

**AQUASium TECHNOLOGY LIMITED****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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# AQUASium TECHNOLOGY LIMITED

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## COMPANY INFORMATION

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<b>Directors</b>	J P Cumberland R L Nicolson G Crick R G Healey
<b>Company secretary</b>	Birketts Secretaries Limited (resigned 26th July 2019)
<b>Registered number</b>	04241498
<b>Registered office</b>	43 Pembroke Avenue Denny Industrial Estate Waterbeach Cambridge CB25 9QX
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY
<b>Bankers</b>	Barclays Bank Plc 1 Churchill Place London E14 5HP
<b>Solicitors</b>	Birketts Solicitors LLP Providence House 141 - 145 Princes Street Ipswich IP1 1QJ

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**AQUASIUM TECHNOLOGY LIMITED**

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**AQUASium TECHNOLOGY LIMITED**

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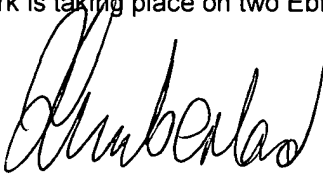
**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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A fairly satisfactory year in the context of various 'trading uncertainties' created by the tariff dispute between the USA and China, Brexit and the slowing growth rate in China, all of which tend to inject a note of caution into CAPEX commitments. Nevertheless sales and service continued to perform well and investment in Ebflow continued at a high level.

2019 has seen a continuing slowdown in project commitments in the core business but the level of project interest remains buoyant.

Work is taking place on two Ebflow projects with more expected.



Name J P Cumberland  
Chairman

Date: 19<sup>th</sup> September 2019

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Business review**

The Group is principally engaged in the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment.

The Group's core strategy is to continue building on the worldwide reputation of CVE (the trading name of the Group) and specifically to develop new applications for the electron beam technology. In 2018 the Group has continued to invest in product development with the successful initial trials of the new Ebflow product.

The trading of the core CVE business has performed strongly over the last eight years, and future Ebflow sales are considered to be incremental to the core CVE business.

**Principal risks and uncertainties**

The principal risks and uncertainties for the Group are explained below:

**Personnel risk**

The Group seeks to attract and retain good quality staff through its processes for training, working conditions and total remuneration packages.

**Health and safety**

Given the nature of the machines it builds, the Group takes its responsibilities for health and safety of its staff and operators of its machines seriously. The Group maintains appropriate standards by way of training and compliance with legal requirements.

**Financial risk**

The Group uses various financial instruments. These include loans, cash and various items, such as forward foreign exchange contracts. The main purpose of these financial instruments is to raise finance for the Group's operations and to protect against currency movements.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

All transactions in derivatives are undertaken to manage the risks arising from the underlying business activities and no transactions of a speculative nature are undertaken.

The main risks from the Group's financial instruments are currency risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

**Currency risk**

The Group is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward exchange contracts. Whilst the aim is to achieve an economic hedge the Group does not adopt a policy of hedge accounting for these financial statements.

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## AQUASium TECHNOLOGY LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group policy throughout the year has been to ensure continuity of funding. Short term flexibility is achieved by banking facilities, and continued support from investors. The maturity of borrowings is set out in note 19 of the financial statements.

#### Interest rate risk

The Group finances its operations through a mixture of bank borrowings and investor loans. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating rate facilities. The terms of these loans are set out in note 14 of the financial statements.

#### Credit risk

The Group's principal financial assets are cash and trade debtors, with the main risk arising from its trade debtors. In order to manage the credit risk the directors request stage payments when manufacturing large machines, based on set criteria being met as outlined in the sales contracts.

#### Financial key performance indicators

The Group monitors key performance indicators covering various aspects of its business to ensure its profitability and cash flow is maximised by its operations.

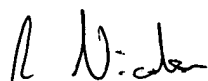
Key financial performances are shown below.

	2018 £'000s	2017 £'000s
Sales to third parties	9,985	10,382
EBITDA and before grant funded development work	300	1,490
Net (loss)/profit after tax	(16)	1,077

#### Research & development

The Group conducts a significant amount of research and development work in order to further develop the existing technologies and also to explore the application of electron beam welding in particular into new areas. Of particular note is local vacuum technology and metal surface alteration.

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



**R L Nicolson**  
Director

Date: 19<sup>th</sup> September 2019

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

**Results and dividends**

The loss for the year, after taxation, amounted to £16,408 (2017: profit £1,076,558).

In April 2018, a dividend totalling £100,001 was issued and paid to existing ordinary and A ordinary shareholders.

**Directors**

The directors who served during the year were:

J P Cumberland  
R L Nicolson  
G Crick  
R G Healey

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**AQUASium TECHNOLOGY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Disclosure of information to auditor**

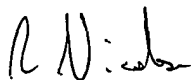
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**R L Nicolson**  
Director

Date: 19<sup>th</sup> September 2019





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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQUASIAM TECHNOLOGY LIMITED

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### Opinion

We have audited the financial statements of Aquasium Technology Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Profit and loss account, the Consolidated Statement of comprehensive income, the Consolidated and company Balance sheets, the Consolidated Statement of cash flows, the Consolidated and company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



**Grant Thornton**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQUASIUM TECHNOLOGY LIMITED  
(CONTINUED)**

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQUASium TECHNOLOGY LIMITED  
(CONTINUED)**

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

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.

