes on pages 24 to 47 form part of these financial statements

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

<b>GROUP</b>	<b>Issued Share Capital £</b>	<b>Share Premium £</b>	<b>Reverse Acquisition reserve £</b>	<b>Retained Earnings/ (Losses) £</b>	<b>Total Equity £</b>
As at 1st October 2012	369,440	2,165,929	(100,616)	(3,278,478)	(843,725)
Loss for the year and total comprehensive income	-	-	-	-	-
Shares issued	178,334	356,666	-	(808,674)	(808,674)
Share issue costs	-	(25,950)	-	-	535,000
					(25,950)
As at 30th September 2013	547,774	2,496,645	(100,616)	(4,087,152)	(1,143,349)

<b>COMPANY</b>	<b>Issued Share Capital £</b>	<b>Share Premium £</b>	<b>Retained Earnings/ (Losses) £</b>	<b>Total Equity £</b>
As at 1st October 2012	369,440	2,165,929	(730,957)	1,804,412
Loss for the year and total comprehensive income	-	-	-	-
Shares issued	178,334	356,666	(153,475)	(153,475)
Share issue costs	-	(25,950)	-	535,000
				(25,950)
As at 30th September 2013	547,774	2,496,645	(884,432)	2,159,987

The notes on pages 24 to 47 form part of these financial statements

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**1. GENERAL INFORMATION**

**ACCOUNTING POLICIES**

**a) Basis of preparation of the financial statements**

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB), as adopted by the European Union ("adopted IFRSs"). The financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies preparing financial statements in accordance with IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the note below.

**Going concern**

At the year end the group reported a loss for the year of £144,848 (2013 - £808,674) and as at 30 September 2014 the group has net liabilities of £902,646 (2013 - £1,143,349) with a cash balance of £222,662 (2013 - £43,286).

The group and company's business activities together with the likely factors likely to affect its future development, performance and financial position are set out in the reviews on pages 5 -14. In addition, note 18 to the financial statements includes the group's policies and processes for managing its capital, its financial risk management, details of its financial instruments, and its exposure to credit risk, exchange risk and liquidity risk.

The directors have prepared profit and cash flow forecasts ("the forecasts") for the period from 1 October 2014 to 31 December 2015 based on current expectations of activity levels. These forecasts show that the group has sufficient headroom. The directors intend to continue to manage the cash flows of the Group carefully over the forthcoming months and through a range of measures consider that this close management of overheads and payment profiles should enable the group to adequately meet its commitments.

In addition, the Group has continued to develop its product portfolio and with product storage & distribution now passed to Megaman the sales ledger debt risk has been removed and the payment terms with Megaman being ex works in full, means that the liquidity will continue to be much improved. .

The group has a bank loan facility of £23,000 of which £4,675 remains outstanding. The invoice discounting facility was ended on 31 January 2014 as it was no longer required to fund the debtor ledger.



**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**1. GENERAL INFORMATION (Contd)**

**ACCOUNTING POLICIES**

**Going concern (Contd)**

Based on our current expectations of the continuing progress of product range development, extending our partner distribution in other parts of the world, and our ability to manage the short-term payments of the group the directors consider that the Group will have adequate funding resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**b) Basis of consolidation**

The financial statements have been prepared using the reverse accounting provisions that were combined in International Financial Reporting Standard 3 (as issued in 2004).

Reverse accounting was determined to be required in accounting for the business combination of the Company and LightwaveRF Technology Limited because following the business combination; the Parent company is effectively controlled by the Board and the former shareholders of LightwaveRF Technology Limited. In effect, the transaction is accounted for as though LightwaveRF Technology Limited was the acquiring company rather than the acquired and LightwaveRF Plc has been treated as a subsidiary. The reverse acquisition reserve consists of amounts arising from the adjustment made to the equity instruments of the legal acquiree in reverse acquisition accounting.

The financial statements consolidate the accounts of LightwaveRF Plc, LightwaveRF Technology Limited and its non-trading subsidiary undertaking at 30 September 2014. Intercompany balances and transactions are eliminated in full.

**c) Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods in the ordinary course of the group's activities (excluding VAT and other sales taxes, returns, rebates and discounts).

Revenue from the sale of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive previously agreed payment. These criteria are considered to be met when the goods are delivered to the buyer or payment has been received.

