

Registered number: 02129153

CAMBRIDGE FLUID SYSTEMS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



CAMBRIDGE FLUID SYSTEMS LIMITED

COMPANY INFORMATION

Directors	Mr S Klee Mr M Tayar (resigned 28 February 2019) Mr A Widmann Mr E Parnafes (appointed 28 February 2019)
Company secretary	Mr M Tayar
Registered number	02129153
Registered office	Unit 12 Trafalgar Way Bar Hill Cambridge CB23 8SQ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Bankers	HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR

CAMBRIDGE FLUID SYSTEMS LIMITED

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CAMBRIDGE FLUID SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company'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 Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company continues to be the design, assembly, test and supply of gas fluid components and systems predominantly for original equipment manufacturers in the semiconductor market. In addition to this, the Company seeks to secure large gas fluid systems projects and installation work in other markets.

Directors

The Directors who served during the year were:

Mr S Klee
Mr M Tayar (resigned 28 February 2019)
Mr A Widmann

Impact of Brexit

The Company has prepared contingency plan for the various different Brexit scenarios which include no deal, hard Brexit after transition period and Customs Union after transition period. The directors have carried out a comprehensive review of the risks and the potential effects of the scenarios by taking into account Operations and Supply chain, Finance, Human Resources, IT, Engineering and Import/export procedures and tariffs. The Directors are satisfied that the business is well positioned to deal with the various scenarios and the potential effects of these upon the business.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

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'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's auditor is aware of that information.

Auditor

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

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

Mr S Klee
Director



Date:

28/05/19

CAMBRIDGE FLUID SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE FLUID SYSTEMS LIMITED

Opinion

We have audited the financial statements of Cambridge Fluid Systems Limited ('the Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 FRS 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 Company's affairs as at 31 December 2018 and of its profit 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 Company 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.

The impact of uncertainties due to United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

CAMBRIDGE FLUID SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE FLUID SYSTEMS LIMITED

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 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.

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

CAMBRIDGE FLUID SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE FLUID SYSTEMS LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 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 intend to liquidate the 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. This description forms part of our auditor's report.

Use of the audit 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.



Stephen Eames (Senior statutory auditor)

for and on behalf of

Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 10 JUNE 2019

CAMBRIDGE FLUID SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	18,532,015	12,718,055
Cost of sales		(15,565,951)	(10,854,132)
Gross profit		<u>2,966,064</u>	<u>1,863,923</u>
Administrative expenses		(1,240,946)	(1,022,775)
Operating profit	5	<u>1,725,118</u>	<u>841,148</u>
Interest receivable and similar income	10	24,341	-
Interest payable and expenses	11	-	(6)
Profit before tax		<u>1,749,459</u>	<u>841,142</u>
Tax on profit	12	(332,901)	(160,815)
Profit for the financial year		<u><u>1,416,558</u></u>	<u><u>680,327</u></u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,416,558</u></u>	<u><u>680,327</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of Comprehensive Income.

The notes on pages 10 to 28 form part of these financial statements.

CAMBRIDGE FLUID SYSTEMS LIMITED
REGISTERED NUMBER: 02129153

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	4,393	-
Tangible assets	14	148,902	115,349
Investments	15	22,321	22,026
		<u>175,616</u>	<u>137,375</u>
Current assets			
Stocks	16	1,931,998	1,967,561
Debtors: amounts falling due within one year	17	2,626,610	1,842,431
Cash at bank and in hand	18	897,754	976,335
		<u>5,456,362</u>	<u>4,786,327</u>
Creditors: amounts falling due within one year	19	(2,341,598)	(3,064,302)
Net current assets		<u>3,114,764</u>	<u>1,722,025</u>
Total assets less current liabilities		<u>3,290,380</u>	<u>1,859,400</u>
Provisions for liabilities			
Deferred tax	21	(14,161)	(9,739)
Other provisions	22	(131,800)	(121,800)
		<u>(145,961)</u>	<u>(131,539)</u>
Net assets		<u><u>3,144,419</u></u>	<u><u>1,727,861</u></u>
Capital and reserves			
Called up share capital	23	59,375	59,375
Profit and loss account	24	3,085,044	1,668,486
		<u><u>3,144,419</u></u>	<u><u>1,727,861</u></u>

