COMPANY REGISTRATION NUMBER 05213514

AIRVANA LIMITED

Abbreviated Accounts

For the Year Ended 31 December 2009

WHITING & PARTNERS
Chartered Accountants, Business Advisers
& Statutory Auditor
41 St Mary's Street
Ely
Cambridgeshire
CB7 4HF

AIRVANA LIMITED

Abbreviated Accounts

Year Ended 31 December 2009

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AIRVANA LIMITED

Independent Auditor's Report to Airvana Limited

Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts, together with the financial statements of Airvana Limited for the year ended 31 December 2009 prepared under Section 396 of the Companies Act 2006 These financial statements have prepared under the accounting policies set out therein As described in note 1, they have not been prepared on a going concern basis

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006 Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed

Respective Responsibilities of Directors and Auditor
The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

Basis of Opinion
We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared

Opinion
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section

Emphasis of Matter – Break Up Basis
On 14 September 2010 the company's parent announced the closure of its UK operations, namely Airvana Limited Due to this fact the company is no longer considered to be a going concern at 31 December 2009 and therefore the going concern basis for preparing the financial statements is no longer appropriate The financial statements have therefore been prepared on a break-up basis

Other Information
On 4/1/11 we reported as auditor to the members of the company on the financial statements prepared under Section 396 of the Companies Act 2006 and our report included the following paragraph

Independent Auditor's Report to Airvana Limited *(continued)*

Under Section 449 of the Companies Act 2006

On 14 September 2010 the company's parent announced the closure of its UK operations, namely Airvana Limited Due to this fact the company is no longer considered to be a going concern at 31 December 2009 and therefore the going concern basis for preparing the financial statements is no longer appropriate The financial statements have therefore been prepared on a break-up basis

Mr Ian Piper BA FCA (Senior Statutory Auditor)
For and on behalf of

WHITING & PARTNERS
Chartered Accountants & Statutory Auditor
41 St Mary's Street
Cambridgeshire
CB7 4HF

4 January 2011

AIRVANA LIMITED

Abbreviated Balance Sheet

31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed Assets	2				
Tangible assets			**369,333**		650,174
Current Assets					
Debtors	3	**2,145,654**		3,350,852	
Cash at bank and in hand		**162,214**		510,918	
		2,307,868		3,861,770	
Creditors. Amounts Falling due Within One Year		**1,898,145**		11,944,869	
Net Current Assets/(Liabilities)			**409,723**		(8,083,099)
Total Assets Less Current Liabilities			**779,056**		(7,432,925)
Provisions for Liabilities			**-**		200,815
			779,056		(7,633,740)
Capital and Reserves					
Called-up share capital	5		**27,331**		27,331
Share premium account			**552,328**		552,328
Other reserves			**1,307,992**		-
Profit and loss account			**(1,108,595)**		(8,213,399)
Shareholders' Funds/(Deficit)			**779,056**		(7,633,740)

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 28/12/10, and are signed on their behalf by

Mr B Hayes
Director
Company Registration Number 05213514

The notes on pages 4 to 9 form part of these abbreviated accounts

1. **Accounting Policies**

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

On 14 September 2010 the company's parent announced the closure of its UK operations, namely Airvana Limited Due to this fact the company is no longer considered to be a going concern at 30 September 2010 and therefore the going concern basis for preparing the financial statements is no longer appropriate The directors have therefore prepared the financial statements on a break-up basis

The break-up basis of accounting has resulted in assets and liabilities being stated at their Net Realisable Value, any fixed and long-term assets and liabilities being classified as current assets and liabilities and a provision is made for the losses to be incurred up to the date of termination of the business However, as the announcement was made after the year end, such provisions for future losses do not meet the definition of a provision under Financial Reporting Number 12 and therefore have not been provided for in the financial statements Up until 14 September 2010 the company continued to trade and therefore, at the balance sheet date, the use of fixed assets had not changed as they were still held for use in the business, therefore the classification in the financial statements continues to be fixed (non-current) assets

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

Research and Development

Research and development expenditure is fully expensed to the profit and loss account in the year in which it is incurred

Fixed Assets

All fixed assets are initially recorded at cost

AIRVANA LIMITED

Notes to the Abbreviated Accounts

Year Ended 31 December 2009

1. Accounting Policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Improvements to Leasehold Property	-	5 years straight line
Research & development equipment	-	3 years straight line
Fixtures & Fittings	-	5 years straight line
Office equipment	-	3 years straight line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding

Finance Lease Agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension Costs

The company operates a defined contribution pension scheme of employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

Deferred Taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax

1 **Accounting Policies** *(continued)*

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Grants

Grants received of a revenue nature are recognised in the profit and loss account at the same time as the related expenditure

Share Based Payments

Airvana inc, the company's parent during the current and prior year, issues equity settled-settled share-based payments to certain employees In accordance with FRS 20 'Share-based payments and UITF Abstract 44 'Group and Treasury Transactions' Equity-settled share-based payments are measured at fair value at the date of grant The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of of shares that will eventually vest

Deferred Government Grants

Government Grants

Grants received of a revenue nature are recognised in the Profit and Loss Account at the same time as the related expenditure

2. Fixed Assets

	Tangible Assets £
Cost	
At 1 January 2009	**1,211,548**
Additions	**227,107**
At 31 December 2009	**1,438,655**
Depreciation and Amounts Written Off	
At 1 January 2009	**561,374**
Charge for year	**367,978**
Impairment charge for the year	**139,970**
At 31 December 2009	**1,069,322**
Net Book Value	
At 31 December 2009	**369,333**
At 31 December 2008	650,174

3 Debtors

Debtors include amounts of £Nil (2008 - £10,983) falling due after more than one year

4. Related Party Disclosures

The following transactions and balances were with related parties

During the year the company purchased training services amounting to £8,820 (2008 - £7,367) from Imagicom Ltd, a company in which Mr A J Richardson is a significant shareholder

On 1 January 2009 the company sold intellectual property to it's parent, Airvana Inc, for $15,500,000, which translated at that date to £10,688,918

During the period the company sold services to Airvana Inc amounting to £7,434,540 (2008 - £Nil)

At 31 December 2009 £1,950,669 (2008 - due to £11,080 557) was due from Airvana Inc

On 12 April 2010 £1,307,992 was received from Airvana inc in relation to the buy-out of employee share options This has been classed as a parent company contribution in shareholders funds and records as an expense in the 2009 financial statements

5. Share Capital

Authorised share capital:

	2009	2008
	£	£
9,000,000 Ordinary shares of £0 01 each	**90,000**	90,000
1,000,000 Preferred shares of £0 01 each	**10,000**	10,000
	100,000	100,000

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
2,150,000 Ordinary shares of £0 01 each	**2,150,000**	**21,500**	2,150,000	21,500
583,093 Preferred shares of £0 01 each	**583,093**	**5,831**	583,093	5,831
	2,733,093	**27,331**	2,733,093	27,331

On 31 March 2010 the company passed an Ordinary Resolution which redesignated and converted the 583,093 issued preference shares of £0 01 each into Ordinary shares of £0 01 each

6. Ultimate Parent Company

The ultimate parent company is Airvana Inc a company registered in the US A copy of this company's financial statements can be obtained from www airvana com

7. Post Balance Sheet Events

On 18 December 2009 a definitive agreement was announced detailing the sale of Airvana Inc, the company's parent The agreement, which was formally ratified after the balance sheet date, was to purchase 100% of the issued share capital and share options granted, at a price of $7 65 per share As the agreement was subsequently ratified by the board during March 2010 and then proposed to shareholders on 9 April 2010, who formally agreed to the sale, an adjusting post balance sheet event, in accordance with Financial Reporting Standard Number 21, has occurred The amount paid to the employees of the company after the year end of in respect of the option buy-out amounted to £1,307,992 which, in accordance with UITF44, has been credited to reserves as a parent company contribution

On 14 September 2010 the company's parent announced the closure of its UK operations, namely Airvana Limited Due to this fact the company is no longer considered to be a going concern at 31 December 2009 and therefore the going concern basis for preparing the financial statements is no longer appropriate The directors have therefore prepared the financial statements on a break-up basis The break-up basis of accounting has resulted in assets and liabilities being stated at their Net Realisable Value, any fixed and long-term assets and liabilities are classified as current assets and liabilities and a provision for the losses to be incurred up to the date of termination of the business However, as the announcement was made after the year end, such provisions for future losses do not meet the definition of a provision under Financial Reporting Number 12 and therefore have not been provided for in the financial statements Up until 14 September 2010 the company continued to trade and therefore, at the balance sheet date, the use of fixed assets ' had not changed as they were still held for use in the business, therefore the classification in the financial statements continues to be fixed (non-current) assets