Revenue also includes License Fees receivable, Royalty Fees receivable and Project Management Fees Receivable. Such revenue is recognised upon confirmed sales of units sold by the Royalty or License payer, and as regards Project Management at regular intervals and/or when stage payments have been agreed in advance with the client company.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**1. GENERAL INFORMATION (Contd)**

**d) Impairment**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**e) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on all items of property, plant and equipment so as to write off their carrying values over their useful economic lives. It is provided for at the following rates:

Computer Software	- 25% per annum straight line
Heating Tooling Costs	- 33% per annum straight line

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the fair value of the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial position.

**f) Inventories**

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

First in first out is used to determine the cost of ordinary interchangeable items.

**g) Financial assets**

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The group has not classified any of its financial assets held to maturity.

The Group's accounting policy for each category is as follows:

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**1. GENERAL INFORMATION (Contd)**

**Trade and other receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as financial difficulties on the part of the counterparty or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

**Cash and cash equivalents**

Cash and cash equivalents comprise current and deposit account bank balances which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value with deposit maturity of three months or less from inception. This definition is also used for the statement of cash flow.

**h) Financial liabilities**

The Group classifies its financial liabilities into the following categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

**Interest bearing loans and borrowings**

Interest bearing loans and borrowings are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

**Trade and other payables**

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**1. GENERAL INFORMATION (Contd)**

**i) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**j) Current Tax**

Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**(i) Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**(ii) Current and deferred tax for the period**

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case tax is also recognised directly in equity.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS – continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**1. GENERAL INFORMATION (Contd)**

**k) Share capital**

Equity instruments issued by the company are recorded at the proceeds received, or contractually receivable net of direct costs of issue.

**l) Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each statement of financial position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the profit and loss reserve. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**m) Convertible debt**

The proceeds received on issue of the Group's and Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. Where the conversion component does not confer a fixed amount of shares for a fixed amount of cash this component is reflected as part of the financial liability.

**n) Extinguishing financial liabilities with shares**

When shares are issued to extinguish all or part of a financial liability, they are recognised initially at their fair value at the date of issue. The difference between the carrying amount of the financial liability extinguished and fair value of the shares is recognised as a gain or loss in profit or loss within the statement of comprehensive income.

**o) Foreign Currency**

Transactions entered into by group entities in a currency other than the Group's functional currency (Pounds Sterling) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**1. GENERAL INFORMATION (Contd)**

**p) Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

**q) Research & Development**

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the administrative expenses line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

**r) Accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing material adjustment to the financial statements are discussed below:

In connection with the acquisition of LightwaveRF Technology Limited (formerly JSJS Designs (Europe) Limited) on 24 October 2008, and under an amended agreement dated 11 November 2008, deferred consideration is payable to the vendors if certain criteria are met. The estimate for the deferred consideration is made in the light of forecasts and is re-measured on an annual basis. The Directors have looked at forecasts and decided that no provision is required for deferred consideration.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**1. GENERAL INFORMATION (Contd)**

The Group determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets, and in many cases, may not be capable of being realised immediately.

The methods and assumptions applied, and the valuation techniques used, are disclosed in note 18.

**New standards, interpretations and amendments effective from 1 October 2012**

The following new standards, interpretations and amendments were applicable:

Revised IFRS 7 Transfers Financial Assets

These standards did not have a material effect on the financial statements.

**New standards, interpretations and amendments not yet effective**

The directors are considering the impact of the following new standards, interpretations and amendments, which are not anticipated to be of significance:

<b>Standard/amendment</b>	<b>Effective dates (on or after)</b>
IFRS 9 Financial Instruments	1 January 2018*
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
IAS 28 Investments in Associates and Joint Ventures	1 January 2014
IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 27 Separate Financial Statements	1 January 2014
Improvements to IFRS (2010-2012)	1 July 2014
Improvements to IFRS (2011-2013)	1 July 2014*
IFRS 15 Revenue from Contracts with Customers	1 January 2017*

\* Not yet endorsed in the EU

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**2. REVENUE**

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of directors. The Directors consider that the Group has only one operating segment.

