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**AQUASium TECHNOLOGY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **AQUASium TECHNOLOGY LIMITED**

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### **COMPANY INFORMATION**

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**DIRECTORS**

J P Cumberland  
R L Nicolson  
G Crick  
R G Healey

**REGISTERED NUMBER**

04241498

**REGISTERED OFFICE**

43 Pembroke Avenue  
Denny Industrial Estate  
Waterbeach  
Cambridge  
CB25 9QX

**INDEPENDENT AUDITORS**

Peters Elworthy & Moore  
Chartered Accountants & Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

**BANKERS**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

**SOLICITORS**

Birketts Solicitors LLP  
Providence House  
141 - 145 Princes Street  
Ipswich  
IP1 1QJ

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**AQUASIMUM TECHNOLOGY LIMITED**

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**CONTENTS**

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	Page
<b>Chairman's Statement</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2 - 3</b>
<b>Directors' Report</b>	<b>4 - 5</b>
<b>Independent Auditors' Report</b>	<b>6 - 8</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>9</b>
<b>Consolidated Balance Sheet</b>	<b>10 - 11</b>
<b>Company Balance Sheet</b>	<b>12 - 13</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>14</b>
<b>Company Statement of Changes in Equity</b>	<b>15</b>
<b>Consolidated Statement of Cash Flows</b>	<b>16 - 17</b>
<b>Analysis of Net Debt</b>	<b>18</b>
<b>Notes to the Financial Statements</b>	<b>19 - 49</b>

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**AQUASium TECHNOLOGY LIMITED**

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**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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There was a reduction in trading revenue and operating profit from the previous year and both years experienced a profit impairment to cover the settlement with HanWha Aerospace, the current owners of Ebttec Corporation, which was disposed of in 2012.

Nevertheless, excellent progress was made in new product development including the launch of the Company's first laser powered welder and a first commercial order for this product with more expected.

Ebflow continues to attract interest from around the world and a project to manufacture a third version commenced in 2019 with a fourth variant added during 2020. The Ebflow programme has been expanded to include Ebflow Light.

With these technologies the company is in the centre of the move to renewable energy and zero carbon power generation.

  
Name JP Cumberland  
Chairman

Date 27/11/2020

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## **AQUASIUM TECHNOLOGY LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 to build on the worldwide reputation of CVE (the trading name of the Group) and specifically to develop new applications for the electron beam technology and further develop its new laser technology. In 2019 the Group received its first purchase order for a laser welder, and that machine was successfully installed in Slovakia in August 2020. The Group has continued to invest in the Ebflow product development, and now has a technology demonstrator that was installed on the Cammell Laird site in Liverpool in Q1 2020.

The trading of the core CVE business has performed strongly for a number of years, and future laser welder and 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 process 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 operations of its machines seriously. The Group maintains appropriate standards by way of training and compliance with legal requirements.

##### **Pandemic risk**

The Group recognises that the risk of pandemic presents various financial and operational risks, including supply chain disruption, reduced revenues from servicing machines due to the travel restrictions imposed, and shortages of staff if they become ill. This risk is monitored closely by management with mitigating actions implemented where possible such as sourcing goods from a wide range of suppliers and implementing distancing measures to protect employees.

##### **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.

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## AQUASium TECHNOLOGY LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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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 risks, 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.

#### Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group's policy throughout the year has been to ensure continuity of funding. Short term flexibility is achieved by bank facilities, and continued support from investors.

#### Interest rate risk

The Group finances its operations through bank borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating rate facilities.

#### 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.

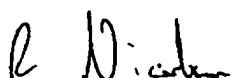
#### FINANCIAL KEY PERFORMANCE INDICATORS

	2019 £'000	2018 £'000
Turnover	8,084	9,985
Operating profit from operating activities	616	1,517
Operating profit before exceptional expenses	338	1,046

#### RESEARCH AND DEVELOPMENT

The Group conducts a significant amount of research and development work in order to further develop the existing technologies and also explore the application of electron beam welding outside the chamber (Ebflow) and variants of laser welding both inside/outside of the chamber (Ebflow Light).

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



**R L Nicolson**  
Director

Date: 27/11/2020

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## **AQUASium TECHNOLOGY LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Group is that of the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £783,466 (2018 - profit £185,445).

Dividends of £NIL (2018 - £100,001) were paid during the year.

#### **DIRECTORS**

The directors who served during the year were:

J P Cumberland  
R L Nicolson  
G Crick  
R G Healey

#### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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;
- 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.

#### **FUTURE DEVELOPMENTS**

The Group continues to invest in its Ebflow technology in order to extend its product portfolio and add value for customers. The Group also continues to invest in worldwide sales and marketing to broaden its geographical market base.

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**AQUASium TECHNOLOGY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

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 auditors are 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 auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

Subsequent to the year end the global health crisis caused by COVID-19 emerged which has had a significant impact on businesses and economies around the globe. At the year end the scale of the crisis was unknown, with a pandemic declared in March 2020.

The directors have assessed the potential impact, including the financial effects, of COVID-19 on the Group and, based on the information available, do not consider that it will lead to any impairments of assets held at the balance sheet date.

The measures to limit the impact of COVID-19 on the Group have been discussed in the Strategic Report. At the time of approving these financial statements the directors have also considered the working capital of the business and remain comfortable with their assessment that the Group is a going concern.

**AUDITORS**

In January 2020 Peters Elworthy & Moore were appointed as auditors.