Graham Mummery  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Senior Statutory Auditor, Chartered Accountants  
Cambridge

Date:

24 September 2019

**AQUASium TECHNOLOGY LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	9,985,060	10,832,310
Cost of sales		(5,910,955)	(6,670,865)
<b>Gross profit</b>		<b>4,074,105</b>	<b>4,161,445</b>
Total other operating income and charges		(3,839,415)	(2,941,974)
<b>Operating profit</b>	5	<b>234,690</b>	<b>1,219,471</b>
Interest receivable and similar income		-	283
Interest payable and similar expenses	9	(67,381)	(92,971)
<b>Profit on ordinary activities before before tax</b>		<b>167,309</b>	<b>1,126,783</b>
Tax on profit	10	(183,717)	(50,225)
<b>(Loss)/profit for the financial year</b>		<b>(16,408)</b>	<b>1,076,558</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent		(16,408)	1,076,558
		<b>(16,408)</b>	<b>1,076,558</b>

The notes on pages 19 to 42 form part of these financial statements.

**AQUASIUM TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Profit for the financial year		<b>(16,408)</b>	1,076,558
<b>Other comprehensive income</b>			
Currency translation differences on foreign currency net investments		<b>(460)</b>	3,651
<b>Other comprehensive income for the year</b>		<b>(460)</b>	3,651
<b>Total comprehensive income for the year</b>		<b>(16,868)</b>	1,080,209
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent company		<b>(16,408)</b>	1,076,558
		<b>(16,408)</b>	1,076,558

The notes on pages 19 to 42 form part of these financial statements.

**AQUASIUM TECHNOLOGY LIMITED**  
**REGISTERED NUMBER:04241498**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

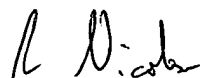
	Note	2018 £	As restated 2017 £
<b>Fixed assets</b>			
Intangible assets	12	37,448	52,578
Tangible assets	13	4,454,112	3,967,215
		<u>4,491,560</u>	<u>4,019,793</u>
<b>Current assets</b>			
Stocks	15	981,920	663,418
Debtors: amounts falling due within one year	16	3,854,983	3,960,188
Cash at bank and in hand		1,666,177	1,775,084
		<u>6,503,080</u>	<u>6,398,690</u>
Creditors: amounts falling due within one year	17	(2,972,096)	(2,109,181)
<b>Net current assets</b>		<u>3,530,984</u>	<u>4,289,509</u>
<b>Total assets less current liabilities</b>		<u>8,022,544</u>	<u>8,309,302</u>
Creditors: amounts falling due after more than one year	18	(1,085,572)	(1,167,919)
<b>Provisions for liabilities</b>			
Deferred taxation	20	(232,200)	(217,306)
Other provisions		(285,632)	(388,068)
		<u>(517,832)</u>	<u>(605,374)</u>
<b>Net assets excluding pension asset</b>		<u>6,419,140</u>	<u>6,536,009</u>
<b>Net assets</b>		<u><u>6,419,140</u></u>	<u><u>6,536,009</u></u>

**AQUASium TECHNOLOGY LIMITED**  
**REGISTERED NUMBER:04241498**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Capital and reserves</b>			
Called up share capital	25	262,888	262,888
Share premium account	26	317,686	317,686
Revaluation reserve	26	314,517	314,517
Profit and loss account	26	5,524,049	5,640,918
<b>Equity attributable to owners of the parent company</b>		<u>6,419,140</u>	<u>6,536,009</u>
		<u>6,419,140</u>	<u>6,536,009</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**R L Nicolson**  
Director

Date: 19<sup>th</sup> September 2019

The notes on pages 19 to 42 form part of these financial statements.

**AQUASium TECHNOLOGY LIMITED**  
**REGISTERED NUMBER:04241498**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	As restated 2017 £
<b>Fixed assets</b>			
Intangible assets	12	37,448	52,578
Tangible assets	13	4,211,446	3,942,138
Investments	14	1,166,999	1,102,402
		<u>5,415,893</u>	<u>5,097,118</u>
<b>Current assets</b>			
Stocks	15	818,168	534,615
Debtors: amounts falling due within one year	16	4,326,388	4,878,809
Cash at bank and in hand		1,447,281	1,660,143
		<u>6,591,837</u>	<u>7,073,567</u>
Creditors: amounts falling due within one year	17	(3,109,475)	(2,860,123)
<b>Net current assets</b>		<u>3,482,362</u>	<u>4,213,444</u>
<b>Total assets less current liabilities</b>		<u>8,898,255</u>	<u>9,310,562</u>
Creditors: amounts falling due after more than one year	18	(1,874,582)	(2,193,391)
<b>Provisions for liabilities</b>			
Deferred taxation	20	(232,200)	(217,306)
Other provisions		(255,095)	(344,170)
		<u>(487,295)</u>	<u>(561,476)</u>
<b>Net assets excluding pension asset</b>		<u>6,536,378</u>	<u>6,555,695</u>
<b>Net assets</b>		<u><u>6,536,378</u></u>	<u><u>6,555,695</u></u>



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**AQUASIUM TECHNOLOGY LIMITED**  
**REGISTERED NUMBER:04241498**

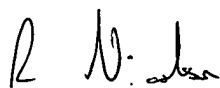
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**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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	Note	31 December 2018 £	31 December 2017 £
<b>Capital and reserves</b>			
Called up share capital	25	262,888	262,888
Share premium account	26	317,686	317,686
Revaluation reserve	26	1,358,148	1,358,148
Profit and loss account	26	4,597,656	4,616,973
		<u>6,536,378</u>	<u>6,555,695</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**R L Nicolson**  
Director

Date: 19<sup>th</sup> September 2019

The notes on pages 19 to 42 form part of these financial statements.

**AQUASium TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	<b>262,888</b>	<b>317,686</b>	<b>314,517</b>	<b>4,560,709</b>	<b>5,455,800</b>
Profit for the year	-	-	-	1,076,558	1,076,558
Currency translation differences	-	-	-	3,651	3,651
<b>At 1 January 2018</b>	<b>262,888</b>	<b>317,686</b>	<b>314,517</b>	<b>5,640,918</b>	<b>6,536,009</b>
Loss for the year	-	-	-	(16,408)	(16,408)
Currency translation differences	-	-	-	(460)	(460)
Dividends: Equity capital	-	-	-	(100,001)	(100,001)
<b>At 31 December 2018</b>	<b>262,888</b>	<b>317,686</b>	<b>314,517</b>	<b>5,524,049</b>	<b>6,419,140</b>

The notes on pages 19 to 42 form part of these financial statements.

**AQUASium TECHNOLOGY LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	<b>262,888</b>	<b>317,686</b>	<b>1,358,148</b>	<b>3,630,774</b>	<b>5,569,496</b>
Profit for the year	-	-	-	986,199	986,199
<b>At 1 January 2018</b>	<b>262,888</b>	<b>317,686</b>	<b>1,358,148</b>	<b>4,616,973</b>	<b>6,555,695</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	80,684	80,684
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,684</b>	<b>80,684</b>
Dividends: Equity capital	-	-	-	(100,001)	(100,001)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,001)</b>	<b>(100,001)</b>
<b>At 31 December 2018</b>	<b>262,888</b>	<b>317,686</b>	<b>1,358,148</b>	<b>4,597,656</b>	<b>6,536,378</b>

The notes on pages 19 to 42 form part of these financial statements.

**AQUASium TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>Restated</i>
		<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	<b>(16,408)</b>	<i>1,076,558</i>
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>50,206</b>	<i>62,189</i>
Depreciation of tangible assets	<b>273,320</b>	<i>278,457</i>
Interest paid	<b>67,381</b>	<i>92,971</i>
Interest received	<b>-</b>	<i>(283)</i>
Taxation charge	<b>183,717</b>	<i>50,225</i>
(Increase)/decrease in stocks	<b>(318,502)</b>	<i>242,603</i>
Decrease/(increase) in debtors	<b>109,801</b>	<i>(1,071,498)</i>
Increase/(decrease) in creditors	<b>753,231</b>	<i>(89,391)</i>
(Decrease)/increase in provisions	<b>(102,436)</b>	<i>50,511</i>
Corporation tax (paid)	<b>(64,595)</b>	<i>(4,598)</i>
<b>Net cash generated from operating activities</b>	<b>935,715</b>	<i>687,744</i>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	<b>(35,076)</b>	<i>(730)</i>
Purchase of tangible fixed assets	<b>(739,257)</b>	<i>(508,334)</i>
Sale of tangible fixed assets	<b>-</b>	<i>200,587</i>
Interest received	<b>-</b>	<i>283</i>
<b>Net cash from investing activities</b>	<b>(774,333)</b>	<i>(308,194)</i>

**AQUASium TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(81,486)	(80,183)
Repayment of other loans	-	(250,000)
Dividends paid	(100,001)	-
Interest paid	(67,381)	(92,971)
<b>Net cash used in financing activities</b>	<b>(248,868)</b>	<b>(423,154)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(87,486)</b>	<b>(43,604)</b>
Cash and cash equivalents at beginning of year	1,775,084	1,792,119
Foreign exchange gains and losses	(21,421)	26,569
<b>Cash and cash equivalents at the end of year</b>	<b>1,666,177</b>	<b>1,775,084</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,666,177	1,775,084
	<b>1,666,177</b>	<b>1,775,084</b>

The notes on pages 19 to 42 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. General information**

Aquasium Technology Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 43 Pembroke Avenue, Denny Industrial Estate, Waterbeach, Cambridge, CB25 9QX.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 December 2017.

**2.3 Going concern**

Cash flow forecasts prepared by the directors indicate that current facilities, provided by the Group's Bankers and Shareholders, are adequate for the Group's needs for the foreseeable future. The directors have considered trading activity and cash resources for a period of at least 12 months from the date of signing and consider that the company is a going concern.

The nature of CVE's business in capital equipment manufacturing is working capital intensive, particularly for large and complex machines. The directors believe that the strength of the Group's balance sheet and profitability will allow it to raise additional facilities if needed in the future to help fund specific machine builds or other capital projects.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Where forward contracts are acquired for certain transactions, those transactions are translated at the contracted rate. Exchange differences are taken into account in arriving at the operating profit.

The financial statements of foreign subsidiaries are translated at the rates of exchange ruling at the balance sheet date except that the profit and loss account is translated at the average rate for the year. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves.

**2.5 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

In the case of long term contracts, turnover reflects the contract activity during the year and represents how complete each machine is based on the stage of work.

The amount of profit attributable to the stage of completion of each long term contract is calculated and recognised when the outcome can be foreseen with reasonable certainty. Provision is made for any losses which are foreseen.

Progress payments received and receivable attributable to the value of contracts are deducted in presenting the amounts recoverable on contracts in the financial statements. Progress payments and amounts in excess of contract values are stated separately.

The gross amounts due from customers for contract work are presented as amounts recoverable on contracts within debtors. The gross amounts due to customers for contract work are presented as payments on account within creditors.

Service revenue is recognised in the period in which it has been completed.

**2.6 Borrowing costs**

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.7 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**2.8 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.10 Negative goodwill**

Negative goodwill arising on consolidation representing the excess of the fair value of the identifiable net assets acquired over the fair value of the consideration is capitalised as a negative intangible asset. Where negative goodwill in the Group balance sheet is attributable to land and buildings it is released to the profit and loss account over the same period as the land and buildings are depreciated.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.11 Positive goodwill**

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the group balance sheet and amortised on a straight line basis over its useful life.

**2.12 Intangible fixed assets and amortisation**

A licence is included at cost and amortised in equal annual instalments over a period of 3.75 years until the end of the licence agreement. Provision is made for any impairment.

Software is included at cost and amortised on over the value of its useful economic life deemed to be 20% on a straight line basis.

**2.13 Fixed assets**

Freehold land and buildings are stated at valuation and all other tangible fixed assets are stated at their original cost prior to any provision for depreciation or impairment.

**2.14 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Freehold and leasehold property	-	2% straight line
Plant, machinery & equipment	-	7.5% - 33% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated profit and loss account.

The company does not provide for depreciation on its freehold land or fixed assets under construction. The directors do not consider that the values of the land will fall below original cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.15 Revaluation of tangible fixed assets**

Individual freehold land and buildings are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated profit and loss account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**2.16 Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.18 Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate.

**2.19 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.20 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.21 Operating lease agreements**

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the lease term.

**2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.23 Government grants**

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Government grants relating to fixed assets are included within the balance sheet as deferred income and released to the profit and loss account in line with depreciation on that fixed asset.

**2.24 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**2.25 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.26 Share based payment transaction**

The group rewards key employees using share-based payments. Equity settled share based payments are measured at fair value at the date of grant using the Black-Scholes model.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

**Machine contracts**

The directors also make judgements regarding machine contracts in accordance with the turnover policy below. These include the assessment of profits, losses and the stage of completeness, considering anything which has occurred after the balance sheet date up to the date of signing.

The comparative balances for 'Other creditors' and 'Work in progress' have been restated in the financial statements for the year ended 31 December 2018. A change in policy was applied in the year to release the costs to complete creditor and work in progress balances recorded on projects where revenue has been recognised in the year. Due to the change in policy adopted a prior year balance sheet adjustment was posted for £682,864.

**Stock provision**

A provision of between 25% to 100% is made against stock which has not moved for more than 2 years. The percentage provided gradually increases with the number of years the stock has not moved for. All stock which has not moved for 6 years is fully provided. This policy is considered by management to best represent the true value of the stock.

**Warranty provision**

Judgement is applied when calculating the expected future costs of repairs under warranty for each machine using a risk factor of between 1.25% and 1.5% of sales value. The warranty typically lasts for one year unless specific exceptional circumstances require an extension to two or three years.

**4. Turnover**

	2018 £	2017 £
Europe	3,800,678	3,216,568
USA	1,189,604	2,832,015
East Asia	4,861,944	4,572,669
Africa	132,836	211,058
	<u>9,985,060</u>	<u>10,832,310</u>

The whole of turnover and profit before taxation arose from continuing activities.

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**AQUASIMUM TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Research & development charged as an expense	672,418	400,156
Intangible assets amortisation	50,206	62,189
Depreciation of owned fixed assets	273,320	278,457
Net gain on foreign currency translation	(60,807)	(55,133)
Operating lease rentals - land and buildings	56,875	58,094
Operating lease rentals - other	107,143	99,662
Government grants received	(258,699)	(70,359)
	<u>                    </u>	<u>                    </u>

**6. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	26,750	26,000
	<u>                    </u>	<u>                    </u>

**Fees payable to the Group's auditor and its associates in respect of:**

Taxation compliance services	3,850	3,750
Other services relating to taxation	4,450	3,825
	<u>                    </u>	<u>                    </u>

# AQUASIAM TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Wages and salaries	<b>2,911,393</b>	2,519,956	<b>2,722,724</b>	2,291,482
Social security costs	<b>328,433</b>	280,990	<b>304,895</b>	260,369
Other pension costs	<b>186,174</b>	152,923	<b>181,655</b>	147,596
	<b>3,426,000</b>	2,953,869	<b>3,209,274</b>	2,699,447

The average monthly number of employees, including the directors, during the year was as follows:

	<b>Group 2018 No.</b>	<i>Group 2017 No.</i>	<b>Company 2018 No.</b>	<i>Company 2017 No.</i>
Production staff	<b>58</b>	51	<b>57</b>	49
Distribution staff	<b>2</b>	1	<b>1</b>	1
Administrative staff	<b>15</b>	13	<b>13</b>	11
	<b>75</b>	65	<b>71</b>	61

### 8. Directors' remuneration

	<b>2018 £</b>	<i>2017 £</i>
Emoluments receivable	<b>143,614</b>	120,320
Value of company pension contributions to money purchase schemes	<b>11,489</b>	9,626
Other benefits	<b>15,952</b>	14,496
Chairman's fees	<b>59,294</b>	48,000
Other fees	<b>48,000</b>	48,000
	<b>278,349</b>	240,442

In addition to the above, Aquasium Technology Limited also paid director fees and expenses of £20,000 (2017: £20,000) to VCF Partners, a partnership connected with Foresight VCT PLC, a shareholder of the company.

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**AQUASIUM TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**8. Directors' remuneration (continued)**

Highest paid director's remuneration:

	2018 £	2017 £
Emoluments receivable	143,614	120,320
Value of company pension contributions to money purchase schemes	11,489	9,626
Other benefits	15,952	14,496
	<u>171,055</u>	<u>144,442</u>

The number of directors who accrued benefits under company pension schemes was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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**9. Interest payable and similar expenses**

	2018 £	2017 £
Interest payable on bank borrowings	67,356	67,867
Other interest payable	25	-
Shareholders' loan interest	-	25,104
	<u>67,381</u>	<u>92,971</u>

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**AQUASium TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**10. Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>106,659</b>	7,989
Adjustments in respect of previous periods	<b>63,360</b>	-
	<u><b>170,019</b></u>	<u>7,989</u>
<b>Foreign tax</b>		
Overseas taxation	<b>3,402</b>	4,598
Foreign tax in respect of prior periods	<b>(4,598)</b>	-
	<u><b>(1,196)</b></u>	<u>4,598</u>
<b>Total current tax</b>	<u><b>168,823</b></u>	<u>12,587</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>12,532</b>	97,537
Adjustments in respect of previous periods	<b>2,362</b>	(59,899)
<b>Total deferred tax</b>	<u><b>14,894</b></u>	<u>37,638</u>
<b>Taxation on profit on ordinary activities</b>	<u><b>183,717</b></u>	<u>50,225</u>



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**AQUASium TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: *lower than*) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>167,309</u>	<u>1,126,783</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	31,789	216,906
<b>Effects of:</b>		
Income not chargeable for tax purposes	22,118	(13,692)
Expenses not deductible for tax purposes	118,596	3,418
Fixed asset differences	3,624	2,710
Additional deduction for research and development expenditure	(41,120)	(112,592)
Adjustments in respect of previous periods	64,526	(59,704)
Change in tax rates	(4,673)	(12,914)
Chargeable gains/losses	(11,143)	26,093
<b>Total tax charge for the year</b>	<u><u>183,717</u></u>	<u><u>50,225</u></u>

**11. Dividends**

	2018 £	2017 £
Dividends paid	<u><u>100,001</u></u>	<u><u>-</u></u>

**AQUASium TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Intangible assets**

**Group**

	<b>Purchased licence £</b>	<b>Software £</b>	<b>Negative goodwill £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2018	175,000	176,525	(570,666)	(219,141)
Additions	-	35,076	-	35,076
At 31 December 2018	175,000	211,601	(570,666)	(184,065)
<b>Amortisation</b>				
At 1 January 2018	140,000	158,947	(570,666)	(271,719)
Charge for the year	35,000	15,206	-	50,206
At 31 December 2018	175,000	174,153	(570,666)	(221,513)
<b>Net book value</b>				
At 31 December 2018	-	37,448	-	37,448
At 31 December 2017	35,000	17,578	-	52,578

A sole licence agreement was purchased in December 2014 for £175,000, and was amortised over the remaining life to 24 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Intangible assets (continued)****Company**

	<b>Purchased licence £</b>	<b>Software £</b>	<b>Positive goodwill £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2018	175,000	176,525	3,396,570	3,748,095
Additions	-	35,076	-	35,076
At 31 December 2018	175,000	211,601	3,396,570	3,783,171
<b>Amortisation</b>				
At 1 January 2018	140,000	158,947	3,396,570	3,695,517
Charge for the year	35,000	15,206	-	50,206
At 31 December 2018	175,000	174,153	3,396,570	3,745,723
<b>Net book value</b>				
At 31 December 2018	-	37,448	-	37,448
At 31 December 2017	35,000	17,578	-	52,578

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. Tangible fixed assets****Group**

	Freehold property £	Plant, machinery & equipment £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2018	2,699,294	2,703,722	19,796	225,961	5,648,773
Additions	64,272	670,301	-	4,684	739,257
Disposals	-	(19,068)	-	-	(19,068)
Exchange adjustments	485	22,769	-	1,213	24,467
At 31 December 2018	<u>2,764,051</u>	<u>3,377,724</u>	<u>19,796</u>	<u>231,858</u>	<u>6,393,429</u>
<b>Depreciation</b>					
At 1 January 2018	254,815	1,215,315	19,796	191,632	1,681,558
Charge for the year on owned assets	80,533	185,720	-	7,067	273,320
Disposals	-	(19,068)	-	-	(19,068)
Exchange adjustments	101	2,459	-	947	3,507
At 31 December 2018	<u>335,449</u>	<u>1,384,426</u>	<u>19,796</u>	<u>199,646</u>	<u>1,939,317</u>
<b>Net book value</b>					
At 31 December 2018	<u>2,428,602</u>	<u>1,993,298</u>	<u>-</u>	<u>32,212</u>	<u>4,454,112</u>
At 31 December 2017	<u>2,444,479</u>	<u>1,488,407</u>	<u>-</u>	<u>34,329</u>	<u>3,967,215</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Tangible fixed assets (continued)

Company

	Freehold property £	Plant, machinery & equipment £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2018	2,691,596	2,649,906	19,796	206,702	5,568,000
Additions	63,681	669,870	-	4,684	738,235
Transfers intra group	-	(223,741)	-	-	(223,741)
Disposals	-	(19,068)	-	-	(19,068)
At 31 December 2018	<u>2,755,277</u>	<u>3,076,967</u>	<u>19,796</u>	<u>211,386</u>	<u>6,063,426</u>
<b>Depreciation</b>					
At 1 January 2018	253,206	1,176,259	19,796	176,601	1,625,862
Charge for the year on owned assets	79,977	159,026	-	6,183	245,186
Disposals	-	(19,068)	-	-	(19,068)
At 31 December 2018	<u>333,183</u>	<u>1,316,217</u>	<u>19,796</u>	<u>182,784</u>	<u>1,851,980</u>
<b>Net book value</b>					
At 31 December 2018	<u>2,422,094</u>	<u>1,760,750</u>	<u>-</u>	<u>28,602</u>	<u>4,211,446</u>
At 31 December 2017	<u>2,438,390</u>	<u>1,473,647</u>	<u>-</u>	<u>30,101</u>	<u>3,942,138</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2018	1,102,402
Foreign exchange movement	64,597
At 31 December 2018	<u>1,166,999</u>

Subsidiary undertakings

At 31 December 2018 the company held 20% or more of the equity of the following:

Name	Registered office	Principal activity	Class of shares	Holding
Cambridge Vacuum Engineering Limited	England	Dormant	Equity	100%
Cambridge Vacuum Engineering, Inc.	USA	Sale and servicing of electron beam welding equipment	Equity	100%
Aquasium Limited	England	Dormant	Equity	100%

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**15. Stocks**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2018</b>	<i>2017</i>	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>Restated</i>	<b>£</b>	<i>Restated</i>
		<b>£</b>		<b>£</b>
Raw materials	<b>767,684</b>	682,243	<b>603,932</b>	553,440
Work in progress	<b>219,879</b>	231,414	<b>219,879</b>	231,414
Payments on account	<b>(5,643)</b>	(250,239)	<b>(5,643)</b>	(250,239)
	<b>981,920</b>	663,418	<b>818,168</b>	534,615

Stocks recognised in cost of sales during the year as an expense was £3,930,401 (2017: £4,353,017).

An impairment loss of £40,308 (2017: £4,101) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

The comparative balances for 'Other creditors' and 'Work in progress' have been restated in the financial statements for the year ended 31 December 2018. A change in policy was applied in the year to release the costs to complete creditor and work in progress balances recorded on projects where revenue has been recognised in the year. Due to the change in policy adopted a prior year balance sheet adjustment was posted for £682,864.

**16. Debtors**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2018</b>	<i>2017</i>	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>£</i>	<b>£</b>	<i>£</i>
Trade debtors	<b>1,156,232</b>	1,484,287	<b>1,031,445</b>	945,387
Amounts owed by group undertakings	-	-	<b>623,351</b>	1,795,705
Sundry debtors	<b>18,596</b>	12,814	<b>13,998</b>	12,814
Prepayments and accrued income	<b>138,045</b>	101,805	<b>115,484</b>	90,948
Amounts recoverable on contracts	<b>2,470,102</b>	2,249,205	<b>2,470,102</b>	1,921,878
VAT recoverable	<b>72,008</b>	54,721	<b>72,008</b>	54,721
Financial instruments	-	57,356	-	57,356
	<b>3,854,983</b>	3,960,188	<b>4,326,388</b>	4,878,809

Trade debtors has been shown net of a bad debt provision of £18,019 (2017: £12,669).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**17. Creditors: Amounts falling due within one year**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2018</b>	<i>2017</i>	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>Restated</i>	<b>£</b>	<i>Restated</i>
		<b>£</b>		<b>£</b>
Bank loans	<b>83,664</b>	82,803	<b>83,664</b>	82,803
Payments received on account	<b>232,469</b>	-	<b>391,754</b>	579,681
Trade creditors	<b>621,919</b>	690,816	<b>616,493</b>	688,050
Amounts owed to group undertakings	-	-	<b>2,197</b>	201,563
Corporation tax	<b>116,813</b>	7,989	<b>116,813</b>	7,989
Other taxation and social security	<b>92,260</b>	79,669	<b>92,260</b>	79,669
Other creditors	<b>447,266</b>	383,884	<b>447,268</b>	383,884
Accruals and deferred income	<b>1,348,957</b>	864,020	<b>1,330,278</b>	836,484
Financial instruments	<b>28,748</b>	-	<b>28,748</b>	-
	<b>2,972,096</b>	2,109,181	<b>3,109,475</b>	2,860,123

The comparative balances for 'Other creditors' and 'Work in progress' have been restated in the financial statements for the year ended 31 December 2018. A change in policy was applied in the year to release the costs to complete creditor and work in progress balances recorded on projects where revenue has been recognised in the year. Due to the change in policy adopted a prior year balance sheet adjustment was posted for £682,864.

**18. Creditors: Amounts falling due after more than one year**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2018</b>	<i>2017</i>	<b>2018</b>	<i>2017</i>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<b>1,085,572</b>	1,167,919	<b>1,085,572</b>	1,167,919
Amounts owed to group undertakings	-	-	<b>789,010</b>	1,025,472
	<b>1,085,572</b>	1,167,919	<b>1,874,582</b>	2,193,391

The bank loan to the Company amounting to £1,198,693 (2017: £1,286,286) is repayable by fixed quarterly installments of £38,741 (2017: £38,741) until November 2028. It bears interest at a rate of 4.75% above LIBOR.

There is a first legal charge held by Barclays Bank over the property occupied by Aquasium Technology Limited.

There is a debenture from Aquasium Technology Limited and Cambridge Vacuum Engineering Limited to Barclays Bank and from Aquasium Technology Limited and Cambridge Vacuum Engineering Limited to Foresight VCT Plc and The Income & Growth VCT Plc.

There is a composite guarantee by the above companies in favour of Barclays.



**AQUASium TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Creditors: Capital instruments**

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Amounts repayable</b>				
In one year or less or on demand	89,196	88,910	89,196	88,910
In more than one year but not more than two years	94,171	93,690	94,171	93,690
In more than two years but not more than five years	316,879	312,391	316,879	312,391
In more than five years	698,448	791,295	698,448	791,295
	<u>1,198,694</u>	<u>1,286,286</u>	<u>1,198,694</u>	<u>1,286,286</u>
Unamortised loan issue expense	(29,457)	(35,564)	(29,457)	(35,564)
	<u><u>1,169,236</u></u>	<u><u>1,250,722</u></u>	<u><u>1,169,236</u></u>	<u><u>1,250,722</u></u>

**19. Financial instruments**

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Financial assets</b>				
Cash at bank	1,666,177	1,775,084	1,447,281	1,660,143
Trade debtors and other receivables	1,156,232	1,484,287	1,031,445	945,387
Amounts recoverable on contracts	2,470,102	2,249,205	2,470,102	1,921,878
Sundry debtors	18,596	12,814	13,998	12,814
	<u>5,311,107</u>	<u>5,521,390</u>	<u>4,962,826</u>	<u>4,540,222</u>
<b>Financial liabilities</b>				
Trade creditors	621,919	690,816	616,493	688,050
Payments on account	232,469	-	391,754	250,239
Bank loans	1,169,236	1,250,722	1,169,236	1,250,722
Other creditors	447,266	353,422	447,268	353,422
Accruals and deferred income	793,526	359,753	773,849	332,217
	<u>3,264,416</u>	<u>2,654,713</u>	<u>3,398,600</u>	<u>2,874,650</u>

**Financial assets/(liabilities) measured at fair value through profit or loss**

Financial instruments	<u>(28,748)</u>	<u>57,356</u>
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**AQUASium TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**20. Deferred taxation**

**Group**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>(217,306)</b>	<b>(179,668)</b>
Charged to profit or loss	<b>(14,894)</b>	<b>(37,638)</b>
<b>At end of year</b>	<b>(232,200)</b>	<b>(217,306)</b>

**Company**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>(217,306)</b>	<b>(179,668)</b>
Charged to profit or loss	<b>(14,894)</b>	<b>(37,638)</b>
<b>At end of year</b>	<b>(232,200)</b>	<b>(217,306)</b>

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<b>201,896</b>	<b>178,377</b>	<b>201,896</b>	<b>178,377</b>
Capital gains	<b>35,595</b>	<b>43,826</b>	<b>35,595</b>	<b>43,826</b>
Provisions timing differences	<b>(2,619)</b>	<b>(2,226)</b>	<b>(2,619)</b>	<b>(2,226)</b>
Tax losses and other deductions	<b>(2,672)</b>	<b>(2,671)</b>	<b>(2,672)</b>	<b>(2,671)</b>
	<b>232,200</b>	<b>217,306</b>	<b>232,200</b>	<b>217,306</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. Warranty provision**

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Provision brought forward	388,068	337,557	344,170	292,049
Provision in the year	145,851	176,065	138,719	160,330
Costs in the year	(85,245)	(42,573)	(84,820)	(41,907)
Release in the year	(163,042)	(82,981)	(142,974)	(66,302)
<b>Provision carried forward</b>	<b>285,632</b>	<b>388,068</b>	<b>255,095</b>	<b>344,170</b>

**22. Forward contracts**

At 31 December 2018 the Group held 6 forward exchange contracts for selling Dollars and 2 forward exchange contracts for selling Euros to cover the exchange risk on specific customer contracts maturing between 1 January 2019 and 31 January 2020. The total value of the Dollar forward exchange contracts is \$1,760,000 at the average contract rate of \$1.2979 to £1 (31 December 2017: \$2,675,000 of forward exchange contracts were in place at a rate of \$1.3120 to £1). The total value of the Euro forward exchange contracts is €420,000 at the average contract rate of €1.1068 to £1 (31 December 2017: Nil)

At 31 December 2018 the fair value of these contracts is considered to be a liability of £28,748 (31 December 2017: asset of £57,356), the movements of which are included in the profit and loss account.

**23. Commitments under operating leases**

At 31 December 2018 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Land and buildings</b>				
Within 1 year	58,803	54,741	24,000	22,000
Within 2 to 5 years	126,990	134,237	22,000	-
	<b>185,793</b>	<b>188,978</b>	<b>46,000</b>	<b>22,000</b>
	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Other items</b>				
Within 1 year	85,015	82,432	85,015	82,432
Within 2 to 5 years	93,852	48,666	93,852	48,666
	<b>178,867</b>	<b>131,098</b>	<b>178,867</b>	<b>131,098</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**24. Related party transactions**

The Income and Growth VCT PLC and Foresight VCT plc are significant shareholders in the Company. Monitoring fees and expenses of £20,000 (2017: £20,000) was charged to the Company during the period by VCF Partners, a partnership connected with Foresight Group LLP which acts as the investment manager of Foresight VCT PLC. At 31 December 2018 an amount of £6,000 was owed to VCF Partners (2017: £Nil).

During the year, Mr J P Cumberland, a director of the company, was paid £59,294 for consultancy and £3,316 for expenses (2017: £51,535). At 31 December 2018 an amount of £4,278 was owed to Mr J P Cumberland (2017: £Nil).

Mr G Crick, a director of the company, was paid £48,000 for consultancy and £6,457 for expenses (2017: £53,555). At 31 December 2018 an amount of £5,127 was owed to Mr G Crick (2017: £Nil) relating to these expenses. In 2015 Mr Crick was issued 2,889 Ordinary "B" class shares for consideration of £8,522 covered by an interest free loan from the company, still outstanding at 31 December 2018.

The aggregate remuneration payable to key management personnel is £296,997 (2017: £255,904).

Advantage has been taken of the exemption not to disclose group related party transactions with subsidiaries that are 100% owned that have been eliminated on consolidation.

**25. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
130,000 (2017: 130,000) Ordinary shares of £1.00 each	<b>130,000</b>	130,000
129,999 (2017: 129,999) A Ordinary shares of £1.00 each	<b>129,999</b>	129,999
2,889 (2017: 2,889) B Ordinary shares of £1.00 each	<b>2,889</b>	2,889
	<b>262,888</b>	262,888

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**25. Share capital (continued)**

The Ordinary shares and A Ordinary shares rank pari passu except that the holders of the A Ordinary shares have certain preferential rights on sale or winding up of the company as set out in the Articles of Association.

The A Ordinary shareholders have the right immediately prior to sale or listing of the company to subscribe for extra shares at par, pro rata to their existing holding up to a total holding representing not more than 49.9998% of the equity.

On 17 October 2014 a new class of share was established, B Ordinary shares of each. The holders of B Ordinary shares have no right to receive dividends, receive notice of or to attend or vote at any general meeting.

On 17 October 2014, 2,889 B Ordinary shares of £1 were issued for £2.95 per share, a total consideration of £8,522, to a director in the year. These shares are unpaid at 31 December 2018.

**Share options**

On 21 February 2014 share options were granted over 11,304 B Ordinary shares at an exercise price of £3.72 per share to key employees. These were subsequently cancelled and on 17 October 2014 new share options for 11,304 B Ordinary shares were granted for £2.95 per share to key employees. Share options are exercisable on sale of company, significant reorganisations of group, change of controlling parties or cessation of trade.

No charges have been recognised in respect of these share options under FRS 102 section 26 as the value is deemed immaterial.

**26. Reserves**

**Share premium account**

This reserve records the amount above the nominal value received for shares held, less transaction costs.

**Revaluation reserve**

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase in the same asset.

The share premium account and revaluation reserve are non-distributable.

**Profit and loss account**

Includes all current & prior periods retained profits and losses.

**27. Capital commitments**

At 31 December 2018 the Group had capital commitments of £490,927 (2017: £12,780).