Geographical analysis of revenue is as follows:

	Group Year ended 30-Sep-14 £	Group Year ended 30-Sep-13 £
United Kingdom		
South America	3,007,207	975,910
Middle East	-	1,044
Rest of Europe	19,449	-
Singapore	6,805	8,222
Taiwan	6,433	35,295
Thailand	-	25,806
	-	7,458
Total revenue	3,039,894	1,053,735

Revenues of £2,444,000 related to customer A, £214,000 related to customer B and £198,000 related to customer C. (2013: £236,000 related to customer A, £219,000 to customer B and £147,000 related to customer C).

**3. INVENTORY**

	Group 30-Sep-14 £	Group 30-Sep-13 £
Finished Goods for resale	25,774	395,478
Impairment provision	(25,774)	-
	-	395,478



**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**4. EMPLOYEES AND DIRECTORS**

Staff costs (including directors) comprise

**GROUP**

Wages and salaries  
Social security cost  
Other benefits

Year ended 30-Sep-14	Year ended 30-Sep-13
£	£
377,990	278,129
22,792	21,067
5,509	5,509
<u>406,291</u>	<u>304,705</u>

Emoluments receivable  
Fees paid to third parties in respect of Directors services

Year ended 30-Sep-14	Year ended 30-Sep-13
£	£
154,434	115,254
76,000	63,354
<u>230,434</u>	<u>178,608</u>

There were no share based payments during the year (2013 none).

At 30 September 2014 Tom Sykes held an option over 360,000 ordinary shares of the company (2013 360,000), option price 12.5p.

The aggregate emoluments of the highest paid director of the company was £26,334 (2013 - £62,172).

**GROUP**

The average monthly number of employees was as follows:

Directors  
Administrative

Year ended 30-Sep-14	Year ended 30-Sep-13
£	£
5	6
6	5
<u>11</u>	<u>11</u>

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**5. COMPANY STATEMENT OF COMPREHENSIVE INCOME**

As permitted by section 408 Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these financial statements. The Company made a loss for the year of £136,609 (2013: £153,475).

**6. LOSS FROM OPERATIONS**

The operating loss is stated after charging or (crediting):

	Year ended 30-Sep-14 £	Year ended 30-Sep-13 £
<b>After Charging:-</b>		
Inventories of finished goods		
Auditors remuneration:	2,009,409	631,290
- fees payable to the Company's auditors for the audit of the Company's annual accounts	8,000	8,050
- fees payable to the Company's auditors for the audit of the subsidiary's annual accounts	13,500	13,200
- fees payable to Company's auditors for the review of tax computations	750	750
- fees payable to Company's auditors for the conversion of accounts for electronic filing		
Research and Development	3,000	2,400
Exchange differences	340,671	258,040
Depreciation	17,057	(5,494)
	7,587	3,757
	<u>2,399,974</u>	<u>911,993</u>

**7. NET FINANCE COSTS**

	Year ended 30-Sep-14 £	Year ended 30-Sep-13 £
<b>Finance expenses</b>		
Bank loan interest	(3,306)	(4,492)
Convertible loan interest	(12,070)	(13,800)
Bank charges	(32,197)	(25,547)
	<u>(47,573)</u>	<u>(43,839)</u>
<b>Finance income</b>		
Bank interest	-	29
		<u>29</u>
	<u>(47,573)</u>	<u>(43,810)</u>

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS – continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**8. INCOME TAXATION**

	Year ended 30-Sep-14 £	Year ended 30-Sep-13 £
Tax expense comprises:		
Current tax	-	-
Tax in respect of prior periods	(154,546)	-
Current tax charge / (credit)	(154,546)	-
Loss from continuing operations	(144,848)	(808,674)
Income tax expense calculated at 23% (2013 - 23%)	(33,315)	(185,995)
Effect of expenses that are not deductible in determining taxable profit	15,562	17,598
Effect of unused tax losses and tax offsets	17,753	168,397
Tax credit in respect of R&D	(154,546)	-
Total tax charge	(154,546)	-

The tax credit for the current period relates to R&D claims made in respect of 2012 and 2013. During these periods and the current year development was primarily research and no development costs were capitalised.

Unused tax losses for which no deferred tax asset is recognised in the statement of financial position is £3,202,964 having a tax value of £640,593 @ 20% Corporation tax rate (2013 - £2,968,479 having a tax value of £844,662 @ Corporation Tax Rate of 23%). This asset has not been recognised due to uncertainties over the availability of sufficient future profits to recover the asset.