In accordance with section 485 of the Companies Act 2006 the auditors, Peters Elworthy & Moore, will be proposed for reappointment.

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



**R L Nicolson  
Director**

Date: 27/11/2020



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## **AQUASIUM TECHNOLOGY LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUASIUM 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 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, 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 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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## **AQUASium TECHNOLOGY LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUASium TECHNOLOGY LIMITED (CONTINUED)**

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#### **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 Auditors' 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.

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.

#### **OPINION 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.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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.

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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## AQUASium TECHNOLOGY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUASium TECHNOLOGY LIMITED (CONTINUED)

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#### RESPONSIBILITIES OF DIRECTORS

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.

#### AUDITORS' 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 Auditors' 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 Auditors' Report.

#### USE OF OUR REPORT

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

Roberta Newman (Senior Statutory Auditor)

for and on behalf of  
**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 30 November 2020

**AQUASIAM TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	As restated 2018 £
Turnover	4	8,084,182	9,985,060
Cost of sales		(4,721,208)	(5,910,955)
<b>GROSS PROFIT</b>		<b>3,362,974</b>	<b>4,074,105</b>
Administrative expenses		(2,886,779)	(2,816,504)
Other operating income	5	139,892	259,382
<b>OPERATING PROFIT FROM OPERATING ACTIVITIES</b>	6	<b>616,087</b>	<b>1,516,983</b>
Research and development		(278,114)	(470,565)
<b>OPERATING PROFIT BEFORE EXCEPTIONAL EXPENSES</b>		<b>337,973</b>	<b>1,046,418</b>
Settlement provision	13	(956,002)	(609,875)
<b>OPERATING (LOSS)/PROFIT AFTER EXCEPTIONAL EXPENSES</b>		<b>(618,029)</b>	<b>436,543</b>
Interest payable and expenses	10	(64,436)	(67,381)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(682,465)</b>	<b>369,162</b>
Tax on (loss)/profit	11	(101,001)	(183,717)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(783,466)</b>	<b>185,445</b>
Currency translation differences		292	(460)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>292</b>	<b>(460)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(783,174)</b>	<b>184,985</b>
<b>(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the parent Company		(783,466)	185,445
		<b>(783,466)</b>	<b>185,445</b>

The notes on pages 19 to 49 form part of these financial statements.

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

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	As restated 2018 £
<b>FIXED ASSETS</b>			
Intangible assets	15	894,779	641,921
Tangible assets	16	5,324,582	4,454,112
		<u>6,219,361</u>	<u>5,096,033</u>
<b>CURRENT ASSETS</b>			
Stocks	18	1,636,883	981,920
Debtors: amounts falling due within one year	19	3,205,171	3,854,983
Cash at bank and in hand	20	1,357,526	1,666,177
		<u>6,199,580</u>	<u>6,503,080</u>
Creditors: amounts falling due within one year	21	(3,630,480)	(2,972,096)
<b>NET CURRENT ASSETS</b>		<u>2,569,100</u>	<u>3,530,984</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,788,461</u>	<u>8,627,017</u>
Creditors: amounts falling due after more than one year	22	(1,769,598)	(1,085,572)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	25	(525,713)	(232,200)
Other provisions	26	(252,711)	(285,632)
		<u>(778,424)</u>	<u>(517,832)</u>
<b>NET ASSETS</b>		<u><u>6,240,439</u></u>	<u><u>7,023,613</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	27	262,888	262,888
Share premium account	30	317,686	317,686
Revaluation reserve	30	314,517	314,517
Profit and loss account	30	5,345,348	6,128,522
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>		<u><u>6,240,439</u></u>	<u><u>7,023,613</u></u>

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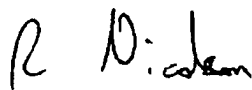
**AQUASIMUM TECHNOLOGY LIMITED**  
**REGISTERED NUMBER: 04241498**

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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

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



**R L Nicolson**  
**Director**

Date: 27/11/2020

The notes on pages 19 to 49 form part of these financial statements.

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

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	As restated 2018 £
<b>FIXED ASSETS</b>			
Intangible assets	15	894,779	641,921
Tangible assets	16	5,115,960	4,211,446
Investments	17	1,125,709	1,166,999
		<u>7,136,448</u>	<u>6,020,366</u>
<b>CURRENT ASSETS</b>			
Stocks	18	1,471,990	818,168
Debtors: amounts falling due within one year	19	5,081,655	4,326,388
Cash at bank and in hand	20	1,063,012	1,447,281
		<u>7,616,657</u>	<u>6,591,837</u>
Creditors: amounts falling due within one year	21	(5,895,763)	(3,898,485)
<b>NET CURRENT ASSETS</b>		<u>1,720,894</u>	<u>2,693,352</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,857,342</u>	<u>8,713,718</u>
Creditors: amounts falling due after more than one year	22	(1,769,598)	(1,085,572)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	25	(525,713)	(232,200)
Other provisions	26	(226,426)	(255,095)
		<u>(752,139)</u>	<u>(487,295)</u>
<b>NET ASSETS</b>		<u>6,335,605</u>	<u>7,140,851</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	27	262,888	262,888
Share premium account	30	317,686	317,686
Revaluation reserve	30	1,358,148	1,358,148
Profit and loss account	30	4,396,883	5,202,129
		<u>6,335,605</u>	<u>7,140,851</u>

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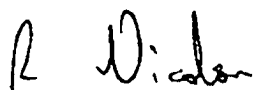
**AQUASIMUM TECHNOLOGY LIMITED**  
**REGISTERED NUMBER: 04241498**

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**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

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



**R L Nicolson**  
**Director**

Date: 27/11/2020

The notes on pages 19 to 49 form part of these financial statements.



