

Registered number: 03908042

**Qualcomm Cambridge Limited
Annual report
for the period ended 29 September 2013**

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Qualcomm Cambridge Limited
Registered number: 03908042

Annual report for the period ended 29 September 2013

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Strategic report for the period ended 29 September 2013

The directors present their strategic report of the company for the period ended 29 September 2013.

Principal activities

The company's principal activity continues to be that of software research and development in the field of mobile telecommunications.

Business review

The company continues to be engaged in supporting Qualcomm Incorporated, the company's ultimate parent company, in the development and innovation of advanced wireless technologies and data solutions. Qualcomm Incorporated's headquarters are in San Diego, California, USA. The company's turnover is generated primarily from service fees it receives from Qualcomm Incorporated.

Although the current economic environment remains unpredictable, Qualcomm Incorporated forecasts strong revenue and earnings growth in fiscal 2014, which will enable it to continue investing in innovative research and development programs. The company believes that it is well placed to continue providing world class research & development services for its parent company through fiscal 2014 and beyond. In particular its close geographic proximity to the University of Cambridge, and the cluster of high-technology companies in Cambridge, gives it a competitive advantage with access to both new technologies and a pool of innovative, talented engineers.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company are:

- A significant reduction in the demand for Qualcomm Incorporated's technologies as a result of an economic downturn in one or more key markets impacting its ability to fund research and development activities carried out by the company.
- A significant reduction in the average selling price of Qualcomm Incorporated's technologies as a result of increased competition in one or more key markets impacting its ability to fund research and development activities carried out by the company.
- Employee retention as the Europe/UK economies recover and demand for highly experienced engineers and technologists increases.
- Unfavourable currency fluctuations make it prohibitively expensive for Qualcomm Incorporated to purchase research and development services from the company.
- Increased competition from emerging markets, in particular India and Asia, could result in Qualcomm Incorporated transferring a greater proportion of its research and development activities to those regions.

From the perspective of the company, the principal risks and uncertainties are very much common to those experienced within companies engaged within a similar field of activity. The management team addresses these risks with a view to maintaining high quality in all the work-products of the company, and in line with the requirements of the ultimate parent company, Qualcomm Incorporated.

Strategic report for the period ended 29 September 2013 (continued)

Key performance indicators (KPI)

As a fully-funded research and development and customer-support organisation, the nature of the business is straight-forward and key performance indicators are not required to gain an understanding of the performance or position of the company.

Future developments

Qualcomm Incorporated has a strong balance sheet, and continued commitment to investing in innovative research and development programs to maintain its strong competitive position in the wireless communications sector. The company will continue to support Qualcomm Incorporated on a number of these research and development programs through the coming financial period.

On behalf of the board



David E. Wise

Director

Date 25 June 2014

Directors' report for the period ended 29 September 2013

The directors present their annual report and the audited financial statements of the company for the period ended 29 September 2013.

Directors

The directors, who held office during the period and up to the date of signing the financial statements, unless otherwise indicated, are given below:

David E. Wise (appointed 3 September 2013)

Andrew M. Gilbert (resigned 6 May 2014)

William E. Keitel (resigned 3 September 2013)

Accounting reference date

The company's accounting reference date is 29 September and the financial statements are drawn up to the last Sunday of September each period.

Going concern

The company is dependant on continued financial support from its ultimate parent company, Qualcomm Incorporated, to be able to continue in operation. The directors have received written confirmation from Qualcomm Incorporated that it intends to provide such financial support to the company to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations, for the foreseeable future and for at least the next twelve months after the date of approval of these financial statements.

Research and development

Qualcomm Cambridge Limited continues to invest in the development of advanced technologies to meet the needs of the competitive marketplace for wireless communication devices. The company continues to invest in technical equipment, software and people to aid in the design, development, verification and support of these technologies. These technologies are destined eventually for world markets.

The total research and development costs expensed for the period appear in note 4 to the financial statements.

Results and dividends

The profit for the financial period was £1,149,486 (2012: £1,567,158) as shown in the profit and loss account for the period on page 8. A dividend of £4,700,000 was paid in the period (2012: £nil). The directors do not recommend a final dividend (2012: £nil).