# LIGHTWAVERF PLC (Formerly JSJS Designs Plc)

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2014

### 9. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss for the financial year attributable to shareholders by the weighted average number of shares in issue. The remaining securities in issue are not dilutive as at 30 September 2014.

	Year ended 30-Sep-14 Number	Year ended 30-Sep-13 Number
<b>Numerator</b>		
Loss used for calculation of basic and diluted earnings per share	144,848	808,674
The weighted average number of shares were:		
<b>Denominator</b>		
Weighted average number of ordinary shares used in basic and diluted EPS	12,101,194	10,955,475
Weighted average number of ordinary shares		
Basic and diluted loss per share	1.20p	7.38p

On April 3 2014 a share consolidation was undertaken with 50 ordinary shares of 0.1p each in existence at that time being consolidated into one new ordinary share of 5p each. The prior year has been restated on a comparable, post-consolidation, basis.

At 30 September 2014, there were 360,000 (2013: 2,360,000) of potentially issuable shares which are anti-dilutive; such shares may become dilutive in future periods.

### 10. INVESTMENTS IN SUBSIDIARIES

#### COMPANY

Cost	30-Sep-14 £	30-Sep-13 £
As at 1 October 2013	100,620	100,620
As at 30 September 2014	100,620	100,620

The company's investments in the capital of unlisted subsidiary undertakings represents:

COMPANY	Nature of business	Shareholding	Incorporated
LightwaveRF Technology Limited (formerly JSJS Designs (Europe) Limited)	Design and manufacture of remote control devices and systems	100%	UK
JSJS Designs (Hong Kong) Limited	Dormant	100%	Hong Kong

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**11. PROPERTY, PLANT AND EQUIPMENT**

	Motor Vehicles £	Computer Software £	Heating Tooling £	Total £
<b>FIXED ASSETS - Group</b>				
<b>Cost</b>				
As at 1 October 2013	-	13,775	-	13,775
Additions	-	-	62,150	62,150
As at 30 September 2014	-	13,775	62,150	75,925
<b>Accumulated depreciation</b>				
As at 1 October 2013	-	(6,027)	-	(6,027)
Charge for the Year	-	(3,443)	(4,143)	(7,586)
As at 30 September 2014	-	(9,470)	(4,143)	(13,613)
<b>Net Book Value as at 30 September 2014</b>	-	4,305	58,007	62,312
<b>Net book value as at 30 September 2013</b>	-	7,748	-	7,748

The Company had no property, plant and equipment during either year.

	Motor Vehicles £	Computer Software £	Heating Tooling £	Total £
<b>FIXED ASSETS - Group</b>				
<b>Cost</b>				
As at 1 October 2012	9,000	13,775	-	22,775
Disposals	(9,000)	-	-	(9,000)
As at 30 September 2013	-	13,775	-	13,775
<b>Accumulated depreciation</b>				
As at 1 October 2012	(7,625)	(2,583)	-	(10,208)
Charge for the Year	(313)	(3,444)	-	(3,757)
Disposals	7,938	-	-	7,938
As at 30 September 2013	-	(6,027)	-	(6,027)
<b>Net Book Value as at 30 September 2013</b>	-	7,748	-	7,748
<b>Net book value as at 30 September 2012</b>	1,375	11,192	-	12,567

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**12. TRADE AND OTHER RECEIVABLES**

	<b>Group 30-Sep-14 £</b>	<b>Group 30-Sep-13 £</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	298,494	269,634
Other receivables	8,164	18,326
Prepayments & Accrued Income	38,132	62,165
	<u>344,790</u>	<u>350,125</u>

	<b>Company 30-Sep-14 £</b>	<b>Company 30-Sep-13 £</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by Group Companies	2,779,457	2,590,726
Prepayments & Accrued Income	19,692	9,816
	<u>2,799,149</u>	<u>2,600,542</u>

The ageing analysis of trade receivables is given as follows:

	<b>Group 30-Sep-14 £</b>	<b>Group 30-Sep-13 £</b>
Less than one month	87,768	107,760
More than 1 month and less than 3 months	242,627	105,736
More than 3 months past due	(33,901)	56,138
	<u>298,494</u>	<u>269,634</u>

The Group does not hold any collateral as security. At the year end, the carrying amounts of the Group's trade and other receivables were denominated in both Pounds Sterling and US \$. As at 30 September 2014, trade receivables amounting to £0 (2013: £56,138) were past due but not impaired. The directors have reviewed the trade receivables and concluded that amounts will be recovered in full.