**AQUASium TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>AT 1 JANUARY 2018 (AS PREVIOUSLY STATED)</b>	262,888	317,686	314,517	5,640,918	6,536,009
Impact of change in accounting policy (see Note 32)	-	-	-	402,620	402,620
	<u>262,888</u>	<u>317,686</u>	<u>314,517</u>	<u>6,043,538</u>	<u>6,938,629</u>
<b>AT 1 JANUARY 2018 (AS RESTATED)</b>					
Profit for the year	-	-	-	185,445	185,445
Currency translation differences	-	-	-	(460)	(460)
Dividends: Equity capital	-	-	-	(100,001)	(100,001)
	<u>262,888</u>	<u>317,686</u>	<u>314,517</u>	<u>5,524,049</u>	<u>6,419,140</u>
<b>AT 1 JANUARY 2019 (AS PREVIOUSLY STATED)</b>	262,888	317,686	314,517	5,524,049	6,419,140
Impact of change in accounting policy (see Note 32)	-	-	-	604,473	604,473
	<u>262,888</u>	<u>317,686</u>	<u>314,517</u>	<u>6,128,522</u>	<u>7,023,613</u>
<b>AT 1 JANUARY 2019 (AS RESTATED)</b>					
Loss for the year	-	-	-	(783,466)	(783,466)
Currency translation differences	-	-	-	292	292
	<u>262,888</u>	<u>317,686</u>	<u>314,517</u>	<u>5,345,348</u>	<u>6,240,439</u>
<b>AT 31 DECEMBER 2019</b>	<u>262,888</u>	<u>317,686</u>	<u>314,517</u>	<u>5,345,348</u>	<u>6,240,439</u>

The notes on pages 19 to 49 form part of these financial statements.

**AQUASium TECHNOLOGY LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>AT 1 JANUARY 2018 (AS PREVIOUSLY STATED)</b>	262,888	317,686	1,358,148	4,616,973	6,555,695
Impact of change in accounting policy (see Note 32)	-	-	-	402,620	402,620
<b>AT 1 JANUARY 2018 (AS RESTATED)</b>	262,888	317,686	1,358,148	5,019,593	6,958,315
Profit for the year	-	-	-	282,537	282,537
Dividends: Equity capital	-	-	-	(100,001)	(100,001)
<b>AT 1 JANUARY 2019 (AS PREVIOUSLY STATED)</b>	262,888	317,686	1,358,148	4,597,656	6,536,378
Impact of change in accounting policy (see Note 32)	-	-	-	604,473	604,473
<b>AT 1 JANUARY 2019 (AS RESTATED)</b>	262,888	317,686	1,358,148	5,202,129	7,140,851
Loss for the year	-	-	-	(805,246)	(805,246)
<b>AT 31 DECEMBER 2019</b>	262,888	317,686	1,358,148	4,396,883	6,335,605

The notes on pages 19 to 49 form part of these financial statements.

**AQUASIUM TECHNOLOGY LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	As restated 2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit for the financial year	(783,466)	185,445
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	16,806	50,206
Depreciation of tangible assets	328,242	273,320
Loss on disposal of tangible assets	1,095	-
Amortised loan issue expense	5,532	6,107
Interest expense	64,436	67,381
Taxation charge	101,001	183,717
(Increase) in stocks	(654,963)	(318,502)
Decrease in debtors	806,784	109,801
Increase in creditors	1,544,217	753,244
(Decrease) in provisions	(32,921)	(102,436)
Corporation tax (paid)	(81,273)	(64,595)
Foreign exchange gains and losses	8,674	(21,420)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,324,164</b>	<b>1,122,268</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(269,664)	(236,929)
Purchase of tangible fixed assets	(1,208,189)	(739,257)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1,477,853)</b>	<b>(976,186)</b>

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**AQUASIUM TECHNOLOGY LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	2019 £	As restated 2018 £
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans	(90,168)	(87,593)
Dividends paid	-	(100,001)
Interest paid	(64,794)	(67,395)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(154,962)</b>	<b>(254,989)</b>
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(308,651)</b>	<b>(108,907)</b>
Cash and cash equivalents at beginning of year	1,666,177	1,775,084
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>1,357,526</b>	<b>1,666,177</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	1,357,526	1,666,177
	<b>1,357,526</b>	<b>1,666,177</b>

The notes on pages 19 to 49 form part of these financial statements.

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**AQUASIUM TECHNOLOGY LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	At 1 January 2019 £	Cash flows £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	1,666,177	(308,651)	-	1,357,526
Debt due after 1 year	(1,085,572)	-	91,168	(994,404)
Debt due within 1 year	(83,664)	90,168	(96,700)	(90,196)
Financial instruments	(28,748)	-	89,379	60,631
	<u>468,193</u>	<u>(218,483)</u>	<u>83,847</u>	<u>333,557</u>

The notes on pages 19 to 49 form part of these financial statements.

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## **AQUASIUM TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 office is 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 Statement of Comprehensive Income in these financial statements.

The Company has taken advantage of the disclosure exemption permitted under Section 7 of FRS 102 and has not presented its own Statement of Cash Flows 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 Statement of Comprehensive Income 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 2014.

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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.3 GOING CONCERN**

The directors have prepared forecasts which show that, taking account of potential and realistic changes in trading performance, the Group is able to generate sufficient liquidity to continue in operational existence for the foreseeable future.