Directors' report for the period ended 29 September 2013 (continued)

Financial risk management

Due to the nature of the work carried out by the company it is not exposed to material credit, foreign exchange, liquidity, cash flow, or price risks. The company is fully funded by Qualcomm Incorporated, with funding received on a quarterly basis, and the level of funding is not impacted by currency fluctuations.

The company's directors additionally benefit from the expertise of Qualcomm Incorporated's, the ultimate parent company, board of directors' finance committee, who are responsible for reviewing the financial risks facing Qualcomm Incorporated and its subsidiaries, and ensuring that appropriate reporting and controls are in place.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The ultimate parent company, Qualcomm Incorporated, also purchased and maintained throughout the financial period directors' and officers' liability insurance in respect of itself and its directors.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' 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 prepared the financial statements 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 financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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.

Directors' report for the period ended 29 September 2013 (continued)

Statement of disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the directors' report is approved, confirm that:

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) They have taken all the steps that 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.

On behalf of the board



David E. Wise

Director

Date 25 June 2014

Independent auditors' report to the members of Qualcomm Cambridge Limited

We have audited the financial statements of Qualcomm Cambridge Limited (the company) for the year ended 29 September 2013 which comprise the Profit and Loss Account, the Balance Sheet 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 September 2013 and of its profit for the period 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 matter 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.

Independent auditors' report to the members of Qualcomm Cambridge Limited (continued)

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 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.

Christine Dobson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
Date *25 June 2014*

Profit and loss account for the period ended 29 September 2013

	Note	2013 £	2012 £
Turnover	3	7,903,192	7,813,867
Administrative expenses		(6,674,045)	(5,710,914)
Operating profit	4	1,229,147	2,102,953
Interest receivable and similar income	5	78,914	77,961
Profit on ordinary activities before taxation		1,308,061	2,180,914
Tax on profit on ordinary activities	8	(158,575)	(613,756)
Profit for the financial period	17, 18	1,149,486	1,567,158

The company's results are derived entirely from continuing activities.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial periods stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those shown in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet as at 29 September 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	147,632	193,091
Investments	10	822	822
		148,454	193,913
Current assets			
Debtors amounts falling due after more than one year	11	97,351	97,351
Debtors amounts falling due within one year	11	3,181,412	3,989,713
Cash at bank and in hand		6,616,282	7,589,511
		9,895,045	11,676,575
Creditors – amounts falling due within one year	12	(1,648,723)	(812,817)
Net current assets		8,246,322	10,863,758
Total assets less current liabilities		8,394,776	11,057,671
Creditors – amounts falling due after more than one year	13	(13,336)	(21,758)
Provisions for liabilities	14	(490,495)	(571,349)
Net assets		7,890,945	10,464,564
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	7,890,944	10,464,563
Total shareholders' funds	18	7,890,945	10,464,564

The financial statements on pages 8 to 24 were approved by the board of directors on 25 June 2014 2014 and were signed on its behalf by:



David E. Wise

Director

Date 25 June 2014

**Notes to the financial statements for the period ended
29 September 2013****1 Principal accounting policies**

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been consistently applied throughout the period are set out below:

Going concern

The company is dependent upon continued financial support from its ultimate parent company, Qualcomm Incorporated, to be able to continue in operation. The directors have received written confirmation from Qualcomm Incorporated that it intends to provide such financial support to the company to enable it to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations, for the foreseeable future and for at least the next twelve months after the date of approval of these financial statements.

The financial statements have therefore been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation.

The historical purchase cost of tangible fixed assets comprises the purchase price and any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The useful economic lives for this purpose are:

Leasehold improvements	5 years or the life of the lease, whichever is shorter
Fixtures and fittings	5 years
Computer equipment	3 years
Software	3 years

Fixed asset investments

Investment undertakings are shown at cost less any provision for impairment. Annually, the directors consider whether any events or circumstances have occurred which indicate that the carrying value of the fixed asset investment may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of the net realisable value or value in use, and if appropriate an impairment charge is recorded.

Turnover

The turnover is primarily based upon fixed percentage uplift on total research and development expenses and administrative expenses (excluding bank charges, foreign exchange losses, and interest expenses) incurred by the company during the period. Amounts are recognised on a monthly basis and in relation to those expenses actually incurred in the month.

Research and development

Research and development costs are expensed to the profit and loss account in the period in which they occur.