	<b>Group 30-Sep-14 £</b>	<b>Group 30-Sept-13 £</b>
Other loans receivable		
Other loans receivable	61,132	72,000
Impairment provision	(61,132)	(63,500)
	<u>-</u>	<u>8,500</u>

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**12. TRADE AND OTHER RECEIVABLES - contd**

**RELATED PARTY LOANS**

	Year ended 30-Sep-14 £	Year ended 30-Sep-13 £
Loan to LightwaveRF Technology Limited	2,779,457	2,590,726
<b>Transactions during the year:-</b>		
Transfers of funds to Subsidiary Company	181,772	400,492
Expenses paid to / (by) Subsidiary Company	30,329	(10,135)
	<u>212,100</u>	<u>390,357</u>

During the year LightwaveRF Plc continued to provide funding to its subsidiary, LightwaveRF Technology Limited. As at 30 September 2014 the balance due to the Company was £2,779,457 (2013 £2,590,726).

There is no interest payable on this loan.

**13. TRADE AND OTHER PAYABLES**

	Group 30-Sep-14 £	Group 30-Sep-13 As Restated £
Trade payables	309,859	70,904
Other taxes and social security	37,198	45,135
Other payables	21,591	9,929
Accruals	124,285	163,318
	<u>492,933</u>	<u>289,286</u>
	<b>Company 30-Sep-14 £</b>	<b>Company 30-Sep-13 £</b>
Trade payables	53,558	99,487
Other taxes and social security	(2,022)	(10,098)
Other payables	-	-
Accruals	18,036	33,760
	<u>69,572</u>	<u>123,149</u>

At the year end, the carrying amounts of the Company's trade and other payables were denominated in both Pounds Sterling and US \$.

Book value is a fair approximation for fair value and debts are due for repayment under normal trading terms.

**LIGHTWAVE RF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**13. TRADE AND OTHER PAYABLES (Contd)**

In October 2011, LightwaveRF Plc entered into a convertible loan note with a supplier. The convertible loan carries a coupon interest rate of 3%. LightwaveRF Plc may redeem the convertible loan note at any time. The loan note holder may opt to convert the outstanding balance on the convertible loan into ordinary shares of the company. At 30 September 2014 the supplier has confirmed that it is not their intention to convert the loan note into ordinary shares of LightwaveRF Plc

<b>Loans and borrowings</b>	<b>Group Year ended 30-Sept-14 Book value £</b>	<b>Group Year ended 30-Sept-13 Book value As Restated £</b>
<b>Current</b>		
Convertible loan note	421,291	425,141
Bank loan	4,674	9,350
Invoice discounting facility	-	135,613
Deferred Payment Agreement	148,043	148,203
	<u>574,008</u>	<u>718,307</u>
<b>Non-current</b>		
Bank loan	-	4,675
Deferred Payment Agreement	620,015	927,718
	<u>620,015</u>	<u>932,393</u>
<b>Total loans and borrowings</b>	<u>1,194,023</u>	<u>1,650,700</u>

<b>Loans and borrowings</b>	<b>Company Year ended 30-Sept-14 Book value £</b>	<b>Company Year ended 30-Sept-13 Book value £</b>
<b>Current</b>		
Convertible loan note	421,291	425,141
Bank loan	-	-
	<u>421,191</u>	<u>425,141</u>
<b>Non-current</b>		
Bank loan	-	-
	<u>-</u>	<u>-</u>
<b>Total loans and borrowings</b>	<u>421,191</u>	<u>425,141</u>



**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**13. TRADE AND OTHER PAYABLES (Contd)**

**Prior year adjustment**

On the basis of an agreement signed on 30 March 2013 the ageing of a term loan was incorrectly presented in the prior year accounts. The impact of this restatement has reduced creditors due within one year by £148,203 and increased creditors due in more than one year by £148,203 in the prior year. There is no impact on the statement of comprehensive income in the current or prior year from this restatement.

Included within bank loans and overdrafts is an invoice discount loan of £0 (2013: £135,613) which is secured on trade debtors.