CAMBRIDGE FLUID SYSTEMS LIMITED
REGISTERED NUMBER: 02129153

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



Mr S Klee
Director

Date: 31-05-19

The notes on pages 10 to 28 form part of these financial statements.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	59,375	1,668,486	1,727,861
Comprehensive income for the year			
Profit for the year	-	1,416,558	1,416,558
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,416,558	1,416,558
Total transactions with owners	-	-	-
At 31 December 2018	<u>59,375</u>	<u>3,085,044</u>	<u>3,144,419</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	59,375	988,159	1,047,534
Comprehensive income for the year			
Profit for the year	-	680,327	680,327
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	680,327	680,327
Total transactions with owners	-	-	-
At 31 December 2017	<u>59,375</u>	<u>1,668,486</u>	<u>1,727,861</u>

The notes on pages 10 to 28 form part of these financial statements.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

1. General information

Cambridge Fluid Systems Limited ('the Company') is a private company limited by shares, registered and incorporated in England and Wales. Company registered number 02129153. The address of its registered office and principal place of business is Unit 12, Trafalgar Way, Bar Hill, Cambridge, CB23 8SQ.

The principal activity of the Company continues to be the design, assembly, test and supply of gas fluid components and systems predominantly for original equipment manufacturers in the semiconductor market. In addition to this, the Company seeks to secure large gas fluid systems projects and installation work in other markets.

These financial statements have been presented in Pounds Sterling (£), this being the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Monetary amounts included in these financial statements have been rounded to the nearest whole £.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ham-Let (Israel-Canada) Ltd as at 31 December 2018 and these financial statements may be obtained from Ham-Let (Israel-Canada) Ltd, PO Box 824, Natsrat Elit 17000, Israel.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

2. Accounting policies (continued)

2.4 Going concern

These financial statements have been prepared on a going concern basis as the Directors have not identified any material uncertainties or events that may cast significant doubt about the ability of the Company to continue as a going concern.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling (£).

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Operating leases: the Company as lessee

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

CAMBRIDGE FLUID SYSTEMS LIMITED

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

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the 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.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

2. Accounting policies (continued)

2.12 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

The estimated useful lives range as follows:

Computer software	-	3	years
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The amortisation expense is charged to administrative expenses within the Statement of Comprehensive Income.

2.13 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.

Plant and machinery	-	12.5%	straight line
Motor vehicles	-	25%	straight line
Office equipment	-	25%	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 Statement of Comprehensive Income.

The depreciation expense is charged to administrative expenses within the Statement of Comprehensive Income.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

2. Accounting policies (continued)

2.15 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 an average costing 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.

2.16 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.

2.17 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.

2.18 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.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of Comprehensive Income in the year that the Company 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.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

2. Accounting policies (continued)

2.21 Financial instruments

The Company 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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

The preparation of financial statements in conformity with FRS 102 requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Provisions for stock

Management apply judgement in evaluating stock for obsolescence. This judgement is based on management knowledge of the stock and customer demand, as well as stock age. At each Balance Sheet date stocks are assessed for impairment and written down where appropriate.

Dilapidation provision

Management apply judgement in providing for future dilapidation payments on the leased properties. This is outlined further in note 22.

Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use, and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

3. Judgements in applying accounting policies (continued)

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value, management aims to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Determining residual values and useful economic lives of intangible assets

The Company amortises intangible assets over their estimated useful lives. The estimation of the useful lives of intangible assets is based on historic performance as well as expectations about future use, and therefore requires estimates and assumptions to be applied by management.

Where the useful estimated life cannot be reliably estimated this is deemed to be a period of less than 10 years.

Judgement is applied by management when determining the residual values for intangible assets. When determining the residual value, management aims to assess the amount that the Company would currently obtain for the disposal of the asset with reference to external market prices where available.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sales	18,532,015	12,718,055

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	4,171,090	2,922,799
Rest of Europe	14,301,114	9,722,019
Rest of the world	59,811	73,237
	<u>18,532,015</u>	<u>12,718,055</u>

5. Operating profit

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

	2018 £	2017 £
Depreciation of tangible fixed assets	32,504	28,119
Amortisation of intangible fixed assets	1,492	-
Exchange differences	(21,984)	14,841
Operating lease rentals	118,179	113,650

CAMBRIDGE FLUID SYSTEMS LIMITED

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

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Company's auditor in respect of the audit of the Company's annual financial statements	13,600	-
Fees payable to the Company's auditor in respect of non-audit services	7,520	-

In 2017, the previous auditor charged £25,700 for audit fees and £12,700 for non-audit services.