**Notes to the financial statements for the period ended
29 September 2013****1 Principal accounting policies (continued)****Operating leases**

Costs in respect of operating leases are charged and lease incentives are credited to the profit and loss account on a straight line basis over the lease term.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and law that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pension scheme arrangements

The company operates an independently administered separately funded defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at exchange rates ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date. Exchange differences are taken to the profit and loss account in the period in which they arise.

Share-based payment

The ultimate parent company operates an equity-settled, share-based compensation plan. Certain employees of the company are awarded options over the shares in the ultimate parent. Additionally all employees are given the opportunity to take part in a share purchase plan. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, with a corresponding increase in profit and loss reserve (representing a capital contribution by the parent). The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to profit and loss reserve.

In accordance with UITF Abstract 25 National insurance contributions on share option gains, the company provides in full for the employer's national insurance liability estimated to arise on the future exercise of share options granted.

Notes to the financial statements for the period ended 29 September 2013

1 Principal accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Qualcomm Incorporated, a company incorporated in the United States of America, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) (Cash flow statements). The company is also exempt under paragraph 3(c) from the terms of FRS 8 (Related party disclosures) from disclosing related party transactions with entities that are part of the Qualcomm Incorporated group.

3 Turnover

The company's only class of business is the development and support of core technologies for the wireless industry. 100% of the company's turnover (2012: 100%) is attributable to the work it carries out for Qualcomm Incorporated, San Diego, USA.

4 Operating profit

	2013 £	2012 £
Operating profit is stated after charging:		
Wages and salaries	3,210,813	2,592,710
Social security costs	531,590	642,344
Share-based payments (note 21)	976,895	1,072,794
Other pension costs (note 22)	156,956	138,415
Staff costs	4,876,254	4,446,263
Depreciation of owned tangible fixed assets	45,459	43,154
Operating lease charges		
- Other	185,813	182,778
Research and development expenditure	1,152,916	1,571,434
Research and development tax credit	(60,559)	-
Loss on foreign exchange	206,476	77,855
Services provided by the company's auditors:		
- Fees payable for the audit of the company	23,509	31,822
- Fees payable for the audit of the parent company	6,510	7,820

**Notes to the financial statements for the period ended
29 September 2013 (continued)**

5 Interest receivable and similar income

	2013 £	2012 £
Other interest receivable on cash at bank and in hand	78,914	77,961

6 Directors' emoluments

The directors received no remuneration for their services as directors to the company (2012: £nil). They are all paid by Qualcomm Incorporated where their services are deemed to be attributable. There was no re-charge made to the company with regards to the directors' remuneration.

7 Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was:

By activity	2013 Number	2012 Number
Research and development	38	37
General and administration	1	1
	39	38

Notes to the financial statements for the period ended 29 September 2013 (continued)

8 Tax on profit on ordinary activities

	2013 £	2012 £
Current Tax:		
UK corporation tax on profit of the period	67,937	428,838
Adjustment in respect of prior periods	9,828	-
Total current tax charge	77,765	428,838
Deferred Tax:		
Origination and reversal of timing differences (note 15)	36,198	(225,272)
Adjustment in respect of previous periods (note 15)	(9,996)	371,061
Effect of changes in tax rates (note 15)	54,608	39,129
Total deferred tax	80,810	184,918
Tax charge for the financial period	158,575	613,756

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 23.50% (2012: 25%). The differences are explained below:

	£	£
Profit on ordinary activities before taxation	1,308,061	2,180,914
Tax on profit at standard UK rate of 23.50% (2012: 25%)	307,376	545,229
Effects of:		
Expenses not deductible for tax purposes	788	618
Additional deduction for research and development expenditure	(38,586)	(117,857)
Capital allowances in excess of depreciation	(1,341)	(1,363)
Movement in short term timing differences	(14,398)	49,935
Share option timing differences	229,557	268,198
Relief for share options exercised	(415,459)	(315,922)
Adjustment in respect of prior periods	9,828	-
Current tax charge for the period	77,765	428,838

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and substantively enacted on 3 July 2012. The relevant deferred tax balances have been remeasured.

Further reductions were announced in the Autumn Statement 2013 to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

If the further reductions were substantively enacted, the impact is not expected to be material.

Details of the actual and potential deferred tax assets are set out in note 15.

