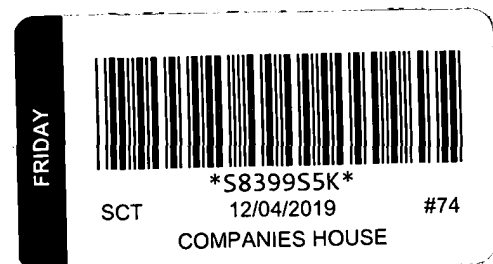


# **Coda Octopus Martech Limited**

Registered number: 02300406

## **Filleted financial statements**

**For the year ended 31 October 2018**



**CODA OCTOPUS MARTECH LIMITED**  
**REGISTERED NUMBER: 02300406**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 OCTOBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible fixed assets	5	-	18,951
Tangible fixed assets	6	85,010	109,023
		<u>85,010</u>	<u>127,974</u>
<b>Current assets</b>			
Stocks	7	159,497	23,145
Debtors: amounts falling due within one year	8	657,767	366,869
Cash and cash equivalents	9	282,619	577,096
		<u>1,099,883</u>	<u>967,110</u>
Creditors: amounts falling due within one year	10	(924,660)	(695,197)
<b>Net current assets</b>		<u>175,223</u>	<u>271,913</u>
<b>Total assets less current liabilities</b>		<u>260,233</u>	<u>399,887</u>
<b>Provisions for liabilities</b>			
Other provisions	11	(4,963)	(11,262)
		<u>(4,963)</u>	<u>(11,262)</u>
<b>Net assets</b>		<u>255,270</u>	<u>388,625</u>
<b>Capital and reserves</b>			
Called up share capital	12	330,000	330,000
Profit and loss account	13	(74,730)	58,625
		<u>255,270</u>	<u>388,625</u>

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**CODA OCTOPUS MARTECH LIMITED**  
**REGISTERED NUMBER: 02300406**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 OCTOBER 2018**

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The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with 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 on

  
P A Baxter  
Director

14/1/19.

The notes on pages 3 to 13 form part of these financial statements.

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# **CODA OCTOPUS MARTECH LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018**

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### **1. General information**

Coda Octopus Martech Limited is a private company, limited by shares and registered in England. The company's registered office and principal place of business is 17 Mereside, Osprey Quay, Portland, Dorset, DT5 1PY.

### **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 Section 1A of 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 judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### **2.2 Foreign currency translation**

##### **Functional and presentation currency**

The company's functional and presentational currency is GBP and amounts are rounded to the nearest £.

##### **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 Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

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## **CODA OCTOPUS MARTECH LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.3 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.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **2.4 Operating leases: the company as lessee**

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

##### **2.5 Finance costs**

Finance costs are charged to the Statement of Income and Retained Earnings 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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## **CODA OCTOPUS MARTECH LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.6 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 Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

##### **2.7 Taxation**

Tax is recognised in the Statement of Income and Retained Earnings, 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 reporting 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 Statement of Financial Position 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 reporting date.

The company has a deferred tax asset of approximately £26,000 (2017 - £24,000), calculated based on a tax rate of 17% (2017 - 17%), primarily in relation to losses. The deferred tax asset has not been recognised in the financial statements as there is uncertainty over its immediate recoverability.

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## CODA OCTOPUS MARTECH LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.8 Intangible fixed assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and Retained Earnings over its useful economic life of 10 years.

Development costs are capitalised within intangible fixed assets where they can be identified with a specific product anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the product (3 years).

Development costs deferred are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to the Statement of Income and Retained Earnings.

All research and other development costs are written off as incurred.

##### 2.9 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:

Leasehold improvements	- over the term of the lease, plus one year
Plant & machinery	- 25 to 33% 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 Income and Retained Earnings.

##### 2.10 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.

At each reporting 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 the Statement of Income and Retained Earnings.

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## **CODA OCTOPUS MARTECH LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.11 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.

##### **2.12 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.

##### **2.13 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.

##### **2.14 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 Income and Retained Earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.



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## **CODA OCTOPUS MARTECH LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.15 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 Income and Retained Earnings.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

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

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amount of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

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## CODA OCTOPUS MARTECH LIMITED

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

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#### 4. Employees

The average monthly number of employees, including directors, during the year was 18 (2017 - 19).