In making this assessment the directors have specifically assessed the potential impact of COVID-19 pandemic on the Group. Recognising the uncertainty as to the potential length of the pandemic, its impact on the economy and the consequent impact on cash flows, and to safeguard against potential future disruption the Company applied for an extension to their £500,000 trade loan facility (which was unused at the balance sheet date) and have received approval for a total loan facility of up to £2,000,000.

Having considered the working capital of the business, the directors are satisfied that it is sufficient for its needs and therefore continue to adopt the going concern basis in their preparation of the financial statements. This assessment is based on known contracted machine sales, estimates as to the sales pipeline based on discussions to date, current cash in hand and the trade loan facility available, expected expenses - including identifying costs which could be reduced in order to extend financial headroom, and expected cash receipts.

##### **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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Where forward contracts are acquired for certain transactions, those transactions are translated at the contracted rate. Exchange rate differences are recognised in the Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in Other Comprehensive Income.

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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **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.

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 for each long term contract is calculated and recognised when the outcome can be foreseen with reasonable certainty. Provisions are 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 long term 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 long term contracts within debtors. The gross amounts due to customers for contract work are presented as payments on account in creditors.

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

### **2.6 OPERATING LEASES: THE GROUP AS LESSEE**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.



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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.7 RESEARCH AND DEVELOPMENT**

Expenditure on research activities is charged to the Profit & Loss Account in the period in which it is incurred. In the event that an internally generated intangible asset arises from the Company's development activities then it will be recognised only if all of the following conditions are met:

- a) Completion of the asset is technically feasible;
- b) The Company intends to complete the intangible asset and use or sell it;
- c) The Company has the ability to use the asset or sell it;
- d) The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset, or, if it is to be used internally, the asset will be used in generating such benefits;
- e) There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The expenditure attributable to the intangible asset during its development can be measured reliably.

Amortisation commences when the asset is available for use.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

### **2.8 GOVERNMENT GRANTS**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

### **2.9 FINANCE COSTS**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.10 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 Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

### **2.11 SHARE BASED PAYMENTS**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.12 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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.

### **2.13 EXCEPTIONAL ITEMS**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.14 INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Purchased licences are amortised over the duration of the licence agreement. Provisions are made for any impairment.

Development expenditure is amortised on a straight line basis over its estimated useful life. Amortisation commences when the asset is available for use.

Software is amortised over 5 years, which is deemed to be a reliable estimate of its useful economic life.

Goodwill acquired on a business combination is capitalised, classified as an intangible asset on the Group balance sheet and amortised on a straight line basis over its useful economic life.

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.

### **2.15 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, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant, machinery and equipment	- 7.5% - 33% straight line
Motor vehicles	- 25% straight line
Fixtures and 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 Statement of Comprehensive Income.

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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.16 REVALUATION OF TANGIBLE FIXED ASSETS**

Individual freehold and leasehold properties are carried at current year value 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 normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income 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.

### **2.17 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

### **2.18 STOCKS**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### **2.19 DEBTORS**

Short term debtors are measured at transaction price, less any impairment.

### **2.20 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

### **2.21 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.

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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **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 Statement of Comprehensive Income 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 FINANCIAL INSTRUMENTS**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

### **2.24 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.

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## AQUASium TECHNOLOGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 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 judgements and estimates have been made include:

##### **MACHINE CONTRACTS**

The Group recognises revenue on machine contracts in accordance with the turnover accounting policy. Judgements regarding machine contracts made by the directors include the assessment of profits and provision for losses, including estimated future losses where appropriate, and the stage of completeness of each machine contract. In forming their judgements the directors consider anything which has occurred after the balance sheet date up to the date of signing.

##### **STOCK PROVISION**

A provision of between 25% to 100% is made against stock which has not moved for more than two years. The percentage provided gradually increases with the number of years the stock has not moved for. All stock which has not moved for six years is provided for in full. 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

The directors believe that disclosing turnover by class of business would be seriously prejudicial to the interests of the Group.

Analysis of turnover by country of destination:

	2019 £	2018 £
Europe	2,265,194	3,800,678
Rest of the world	5,818,988	6,184,382
	<u>8,084,182</u>	<u>9,985,060</u>

**AQUASIAM TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. OTHER OPERATING INCOME**

	2019 £	2018 £
Other operating income	38,352	-
Insurance claims receivable	3,811	683
Grant income released	97,729	258,699
	<u>139,892</u>	<u>259,382</u>

**6. OPERATING (LOSS)/PROFIT**

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

	2019 £	2018 £
Intangible assets amortisation	16,806	50,206
Depreciation of owned fixed assets	328,242	273,320
Net gain on foreign currency translation	4,904	(60,807)
Operating lease rentals - land and buildings	58,577	56,875
Operating lease rentals - other	109,257	107,143
	<u>417,786</u>	<u>326,737</u>

**7. AUDITORS' REMUNERATION**

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	27,000	26,750
	<u>27,000</u>	<u>26,750</u>

**FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN  
RESPECT OF:**

Taxation compliance services	3,250	3,850
Other services relating to taxation	4,150	4,450
	<u>7,400</u>	<u>8,300</u>



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**AQUASium TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**8. EMPLOYEES**