Notes to the financial statements for the period ended 29 September 2013 (continued)

9 Tangible assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Software £	Total £
Cost					
At 1 October 2012	279,249	457,469	31,901	4,013	772,632
At 29 September 2013	279,249	457,469	31,901	4,013	772,632
Accumulated depreciation					
At 1 October 2012	188,426	355,459	31,643	4,013	579,541
Charge for the period	3,189	42,012	258	-	45,459
At 29 September 2013	191,615	397,471	31,901	4,013	625,000
Net book amount					
At 29 September 2013	87,634	59,998	-	-	147,632
At 30 September 2012	90,823	102,010	258	-	193,091

10 Investments

	Investments £
Cost	
At 1 October 2012	822
Additions	-
At 29 September 2013	822
Impairment	
At 1 October 2012	-
Provision for impairment	-
At 29 September 2013	-
Net book amount	
At 29 September 2013	822
At 30 September 2012	822

In January 2012, the company paid 5,000 Saudi Riyal for a 1% equity stake in Qualcomm Saudi Arabia Limited.

The directors believe that the carrying value of the investment is supported by the underlying net assets.

**Notes to the financial statements for the period ended
29 September 2013 (continued)**

11 Debtors

	2013 £	2012 £
Amounts falling due within one year		
Amounts owed by group undertakings	2,595,130	3,350,253
Corporation tax	32,975	-
Deferred tax asset (note 15)	369,175	449,985
Other debtors	49,840	69,700
Prepayments and accrued income	134,292	119,775
	3,181,412	3,989,713

Amounts owed by group undertakings are unsecured, interest free and are considered repayable on demand.

Amounts falling due after more than one year

Long term rent deposit	97,351	97,351
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12 Creditors – amounts falling due within one year

	2013 £	2012 £
Trade creditors	29,160	26,361
Amounts owed to group undertakings	760,190	-
Corporation tax payable	-	304,819
Other taxation and social security	116,751	85,745
Short term rent abatement	8,423	8,423
Other creditors	149,373	23,456
Accruals and deferred income	584,826	364,013
	1,648,723	812,817

Amounts owed to group undertakings are unsecured, interest free and are considered repayable on demand.

Notes to the financial statements for the period ended 29 September 2013 (continued)

13 Creditors – amounts falling due after more than one year

	2013	2012
	£	£
Long term rent abatement	13,336	21,758

The company received an initial 3 month rent free period when its current 11 year property lease commenced on 10 May 2011. The company has the option to exit this lease without penalty, providing sufficient notice is given, on 9 May 2016, and consequently the company is amortising this benefit over the period up to this date.

14 Provisions for liabilities

	Dilapidations £	Share options £	Total £
At 1 October 2012	85,000	486,349	571,349
Utilised in the period	-	(324,011)	(324,011)
Release to profit and loss account	-	243,157	243,157
At 29 September 2013	85,000	405,495	490,495

Share options

Share options granted subsequent to 5 April 1999 under unapproved schemes are subject to Employers' and Employees' National Insurance on the gain made on exercise of such options by UK employees. The provision represents Employer's National Insurance on unexercised share options. This is expected to be utilised within the next 10 years.

Dilapidations

The company has a commitment, under the terms of its premises lease agreement, to remove all leasehold improvements and restore the premises back to their original condition. In order to make an appropriate provision the company obtained a quote for these dilapidations from the company that carried out its original leasehold improvements. The dilapidation provision of £85,000 is expected to be utilised by 9 May 2022, when the lease expires.

Notes to the financial statements for the period ended 29 September 2013 (continued)

15 Deferred tax

Deferred tax assets are as follows:

	£
As at 1 October 2012	449,985
Deferred tax credit for the period	(90,806)
Adjustment in respect of prior periods	9,996
As at 29 September 2013	369,175

The recognised deferred tax asset is as follows:

	2013 £	2012 £
Fixed asset timing differences	47,490	55,926
Other short term timing differences	321,685	394,059
	369,175	449,985

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

16 Called up share capital

	2013 £	2012 £
Allotted and fully paid:		
200 (2012: 200) ordinary shares of £0.005 each	1	1

Notes to the financial statements for the period ended 29 September 2013 (continued)

17 Reserves

	Profit and loss account £
At 1 October 2012	10,464,563
Profit for the financial period	1,149,486
Dividend (see note 19)	(4,700,000)
FRS 20 credit to reserves	976,895
At 29 September 2013	7,890,944

18 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
FRS 20 credit to reserves	976,895	1,072,794
Reduction in share capital	-	(59,380)
Reduction in share premium	-	(7,960,013)
Capital reduction credit to profit and loss account	-	8,019,393
Dividend (see note 19)	(4,700,000)	-
Profit for the financial period	1,149,486	1,567,158
Net addition to shareholders' funds	(2,573,619)	2,639,952
Opening shareholders' funds	10,464,564	7,824,612
Closing shareholders' funds	7,890,945	10,464,564

The issued share capital of the Company was reduced in September 2012 from £11,876,115 ordinary shares of £0.005 each to 200 ordinary shares of £0.005 each. This included cancelling the whole of the share premium account of £7,960,013 and cancelling 11,875,915 of the fully paid ordinary shares of £0.005 each. The sum of £8,019,393 (being the aggregate of the share premium account and the nominal issued share capital cancelled) was credited to the profit and loss account.

19 Dividends

	2013 £	2012 £
Equity - ordinary		
Interim paid: £23,500 (2012: nil) per £0.005 share	4,700,000	-
	4,700,000	-

Notes to the financial statements for the period ended 29 September 2013 (continued)

20 Financial commitments

At 29 September / 30 September the company had annual commitments under non-cancellable operating leases for the premises that it leases and occupies. These expire as follows:

	2013 Land and buildings £	2012 Land and buildings £
Greater than one year and less than five years	164,357	184,831

21 Share-based payments

The company participates in the share-based compensation plans operated by the ultimate holding company, Qualcomm Incorporated, throughout the Qualcomm group. Below are descriptions of the active share-based plans under which a significant number of share options remain outstanding.

2006 Employee Stock Purchase Plan (ESPP)

In 2001, Qualcomm Incorporated adopted an Employee Stock Purchase Plan (ESPP), which was amended in 2006, under which employees within the group, including those of Qualcomm Cambridge Limited, may purchase shares. The company operates two offering periods each period:

- 1 February to 31 July
- 1 August to 31 January

Employees who enrol in the scheme make fixed monthly contributions up to 15% of gross earning, up to a maximum of \$10,625 over the period. These contributions are used to purchase shares in the ultimate parent company, Qualcomm Incorporated, on the last day of the offering period. The exercise price is calculated on the last day of the offering period at the lower of (1) the Fair Market Value (FMV) on the first day of the Offering Period, or, (2) the FMV on the last day of the Offering Period. The maximum number of shares that can be purchased is \$12,500 divided by the Fair Market Value of a share on the last day of the offer period. Any contributions which cannot be used to purchase shares will be returned to the employee.

Notes to the financial statements for the period ended 29 September 2013 (continued)

21 Share-based payments (continued)

2006 Long-term incentive Plan (LTIP)

In December 2005, Qualcomm Incorporated adopted the 2006 Long-Term incentive plan under which employees within the group, including those of Qualcomm Cambridge Limited, may be provided awards in the form of share options, stock appreciation rights, restricted stock awards, performance shares, performance units, restricted stock units, deferred compensation awards, and other stock based awards, or a combination thereof. The exercise price of any incentive share option issued is the fair market value on the date of the grant, and the term of which may be no longer than ten years from the date of the grant. The exercise price of a non-statutory share option may be no less the fair value on the date of the grant, and the term of a non-statutory share option may be no longer than ten years from the date of the grant. The vesting period for all options is determined upon grant date, and the options usually vest over a three to ten year period. The options are exercisable from the vesting date, and unexercised vested options are cancelled following the expiration of a certain period after the employee's termination date. Restricted stock awards are not subject to an exercise price, and their value is the market value at the time of vesting.

At present Qualcomm Cambridge Limited employees hold both restricted stock units and share options under the LTIP.

Share options are granted and exercised in US Dollars. The US Dollar to GB Pound period end exchange rate of 1.6042 (2012: 1.6219) has been used to convert the reconciliation of option movements over the period, weighted average fair value, weighted average share price, and closing share price values to GB Pounds.