7. Employees

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

	2018	2017
	No.	No.
Production staff	22	20
Sales and Administrative staff	16	12
Directors	1	1
	<u>39</u>	<u>33</u>

8. Staff costs

	2018	2017
	£	£
Wages and salaries	1,595,424	1,323,867
Social security costs	169,198	124,773
Cost of defined contribution scheme	107,424	69,571
	<u>1,872,046</u>	<u>1,518,211</u>

CAMBRIDGE FLUID SYSTEMS LIMITED

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

9. Directors remuneration

	2018 £	2017 £
Directors' emoluments	354,113	210,526
Company contributions to defined contribution pension schemes	19,421	12,560

During the year retirement benefits were accruing to 1 Directors (2017 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £354,113 (2017 - £210,526).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £19,421 (2017 - £12,560).

10. Interest receivable

	2018 £	2017 £
Interest receivable	24,341	-

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	-	6

CAMBRIDGE FLUID SYSTEMS LIMITED

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

12. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	324,171	167,160
Adjustments in respect of previous periods	4,308	-
Total current tax	<u>328,479</u>	<u>167,160</u>
Deferred tax		
Origination and reversal of timing differences	4,422	(6,345)
Total deferred tax	<u>4,422</u>	<u>(6,345)</u>
Taxation on profit on ordinary activities	<u>332,901</u>	<u>160,815</u>

Factors affecting tax charge for the year

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

	2018	2017
	£	£
Profit on ordinary activities before tax	<u>1,749,459</u>	<u>841,142</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	329,997	159,817
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	118	998
Fixed asset differences	(719)	-
Adjusting deferred tax to average rate	(803)	-
Adjustments to tax charge in respect of prior periods	4,308	-
Total tax charge for the year	<u>332,901</u>	<u>160,815</u>

Factors that may affect future tax charges

CAMBRIDGE FLUID SYSTEMS LIMITED

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

12. Taxation (continued)

In the Finance Act 2016 further changes to the future rates of corporation tax were enacted on 15 September 2016.

Under this legislation, the rate of corporation tax was reduced from 20% to 19% from April 2017 and further reduced to 17% from April 2020.

13. Intangible assets

	Computer software £
Cost	
Additions	2,100
Reclassification	22,233
At 31 December 2018	<u>24,333</u>
Amortisation	
Charge for the year	1,492
Reclassification	18,448
At 31 December 2018	<u>19,940</u>
Net book value	
At 31 December 2018	<u><u>4,393</u></u>
At 31 December 2017	<u><u>-</u></u>

CAMBRIDGE FLUID SYSTEMS LIMITED

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

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
At 1 January 2018	573,371	20,957	217,188	811,516
Additions	33,850	-	35,992	69,842
Transfers between classes	-	-	(22,233)	(22,233)
At 31 December 2018	<u>607,221</u>	<u>20,957</u>	<u>230,947</u>	<u>859,125</u>
Depreciation				
At 1 January 2018	532,970	20,957	142,240	696,167
Charge for the year on owned assets	16,744	-	15,760	32,504
Transfers between classes	-	-	(18,448)	(18,448)
At 31 December 2018	<u>549,714</u>	<u>20,957</u>	<u>139,552</u>	<u>710,223</u>
Net book value				
At 31 December 2018	<u>57,507</u>	<u>-</u>	<u>91,395</u>	<u>148,902</u>
At 31 December 2017	<u>40,401</u>	<u>-</u>	<u>74,948</u>	<u>115,349</u>

CAMBRIDGE FLUID SYSTEMS LIMITED

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

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	22,026
Foreign exchange movement	295
At 31 December 2018	22,321
 Net book value	
At 31 December 2018	22,321
At 31 December 2017	22,026

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Cambridge Fluid Systems GmbH	Germany	Ordinary	100 %	TBC

Name	Registered office
Cambridge Fluid Systems GmbH	C/O HHC, Alkuinstrasse 2a, 52070, Aachen, Germany

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Cambridge Fluid Systems GmbH	117,189	65,325

CAMBRIDGE FLUID SYSTEMS LIMITED

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

16. Stocks

	2018 £	2017 £
Bought in parts and components	1,213,903	1,048,751
Work in progress	718,095	918,810
	<u>1,931,998</u>	<u>1,967,561</u>

Stock recognised in cost of sales during the year as an expense was £13,449,066 (2017 - £10,415,090).