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

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Wages and salaries	<b>3,012,304</b>	2,911,393	<b>2,789,812</b>	2,722,724
Social security costs	<b>338,190</b>	328,433	<b>312,944</b>	304,895
Cost of defined contribution scheme	<b>180,672</b>	186,174	<b>176,236</b>	181,655
	<b><u>3,531,166</u></b>	<u>3,426,000</u>	<b><u>3,278,992</u></b>	<u>3,209,274</u>

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

	<b>Group 2019 No.</b>	<b>Group 2018 No.</b>	<b>Company 2019 No.</b>	<b>Company 2018 No.</b>
Production staff	<b>59</b>	58	<b>57</b>	57
Distribution staff	<b>1</b>	2	<b>1</b>	1
Administrative staff	<b>16</b>	15	<b>13</b>	13
	<b><u>76</u></b>	<u>75</u>	<b><u>71</u></b>	<u>71</u>

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**AQUASIAM TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**9. DIRECTORS' REMUNERATION**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>152,269</b>	159,566
Company contributions to defined contribution pension schemes	<b>10,586</b>	11,489
Chairman's fees	<b>48,000</b>	59,294
Other fees	<b>48,000</b>	48,000
	<b>258,855</b>	<b>278,349</b>

In addition to the above, Aquasium Technology Limited paid director fees and expenses of £20,634 (2018 - £20,000) to VCF Partners, a partnership connected with Foresight VCT Plc, a shareholder of the Company.

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received emoluments of £152,269 (2018 - £159,566).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,586 (2018 - £11,489).

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loan interest payable	<b>64,436</b>	67,356
Other interest payable	-	25
	<b>64,436</b>	<b>67,381</b>

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**AQUASIUM TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**11. TAXATION**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>(88,282)</b>	106,659
Adjustments in respect of previous periods	<b>(112,232)</b>	63,360
	<b>(200,514)</b>	170,019
<b>FOREIGN TAX</b>		
Foreign tax on income for the year	<b>3,579</b>	3,402
Adjustments in respect of previous periods	<b>4,423</b>	(4,598)
	<b>8,002</b>	(1,196)
<b>TOTAL CURRENT TAX</b>	<b>(192,512)</b>	168,823
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>293,513</b>	12,532
Adjustments in respect of previous periods	-	2,362
<b>TOTAL DEFERRED TAX</b>	<b>293,513</b>	14,894
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>101,001</b>	183,717

# AQUASIUM TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. TAXATION (CONTINUED)

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	(682,465)	167,309
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	(129,668)	31,789
<b>EFFECTS OF:</b>		
Income not chargeable for tax purposes	-	22,118
Expenses not deductible for tax purposes	26,443	118,596
Fixed asset differences	133,761	3,624
Losses carried back	100,697	-
Other permanent differences	129,552	-
Adjustments to tax charge in respect of prior periods	(107,809)	64,526
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(44,360)	(41,120)
Change in deferred tax rates	(8,774)	(4,673)
Chargeable gains/losses	-	(11,143)
Effect of foreign tax rates	586	-
Foreign tax credits	573	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>101,001</b>	<b>183,717</b>

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. On 17 March 2020 the UK government announced that the corporation tax main rate for profits (except ring fence profits) from 1 April 2020 would remain at 19%. This will increase the Group's future tax charge accordingly. The deferred tax liability at 31 December 2019 has been calculated based on a corporation tax rate of 17%.

### 12. DIVIDENDS

	2019 £	2018 £
Dividends paid	-	100,001

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## AQUASium TECHNOLOGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 13. EXCEPTIONAL ITEMS

	2019 £	2018 £
Settlement provision	<u>956,002</u>	<u>609,875</u>

The exceptional expense relates to a claim for remedial work at the Ebtec Corporation site, an investment previously held by the Group which was disposed of during 2012. An agreement has been reached between the parties with a liability of £1,449,591 (2018 - £609,875) recorded in these financial statements (see Notes 21 and 22) for the Group's proportion of site restoration costs and legal and professional fees expected to be incurred in concluding the matter.

#### 14. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £805,246 (2018 - profit £282,537).

**AQUASium TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. INTANGIBLE ASSETS**

**Group**

	<b>Purchased licence £</b>	<b>Development expenditure £</b>	<b>Software £</b>	<b>Negative goodwill £</b>	<b>Total £</b>
<b>COST</b>					
At 1 January 2019 (as previously stated)	175,000	-	211,601	(570,666)	(184,065)
Impact of change in accounting policy	-	604,473	-	-	604,473
At 1 January 2019 (as restated)	175,000	604,473	211,601	(570,666)	420,408
Additions	-	264,746	4,918	-	269,664
At 31 December 2019	175,000	869,219	216,519	(570,666)	690,072
<b>AMORTISATION</b>					
At 1 January 2019	175,000	-	174,153	(570,666)	(221,513)
Charge for the year on owned assets	-	-	16,806	-	16,806
At 31 December 2019	175,000	-	190,959	(570,666)	(204,707)
<b>NET BOOK VALUE</b>					
At 31 December 2019	-	869,219	25,560	-	894,779
At 31 December 2018 (as restated)	-	604,473	37,448	-	641,921

**AQUASIAM TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. INTANGIBLE ASSETS (CONTINUED)**

**Company**

	<b>Purchased licence £</b>	<b>Development expenditure £</b>	<b>Software £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>COST</b>					
At 1 January 2019 (as previously stated)	175,000	-	211,601	3,396,570	3,783,171
Impact of change in accounting policy	-	604,473	-	-	604,473
At 1 January 2019 (as restated)	175,000	604,473	211,601	3,396,570	4,387,644
Additions	-	264,746	4,918	-	269,664
At 31 December 2019	175,000	869,219	216,519	3,396,570	4,657,308
<b>AMORTISATION</b>					
At 1 January 2019	175,000	-	174,153	3,396,570	3,745,723
Charge for the year	-	-	16,806	-	16,806
At 31 December 2019	175,000	-	190,959	3,396,570	3,762,529
<b>NET BOOK VALUE</b>					
At 31 December 2019	-	869,219	25,560	-	894,779
At 31 December 2018 (as restated)	-	604,473	37,448	-	641,921

**AQUASIUM TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Plant, machinery and equipment £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2019	2,764,051	3,377,724	19,796	231,858	6,393,429
Additions	49,363	1,155,594	-	3,232	1,208,189
Disposals	-	(27,563)	-	(948)	(28,511)
Exchange adjustments	(333)	(11,381)	-	(766)	(12,480)
At 31 December 2019	2,813,081	4,494,374	19,796	233,376	7,560,627
<b>DEPRECIATION</b>					
At 1 January 2019	335,449	1,384,426	19,796	199,646	1,939,317
Charge for the year on owned assets	89,322	231,473	-	7,447	328,242
Disposals	-	(26,756)	-	(660)	(27,416)
Exchange adjustments	(102)	(3,340)	-	(656)	(4,098)
At 31 December 2019	424,669	1,585,803	19,796	205,777	2,236,045
<b>NET BOOK VALUE</b>					
At 31 December 2019	2,388,412	2,908,571	-	27,599	5,324,582
At 31 December 2018	2,428,602	1,993,298	-	32,212	4,454,112

Included within freehold property is land with a value of £775,000 (2018 - £775,000).

Revaluations have been carried out on freehold property, resulting in a cumulative increase of £1,187,979 in valuation.

The property of Aquasium Technology Limited was valued by Bidwells LLP, Chartered Surveyors, in April 2017 on an open market value basis. The directors consider the valuation of the property to be materially consistent with the net book value as at 31 December 2019.



**AQUASIUM TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. TANGIBLE FIXED ASSETS (CONTINUED)**

**Company**

	Freehold property £	Plant, machinery and equipment £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2019	2,755,277	3,076,967	19,796	211,386	6,063,426
Additions	49,363	1,150,029	-	3,016	1,202,408
Disposals	-	(21,667)	-	(432)	(22,099)
At 31 December 2019	2,804,640	4,205,329	19,796	213,970	7,243,735
<b>DEPRECIATION</b>					
At 1 January 2019	333,183	1,316,217	19,796	182,784	1,851,980
Charge for the year on owned assets	88,742	201,720	-	6,625	297,087
Disposals	-	(20,860)	-	(432)	(21,292)
At 31 December 2019	421,925	1,497,077	19,796	188,977	2,127,775
<b>NET BOOK VALUE</b>					
At 31 December 2019	2,382,715	2,708,252	-	24,993	5,115,960
At 31 December 2018	2,422,094	1,760,750	-	28,602	4,211,446

Included within freehold property is land with a value of £775,000 (2018 - £775,000).

Revaluations have been carried out on freehold property, resulting in a cumulative increase of £1,187,979 in valuation.

The property of Aquasium Technology Limited was valued by Bidwells LLP, Chartered Surveyors, in April 2017 on an open market value basis. The directors consider the valuation of the property to be materially consistent with the net book value as at 31 December 2019.

# AQUASium TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 17. FIXED ASSET INVESTMENTS

#### Company

	Investments in subsidiary companies £
<b>COST</b>	
At 1 January 2019	1,166,999
Foreign exchange movement	(41,290)
At 31 December 2019	<u>1,125,709</u>

#### SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Cambridge Vacuum Engineering Limited	(a)	Dormant	Equity	100%
Cambridge Vacuum Engineering, Inc.	(b)	Sale and servicing of electron beam welding equipment	Equity	100%
Aquasium Limited	(a)	Dormant	Equity	100%
Aquasium Technology (Beijing) Co Limited	(c)	Dormant	Equity	100%

(a) 43 Pembroke Avenue, Denny Industrial Estate, Waterbeach, Cambridge, CB25 9QX

(b) 630 Silver Street, Unit 7, Agawam, MA 01001-0867

(c) Suite 05, 10th Floor, Twin Towers (East), B12 Jianguomenwai Ave., Chao Yang District, Beijing, China

# AQUASIUM TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 18. STOCKS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials	914,272	767,684	749,379	603,932
Work in progress	1,081,879	219,879	1,081,879	219,879
Payments on account	(359,268)	(5,643)	(359,268)	(5,643)
	<u>1,636,883</u>	<u>981,920</u>	<u>1,471,990</u>	<u>818,168</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £770 (2018 - £40,308) was recognised in costs of sales against stock during the year due to slow-moving and obsolete stock.

### 19. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	1,660,872	1,156,232	1,099,961	1,031,445
Amounts owed by group undertakings	-	-	2,455,624	623,351
Other debtors	101,153	90,604	101,153	86,006
Prepayments and accrued income	195,792	138,045	177,563	115,484
Amounts recoverable on long term contracts	987,889	2,470,102	987,889	2,470,102
Tax recoverable	198,834	-	198,834	-
Financial instruments	60,631	-	60,631	-
	<u>3,205,171</u>	<u>3,854,983</u>	<u>5,081,655</u>	<u>4,326,388</u>

Group trade debtors are shown net of a bad debt provision of £16,515 (2018 - £18,019).

### 20. CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	1,357,526	1,666,177	1,063,012	1,447,281

# AQUASIUM TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2019	As restated 2018	2019	As restated 2018
	£	£	£	£
Bank loans	90,196	83,664	90,196	83,664
Payments received on account	395,894	232,469	1,927,340	391,754
Trade creditors	589,203	621,917	585,342	616,493
Amounts owed to group undertakings	-	-	759,123	791,207
Corporation tax	-	116,813	-	116,813
Other taxation and social security	83,261	92,260	83,261	92,260
Other creditors	253,602	447,268	253,602	447,268
Accruals and deferred income	2,218,324	1,348,957	2,196,899	1,330,278
Financial instruments	-	28,748	-	28,748
	<b>3,630,480</b>	<b>2,972,096</b>	<b>5,895,763</b>	<b>3,898,485</b>

Included within accruals and deferred income due within one year is a settlement provision of £674,397 (2018 - £609,875), as described in Note 13.

Included within amounts owed to group undertakings is £759,123 (2018 - £789,010) in respect of a loan previously advanced to Aquasium Technology Limited. The loan is unsecured with no fixed repayment terms and bears no interest. In the absence of a legally agreed repayment schedule the balance is deemed to be repayable on demand although there is no expectation that this balance will be called for repayment in the coming 12 months.

### 22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2019	As restated 2018	2019	As restated 2018
	£	£	£	£
Bank loans	994,404	1,085,572	994,404	1,085,572
Accruals and deferred income	775,194	-	775,194	-
	<b>1,769,598</b>	<b>1,085,572</b>	<b>1,769,598</b>	<b>1,085,572</b>

Included within accruals and deferred income due after more than one year is a settlement provision of £775,194 (2018 - £NIL), as described in Note 13.

# AQUASIMUM TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 23. LOANS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Bank loans	90,196	83,664	90,196	83,664
	<u>90,196</u>	<u>83,664</u>	<u>90,196</u>	<u>83,664</u>
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>				
Bank loans	96,494	90,196	96,494	90,196
	<u>96,494</u>	<u>90,196</u>	<u>96,494</u>	<u>90,196</u>
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>				
Bank loans	328,401	308,659	328,401	308,659
	<u>328,401</u>	<u>308,659</u>	<u>328,401</u>	<u>308,659</u>
<b>AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS</b>				
Bank loans	569,509	686,717	569,509	686,717
	<u>569,509</u>	<u>686,717</u>	<u>569,509</u>	<u>686,717</u>
	<u>1,084,600</u>	<u>1,169,236</u>	<u>1,084,600</u>	<u>1,169,236</u>

The bank loan includes a loan balance of £1,108,525 (2018 - £1,198,693) and unamortised loan issue expense of £23,925 (2018 - £29,457). The bank loan is repayable by fixed quarterly installments of £38,741 (2018 - £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 Bank.

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**AQUASium TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**24. FINANCIAL INSTRUMENTS**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
<b>FINANCIAL ASSETS</b>				
Financial assets measured at fair value through profit or loss	<b>60,631</b>	-	<b>60,631</b>	-
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at fair value through profit or loss	-	(28,748)	-	(28,748)

Financial assets measured at fair value through profit or loss relate to forward exchange contracts open at the year end.

Financial liabilities measured at fair value through profit or loss relate to forward exchange contracts open at the year end.

**AQUASIUM TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**25. DEFERRED TAXATION**

**Group and Company**

	<b>2019</b>		<b>2018</b>	
	<b>£</b>		<b>£</b>	
At beginning of year	<b>232,200</b>		217,306	
Charged to profit or loss	<b>293,513</b>		14,894	
<b>AT END OF YEAR</b>	<b>525,713</b>		<b>232,200</b>	

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	516,198	201,896	516,198	201,896
Capital gains	35,595	35,595	35,595	35,595
Provisions timing differences	(54)	(2,619)	(54)	(2,619)
Tax losses and other deductions	(26,026)	(2,672)	(26,026)	(2,672)
	<b>525,713</b>	<b>232,200</b>	<b>525,713</b>	<b>232,200</b>

**26. WARRANTY PROVISION**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provision brought forward	285,632	388,068	255,095	344,170
Provided for in the year	122,690	145,851	108,603	138,719
Costs in the year	(50,118)	(85,245)	(42,303)	(84,820)
Released in the year	(105,493)	(163,042)	(94,969)	(142,974)
<b>Provision carried forward</b>	<b>252,711</b>	<b>285,632</b>	<b>226,426</b>	<b>255,095</b>

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**AQUASIUM TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**27. SHARE CAPITAL**

	2019 £	2018 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
130,000 (2018 - 130,000) Ordinary shares of £1.00 each	<b>130,000</b>	130,000
129,999 (2018 - 129,999) A Ordinary shares of £1.00 each	<b>129,999</b>	129,999
	<b>259,999</b>	259,999
<b>ALLOTTED, CALLED UP AND NIL PAID</b>		
2,889 (2018 - 2,889) B Ordinary shares of £1.00 each	<b>2,889</b>	2,889

**Shares rights**

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.

On 17 October 2014 a new class of share was established, B Ordinary shares of £1.00 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.

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.

**28. SHARE OPTIONS**

On 17 October 2014 share options were granted to key employees over 11,304 B Ordinary shares at an exercise price of £2.95 per share. Share options are exercisable on sale of the Company, significant reorganisations of the Group, change of controlling parties or cessation of trade.

No share based payment charge has been recognised in respect of these share options under FRS 102 section 26 as the value is deemed immaterial.



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## **AQUASium TECHNOLOGY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **29. FORWARD CONTRACTS**

At 31 December 2019 the Group held 12 forward exchange contracts for selling US Dollars and two forward exchange contracts for selling Euros to cover the exchange risk on specific customer contracts maturing between 31 January 2020 and 29 January 2021.

The total value of the US Dollar forward exchange contracts is \$2,456,000 at the average contract rate of \$1.3189 to £1 (as at 31 December 2018: \$1,760,000 of forward exchange contracts were in place at a rate of \$1.2979 to £1).

The total value of the Euro forward exchange contracts is €327,000 at the average contract rate of €1.1627 to £1 (as at 31 December 2018: €420,000 of forward exchange contracts were in place at a rate of €1.1068 to £1).

#### **30. RESERVES**

##### **Share premium account**

The share premium account records the amount above the nominal value received for shares, less transaction costs. This is non-distributable.

##### **Revaluation reserve**

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

##### **Profit and loss account**

The profit and loss account includes all current and prior periods retained profits and losses, net of dividends paid.

#### **31. PRIOR YEAR ADJUSTMENT**

The comparatives within the Consolidated Statement of Comprehensive Income have been restated to show research and development costs separately. These were previously included within administrative expenses. This restatement has no impact on reserves.

The comparatives within the Consolidated Statement of Comprehensive Income have been restated to show the settlement provision separately. This was previously included within administrative expenses. This restatement has no impact on reserves.

The amounts owed to group companies of £789,010 were historically disclosed as falling due after more than one year when the contractual position is that the amounts have no fixed repayment period. Accordingly an adjustment has been made to restate the amounts in the balance sheet as at 31 December 2018 as falling due within one year. The correction had no impact on the entity statement of comprehensive income for the year ended 31 December 2018 or opening equity as at 1 January 2018.

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## AQUASium TECHNOLOGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 32. IMPACT OF CHANGE IN ACCOUNTING POLICY

Intangible assets and administrative expenses have been restated to reflect the change in accounting policy to capitalise development costs where such costs meet the relevant criteria for capitalisation as disclosed in accounting policy note 2.7. This adjustment has led to the recognition of an opening intangible asset with a net book value of £604,473.

The impact of this adjustment is an increase in opening reserves of £201,853 at 31 December 2018 and an increase in opening reserves at 1 January 2018 of £402,620.

#### 33. CAPITAL COMMITMENTS

At 31 December 2019 the Group and Company had capital commitments as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Contracted for but not provided in these financial statements	<b>86,211</b>	490,927	<b>86,211</b>	490,927

#### 34. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The pension charge represents contributions payable by the Group to the fund and amounted to £180,672 (2018 - £186,174). Outstanding contributions at the year end amounted to £318 (2018 - £23,636) and are included within other creditors.

# AQUASium TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 35. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Land and buildings</b>				
Within 1 year	55,624	58,803	22,000	24,000
Between 2 and 5 years	67,388	126,990	-	22,000
	<u>123,012</u>	<u>185,793</u>	<u>22,000</u>	<u>46,000</u>
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Other</b>				
Within 1 year	98,904	85,015	98,904	85,015
Between 2 and 5 years	131,634	93,852	131,634	93,852
	<u>230,538</u>	<u>178,867</u>	<u>230,538</u>	<u>178,867</u>

### 36. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions contained within FRS 102 not to disclose transactions with wholly owned group undertakings.

The Income and Growth VCT Plc and Foresight VCT Plc are significant shareholders of the Company. Monitoring fees and expenses £20,634 (2018 - £20,000) was charged to the Company during the year by VCF Partners, a partnership connected with Foresight Group LLP which acts as the investment manager of Foresight VCT Plc. At 31 December 2019 an amount of £6,000 (2018 - £6,000) was owed to VCF Partners.

During the year, Mr J P Cumberland, a director of the Company, was paid £48,000 for consultancy fees (2018 - £59,294) and £4,707 for expenses (2018 - £3,316). At 31 December 2019 an amount of £5,252 (2018 - £4,278) was owed to Mr J P Cumberland.

During the year, Mr G Crick, a director of the Company, was paid £48,000 for consultancy fees (2018 - £48,000) and £5,315 for expenses (2018 - £6,457). At 31 December 2019 an amount of £6,172 (2018 - £5,127) was owed to Mr G Crick. On 17 October 2014, Mr G Crick was issued 2,889 B Ordinary shares with a nominal value of £2,889 for consideration of £8,522. This was covered by an interest free loan from the Company. The loan balance of £8,522 was still outstanding as at 31 December 2019.

The aggregate remuneration payable to key management personnel is £275,914 (2018 - £296,997).

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**AQUASIMUM TECHNOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**37. POST BALANCE SHEET EVENTS**

Late in 2019 news first emerged from China about the COVID-19 virus. During the first quarter of 2020 the COVID-19 virus spread throughout the rest of the world, with the World Health Organisation declaring a global pandemic in March 2020. Accordingly the COVID-19 pandemic is a non-adjusting post balance sheet event.

The directors have assessed the potential impact, including the financial effects, of COVID-19 on the Group and do not consider that it will lead to an impairment of assets held at the balance sheet date.

The directors have also considered the Group's liquidity requirements, including whether business interruption caused by COVID-19 could materially impact its income streams and based on review of latest trading information of the Aquasium Group remain comfortable with the assessment that the Group is a going concern.