Book value is a fair approximation of fair value.

The currency profile of the convertible loan note is US Dollars.

Principal terms and the debt repayment schedule of the Group's loans and borrowings are as follows at 30 September 2014:

	Currency	Nominal rate	Year of maturity
		%	
Convertible debt	US Dollars	3	2013
Bank loans (secured)	£ Sterling	9	2015

The bank loan is secured by a fixed charge over the assets of the group.

	Group Year ended 30-Sept-14 Fixed rate £	Group Year ended 30-Sept-13 Fixed rate £
Expiry within one year	4,675	9,350
Expiry within one – two years	-	4,675
	<u>4,675</u>	<u>14,025</u>

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**14 (i) CALLED UP SHARE CAPITAL**

	Company 30-Sep-14 £		Company 30-Sep-13 £	
Authorised share capital: 20,000,000 ordinary shares 5p each	1,000,000		1,000,000	
	30 September 2014 No. £		30 September 2013 No. £	
Ordinary share capital brought forward	10,955,475	547,774	369,440,435	369,440
Issue of ordinary shares: Issue for cash	1,145,719	57,286	178,333,333	178,334
	12,101,194	605,060	547,773,768	547,774

On April 3 2014 a share consolidation was undertaken with 50 ordinary shares of 0.1p each in existence at that time being consolidated into one new ordinary share of 5p each.

A further 1,145,719 ordinary shares of 5p each were allotted during the year raising £401,000 gross of costs.

All issued shares rank pari passu for the purposes of dividends, voting, and any return of capital.

The Company has in existence an option convertible into 360,000 New Ordinary shares as shown on exercise. The option carries neither rights to dividends nor voting rights. The option may be exercised at any time after 30 September 2016.

**Options:**

	<u>Number</u>	<u>Period</u>	<u>Exercise Price (pence)</u>
<b>Brought Forward</b>			
Issued 13/09/13	360,000	3 Years	12.5p
<b>Carried Forward</b>			
Issued 13/09/13	360,000	3 Years	12.5p

The 360,000 options had a fair value of 12.5 pence at date of grant.

At the year end the average exercise price was 12.5 pence (2013: 12.5 pence) and the average remaining life of the options was 2.0 years. (2012: 3.0 years)

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**15. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of balances with banks and comprise the following statement of financial position amounts:

	<b>Group 30-Sep-14 £</b>	<b>Group 30-Sep-13 £</b>
Cash Available on demand	222,663	43,286
Invoice discounting facility	-	(135,613)
	<u>222,663</u>	<u>(92,327)</u>

The Group's cash and cash equivalents totalling £222,663 are all held at institutions rated by international credit agencies as at least AA or equivalent (2013 – AA or equivalent).

**16. RELATED PARTIES**

The Company does not have a controlling party. The following transactions were carried out with related parties:

£42,174 (2013: £29,147) of wages was paid to 2 (2013: 3) close family members of John Shermer's family, £0 (2013: £1,872) to a member of John Sinclair's family and £4,770 (2013: £18,270) to a member of Simon Lane's family. £23,500 was paid to Drol Investments Limited for secretarial services, a company of which Mr Mike Lord is a director. (2013 £ 6,000). All transactions were conducted on an arm's length basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The details and remuneration of key personnel are shown in Note 4 to the financial statements.

At 30 September 2014, Mr M Lord and Mr F Tiller were owed £4,800 (2013: £8,662) and £22,422 (2013: £3,206) respectively in relation to accrued fees and expenses.

At 30 September 2014, Mr S Lane was owed £2,500 (2013: £7,849) in relation to accrued fees and expenses.

At 30 September 2014, Mr J Sinclair was owed £0 (2013: £568) in relation to accrued fees and expenses.

At 30 September 2014, Mr M Hughes was owed £1,000 (2013: £0) in relation to accrued fees and expenses.

**17. OPERATING LEASE COMMITMENTS**

There are no operating lease commitments in either the current or previous year.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**18. FINANCIAL INSTRUMENTS**

**(a) Financial instruments by category**

	<b>30-Sep-14 £</b>	<b>30-Sep-13 £</b>
<b>Financial assets – Group</b>		
Trade and other receivables, excluding prepayments	461,204	287,960
Cash and cash equivalents	222,662	43,286
Loans and receivables	683,866	331,246
<b>Financial assets – Company</b>		
Receivables, excluding prepayments	2,779,457	2,590,726
Cash and cash equivalents	23	7,115
Loans and receivables	2,779,480	2,597,841
<b>Other financial liabilities - Group (Current)</b>		
Trade and other payables, excluding statutory liabilities	455,734	224,151
<b>Other financial liabilities - Company (Current)</b>		
Trade and other payables, excluding statutory liabilities	71,594	133,245
<b>Other financial liabilities - Group (Current)</b>		
Convertible loan note, Deferred Payment Agreement, bank loans and overdraft	574,008	718,307
<b>Other financial liabilities - Group/Company (Current)</b>		
Convertible loan note	421,291	425,141
Bank Loan	4,675	4,675
Deferred Payment Agreement	148,043	148,203
Invoice discounting facility	-	135,613
	574,009	713,632
<b>Other financial liabilities - Group/Company (Non current)</b>		
Bank loan	-	4,675
Deferred Payment Agreement	620,015	927,718
	620,015	932,393

The fair value of financial assets and liabilities equals their carrying amount.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**18. FINANCIAL INSTRUMENTS (Contd)**

An analysis of the maturity of the Group's trade receivables is shown in note 12.

All other receivables fall due within one year.

An analysis of the maturity of the Group's financial liabilities measured at amortised cost is as follows:

	30-Sep-14 £	30-Sep-13 £
Up to 3 months	435,272	342,616
3 to 6 months	20,462	977,456
	<u>455,734</u>	<u>1,320,072</u>

An analysis of the Group's convertible loan note and bank loans is shown in note 13.

**(b) Risks**

The main risks arising from the Group's financial instruments are currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group has not entered into any derivative transactions.

**(c) Currency risk**

The Group is subject to foreign exchange risk in respect of some of its normal trading activities.

The Group is predominantly exposed to currency risk on purchases from overseas suppliers. The Group incurs costs in both British pounds and US Dollars. The Group does not use currency derivatives to hedge future transactions and cash flows.

The sensitivity on foreign exchange risk covers monetary financial assets and liabilities that are denominated in a foreign currency, i.e. in a currency other than the currency in which they are measured. The following tables indicate the approximate effect on the profit after tax and the effect on other component of equity in response to reasonably possible changes in an exchange rate at the financial position date to which the Group has significant exposure.

	<u>2014</u>		<u>2013</u>	
	<u>Effects on Profit after Tax</u>	<u>Effects on other component of equity</u>	<u>Effects on Profit after Tax</u>	<u>Effects on other component of equity</u>
	£	£	£	£
£ to US \$				
£ appreciates by 5%	101,481	101,481	124,265	124,265
£ depreciates by 5%	(91,816)	(91,816)	(112,430)	(112,430)

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**18. FINANCIAL INSTRUMENTS (Contd)**

**(d) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts.

The group monitor its credit risk by monitoring the creditworthiness of existing customers and through a monthly review of the trade receivables' ageing analysis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum "AA" rating are accepted.

**(e) Liquidity risk**

The directors regularly review both short and medium term cash flow projections in order to manage the Company's cash flow.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure, trade, and other payables. Trade and payables are all payable within three months.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

**(f) Cash flow interest rate risk and interest rate risk**

The Group is exposed to cash flow interest rate risk from certain long-term borrowings. Long-term borrowings are all held on a fixed rate of interest. The Group analyses its interest rate exposure on a monthly basis.

**(g) Capital risk**

The Company considers its capital to be ordinary share capital, unissued ordinary share capital, share premium, reverse acquisition reserves and retained earnings. Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. The directors regularly review both short and medium term forecasts to achieve this.

**LIGHTWAVERF PLC (Formerly JSJS Designs Plc)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

---

**19. RESERVES**

The following describes the nature and purpose of each reserve within equity:

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	Amount subscribed for share capital at nominal value
Unissued share capital	Amount subscribed for share capital at nominal value not yet issued.
Share premium	Amount subscribed for share capital in excess of nominal value
Reverse acquisition reserve	Amount reflecting the reverse acquisition of subsidiary undertakings
Retained earnings	Cumulative gains and losses through the Statement of Comprehensive Income, other than amounts transferred directly from other reserves where required or permitted.