An impairment credit of £21,183 (2017 - £52,099) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock. The net reversal of the provision during the year was £9,516 (2017 - £2,521).

17. Debtors

	2018 £	2017 £
Trade debtors	1,848,235	1,252,959
Amounts owed by group undertakings	352,594	123,829
Other debtors	16,076	16,076
VAT repayable	344,153	383,433
Prepayments and accrued income	65,552	66,134
	<u>2,626,610</u>	<u>1,842,431</u>

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

18. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>897,754</u>	<u>976,335</u>

CAMBRIDGE FLUID SYSTEMS LIMITED

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

19. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,430,436	1,481,163
Amounts owed to group undertakings	322,489	940,517
Corporation tax	176,171	101,182
Other taxation and social security	39,874	37,939
Other creditors	-	101,643
Accruals and deferred income	372,628	401,858
	<u>2,341,598</u>	<u>3,064,302</u>

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

20. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	897,754	976,335
Financial assets measured at amortised cost	2,216,905	1,392,864
	<u>3,114,659</u>	<u>2,369,199</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,125,553)</u>	<u>(2,925,181)</u>

Financial assets measured at fair value through profit or loss comprises of Cash and cash equivalents.

Financial assets measured at amortised cost comprises of Trade debtors, Other debtors, Amounts owed by group undertakings and Prepayments and accrued income.

Financial liabilities measured at amortised cost comprises of Trade creditors, Other creditors, Amounts owed to group undertakings and Accruals and deferred income.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

21. Deferred taxation

	2018 £	2017 £
At beginning of year	(9,739)	(16,084)
Charged to profit or loss	(4,422)	6,345
At end of year	(14,161)	(9,739)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(17,307)	(9,739)
Short term timing differences	3,146	-
	(14,161)	(9,739)

22. Provisions

	Dilapidation provision £
At 1 January 2018	121,800
Charge in the year	10,000
At 31 December 2018	131,800

The dilapidation provision represents the cost of returning the leased properties to their original state on termination of the leases. The provision is measured at the cost stated in an external professional valuation report obtained in 2014. The leases to which this provision relates terminates in 2023.

23. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,187,500 (2017 - 1,187,500) Ordinary shares of £0.05 each	59,375	59,375
	59,375	59,375

Each ordinary share carries with them one voting right, but do not have any preference or any other restrictions attached to them.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

23. Share capital (continued)

24. Reserves

Profit and loss account

The Profit and loss account represents the cumulative profits and losses of the Company, less any dividends paid.

25. Contingent liabilities

The Company has a contingent liability of £20,000 to its bankers under a counter indemnity in respect of value added tax (2017: £20,000).

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £107,424 (2017 - £69,571).

Contributions totalling £NIL (2017 - £NIL) were payable to the fund at the Balance Sheet date and are included in creditors.

CAMBRIDGE FLUID SYSTEMS LIMITED

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

27. Commitments under operating leases

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

	2018 £	2017 £
Land & Buildings		
Not later than 1 year	85,690	85,690
Later than 1 year and not later than 5 years	307,056	407,028
	<u>392,746</u>	<u>492,718</u>
Motor Vehicles		
Not later than 1 year	10,969	13,333
Later than 1 year and not later than 5 years	24,146	-
	<u>35,115</u>	<u>13,333</u>
Other		
Not later than 1 year	780	780
Later than 1 year and not later than 5 years	650	1,430
	<u>1,430</u>	<u>2,210</u>

28. Related party transactions

At the year end the Company is a wholly owned subsidiary of Ham-Let (Israel-Canada) Ltd and has taken advantage of the exemption afforded by FRS 102 'Section 33 Related Party Disclosures' and has not disclosed transactions or balances with other entities that are wholly owned by Ham-Let (Israel-Canada) Ltd.

29. Controlling party

At the year end, the ultimate parent Company and controlling party is Ham-Let (Israel-Canada) Ltd, a Company incorporated in Israel and listed on the Tel Aviv stock exchange.

The largest and smallest group in which the results are consolidated is that headed by Ham-Let (Israel-Canada) Ltd. Copies of the financial statements may be obtained from Ham-Let (Israel-Canada) Ltd, PO Box 824, Natsrat Elit 17106, Israel.