A reconciliation of share options issued under the long term incentive plan movements is shown below:

	2013		2012	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	('000)	£	('000)	£
Outstanding at start of period	109	25.52	167	26.81
Transferred	-	-	11	25.43
Granted	-	-	-	-
Expired	(2)	24.73	(4)	26.91
Exercised	(43)	25.58	(65)	25.67
Outstanding at end of period	64	25.98	109	25.52
Exercisable at end of period	56	26.08	71	25.89

Notes to the financial statements for the period ended 29 September 2013 (continued)

21 Share-based payments (continued)

A reconciliation of restricted stock units issued under the long term incentive plan movements is shown below:

	2013 Number (‘000)	2012 Number (‘000)
Outstanding at start of period	54	30
Granted	23	31
Released	(24)	(7)
Expired	(7)	-
Outstanding at end of period	46	54

The weighted average fair value of restricted stock units granted in the period was \$64.14 (2012: \$57.86), which equates to £39.98 (2012: £35.67).

No options have been granted during the period (2012: None).

For share options outstanding at the end of the period under the 2006 Long-Term incentive plan, the range of exercise prices and weighted average remaining contractual life outlined below in US Dollars.

	FY2013				FY2012			
	Weighted Average Exercise Price \$	Number of Shares (‘000)	Weighted Average Remaining Contractual Life	Weighted Average Remaining Expected Life	Weighted Average Exercise Price \$	Number of Shares (‘000)	Weighted Average Remaining Contractual Life	Weighted Average Remaining Expected Life
\$30 - \$39.99	35.85	9	4.49	(0.45)	35.32	19	5.18	0.91
\$40 - \$49.99	41.86	51	4.62	(0.16)	41.77	82	5.80	1.30
\$50 - \$59.99	51.48	4	2.54	-	51.48	8	3.54	-

The weighted average share price during the period for options exercised over the period was \$41.04 (2012: \$41.64), which equates to £25.58 (2012: £25.67).

The closing share price at the financial period end was \$67.38 (2012: \$62.47) which equates to £42.00 (2012: £38.52).

The total charge for the period relating to the company's share and share purchase schemes was £976,895 (2012: £1,072,794), all of which related to equity-settled share based payment transactions.

Notes to the financial statements for the period ended 29 September 2013 (continued)

21 Share-based payments (continued)

Options were valued using the Binomial option-pricing model. No performance conditions were included in the fair value calculations. Options are granted with an exercise price in US Dollars, consequently all values have been converted to GB Pounds using the period end exchange rate. The fair value per option granted and the assumptions used in the calculation are as follows:

	ESPP Scheme		LTIP Scheme	
	2013	2012	2013	2012
Weighted average share price at grant date	£32.89	£29.83	£39.98	£35.67
Weighted average exercise price	£32.89	£29.83	N/a	N/a
Number of employees	23	29	38	38
Shares under option	4,217	5,166	22,790	31,097
Weighted average vesting period (years)	0.50	0.50	2.13	2.16
Expected volatility	20.88%	26.02%	N/a	N/a
Expected life (years)	0.50	0.50	2.13	2.16
Option life (years)	0.50	0.50	2.13	2.16
Weighted average risk free rate	0.06%	0.15%	N/a	N/a
Expected dividend yield	2.00%	1.50%	N/a	N/a
Fair value per option	£8.37	£8.06	£39.98	£35.67
Exchange Rate US\$:£	1.6042	1.6219	1.6042	1.6219

For the periods ended 29 September 2013 and 30 September 2012, expected volatility of the stock price was based on implied volatilities for two year traded options on the common stock of Qualcomm Incorporated.

The company's risk free interest rate is obtained by making the assumption that U.S. Treasury zero-coupon strip securities are a proxy for the prevailing market risk-free interest rate. The bond market "strips" or separates semi-annual interest and principal payments from U.S. Treasury Notes and Bonds into tradable instruments. The market prices of those stripped securities imply periodic or spot interest rates coinciding with those payment dates.

**Notes to the financial statements for the period ended
29 September 2013 (continued)**

22 Pension commitments

The company operates a defined contribution pension scheme, the assets of which are held in a separately administered fund. The aggregate pension contributions paid during the period are given in note 4. The contributions outstanding at 29 September 2013 were £17,812 (2012: £15,280).

23 Ultimate parent company and controlling party

The immediate parent undertaking is Qualcomm (UK) Holdings Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is Qualcomm Incorporated, a company incorporated in the United States of America.

Qualcomm Incorporated is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Qualcomm Incorporated are available from the Corporate Secretary, 5775 Morehouse Drive, San Diego, CA 92121-1714.