#### 5. Intangible assets

	Develop- ment costs £	Goodwill £	Total £
<b>Cost</b>			
At 1 November 2017	97,005	79,650	176,655
At 31 October 2018	97,005	79,650	176,655
<b>Amortisation</b>			
At 1 November 2017	85,522	72,182	157,704
Charge for the year	11,483	7,468	18,951
At 31 October 2018	97,005	79,650	176,655
<b>Net book value</b>			
At 31 October 2018	-	-	-
At 31 October 2017	11,483	7,468	18,951

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## CODA OCTOPUS MARTECH LIMITED

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

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#### 6. Tangible fixed assets

	Leasehold improve- ments £	Plant & machinery £	Total £
<b>Cost</b>			
At 1 November 2017	181,604	91,009	272,613
Additions	34,080	1,972	36,052
Disposals	-	(56,987)	(56,987)
At 31 October 2018	215,684	35,994	251,678
<b>Depreciation</b>			
At 1 November 2017	80,662	82,928	163,590
Charge for the year	56,699	3,366	60,065
Disposals	-	(56,987)	(56,987)
At 31 October 2018	137,361	29,307	166,668
<b>Net book value</b>			
At 31 October 2018	78,323	6,687	85,010
At 31 October 2017	100,942	8,081	109,023

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## CODA OCTOPUS MARTECH LIMITED

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

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#### 7. Stocks

	2018 £	2017 £
Work in progress	141,936	6,213
Finished goods and goods for resale	17,561	16,932
	<u>159,497</u>	<u>23,145</u>

#### 8. Debtors

	2018 £	2017 £
Trade debtors	139,998	132,772
Amounts owed by group undertakings (note 16)	293,086	61,406
Other debtors	34,000	35,725
Prepayments and accrued income	190,683	136,966
	<u>657,767</u>	<u>366,869</u>

#### 9. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>282,619</u>	<u>577,096</u>

#### 10. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	103,090	94,231
Amounts owed to group undertakings (note 16)	80,879	134,316
Amounts owed to parent undertaking (note 16)	590,559	443,213
Other taxation and social security	74,982	16,230
Other creditors	2,005	-
Accruals and deferred income	73,145	7,207
	<u>924,660</u>	<u>695,197</u>

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## CODA OCTOPUS MARTECH LIMITED

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

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#### 11. Provisions

	Provisions £
At 1 November 2017	11,262
Movement in the year	(6,299)
<b>At 31 October 2018</b>	<b>4,963</b>

The provisions balance of £4,963 (2017 - £11,262) relates to a provision for warranty costs on goods sold. Regarding the movement in the year, £3,830 of the brought forward provision was utilised with the remaining amount of £2,469 being a release of provision.

#### 12. Share capital

	2018 £	2017 £
<b>Authorised, allotted, called up and fully paid</b>		
330,000 (2017 - 330,000) Ordinary shares of £1.00 each	330,000	330,000

#### 13. Reserves

##### Profit & loss account

This reserve includes all current and prior periods retained profits and losses net of dividends paid.

#### 14. Contingent liabilities

On 28 April 2017, the company's parent undertaking entered into a secured loan agreement with HSBC Bank NA for a loan in the principal amount of \$8,000,000 at a fixed annual interest rate of 4.56%. In the current year the terms of this loan have been altered, with the principal amount reducing to \$1,917,602. The obligation is secured by all of the assets of the parent undertaking and business undertakings in the USA and is guaranteed jointly and severally by each of the parent undertaking's foreign subsidiaries.

#### 15. Pension commitments

The company made contributions to a defined contribution pension scheme. Contributions were charged to the Statement of Income and Retained Earnings as they arose and the charge for the year was £8,272 (2017 - £3,865). At year end, £2,005 (2017 - £nil) was payable to the scheme.

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## **CODA OCTOPUS MARTECH LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018**

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#### **16. Related party transactions**

As a wholly owned subsidiary of Coda Octopus Group Inc, advantage has been taken of the exemption granted by FRS 102 not to report details of the transactions with entities which are 100% controlled by a common parent undertaking.

During the year, fees of £14,344 (2017 - £87,858) were paid to Taktos Limited in respect of the services of a director of the company. Taktos Limited is related through common directorship.

#### **17. Ultimate parent undertaking and controlling party**

The company's parent undertaking is Coda Octopus Group Inc, which is the smallest and largest group of companies for which group financial statements are prepared. Coda Octopus Group Inc is a company incorporated in the United States of America. Copies of the company's financial statements are available from 9100 Conroy Windermere Road, Suite 200, Windermere, Florida, 34786.

In the opinion of the directors, there is no ultimate controlling party.

#### **18. Auditor's information**

An unqualified audit report was signed by Fiona Martin (Senior Statutory Auditor) for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor.