

## Cambridge Mechatronics Limited

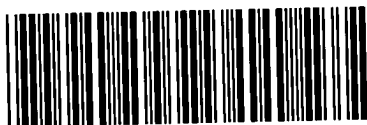
Financial statements

Year ended 31 December 2016

together with directors' and auditor's reports

Registered number: 3071231

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# **Cambridge Mechatronics Limited**

## **Contents**

	<b>Page</b>
Directors' report	1 – 5
Independent auditor's report to the members of Cambridge Mechatronics Limited	6 – 7
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 – 15

# **Cambridge Mechatronics Limited**

## **Directors' report**

The directors present their annual report together with the financial statements and independent auditor's report for the year ended 31 December 2016.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

### **Directors' Responsibilities**

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 activities**

The principal activity of the company is that of research and development of mechanical motors and their associated electronics and control software.

### **Business review**

CML has made good progress in the last year. It now has multiple licensees and expects to sign more in 2017. It now employs 45 people, and is recruiting more engineering staff to handle the growing demands of partners and customers, in existing and new markets. CML has over 80 granted patents, with 22 new inventions patented in 2016. It has licence and royalty revenues, with an established business model and strong growth prospects.

### **1. OIS Business**

CML has continued to focus for the most part on the smartphone camera market, one which still affords large opportunities for CML. The OIS market is growing; the product and pricing trends are favouring our technology and CML's penetration of the smartphone camera world has intensified.

## **Cambridge Mechatronics Limited**

### **Directors' report (continued)**

#### **(A) The OIS Camera Market**

Whilst the overall 1.5 billion unit per year Smartphone market is growing at single digit percentage rates, the move by the large Smartphone manufacturers to replace the main camera in the phone with dual cameras means that the overall camera market is expected to rise rapidly in 2017. Including the front facing (selfie) camera, the trend is therefore for most Smartphones to contain 3 cameras. We also believe that the trend for adopting dual cameras may well spread to the front-facing camera: Vivo's V5 Plus Smartphone includes dual selfie cameras made up of a 20MPx module combined with an 8MPx module. This suggests that the trend will be for top end smartphones to contain 4 cameras. The top handset brands are all using OIS in their premium handsets. In short, the OIS camera market in smartphones is established and growing and likely to grow substantially.

CML's OIS solution, already benefiting from being very small and low cost, is more attractive than it was even a year ago, due to 4 key trends:

##### **(i) the move towards dual cameras**

CML's technology is particularly attractive compared to competing technology. The competing technology has been unable to find a solution that allows both of the dual cameras to contain OIS, due to magnetic interference.

##### **(ii) the use of wide aperture lenses**

The major handset brands are expecting the use of wide aperture lenses to become the norm, as this allows for much better low light camera performance. With such lenses, camera tilt becomes more of an issue and CML's OIS technology has inherently low tilt, meaning that we are able to meet the specification requirements of the Industry, unlike our competitors.

##### **(iii) the ever-improving quality requirement of the front-facing camera**

Selfie camera market specifications are accelerating and approaching the main camera requirements. Oppo and Vivo in China are using 16MPx and 20MPx front-facing cameras. Our technology is particularly strong for this application due to its small size and low cost.

##### **(iv) leading camera makers want to use EIS for video stabilisation**

Electronic stabilisation (EIS) is often used for Image Stabilisation on videos. It is currently unable to combine this with most OIS solutions because they have very weak springs which spoil the EIS in certain scenarios. Using mechanical stabilisation for still photography, to improve the low-light performance of the camera, whilst also using EIS is the optimal image stabilisation solution. We believe that SMA OIS is the best available mechanism to achieve this objective.

#### **(B) Cost reduction trends**

We firmly believe that the OIS market will follow the pattern of the growth of the Autofocus market, which now stands at 90%+ of the Smartphone market. To achieve this, there will, it is agreed, have to be cost reductions in the supply of OIS enabled cameras. We are working on two key developments to reduce the cost-adder for OIS: the removal of the dedicated camera gyroscope and the removal of processing from the OIS driver IC. Furthermore, pressure on the supply cost of the OIS actuator is inevitable, which suits CML's low bill of materials, low manufacturing cost solution.

## Cambridge Mechatronics Limited

### Directors' report (continued)

#### **(C) Progress with the Supply chain participants for OIS smartphone cameras**

There are six participants in the supply chain for the delivery of an OIS enabled camera to the end customer. CML has strong and growing work relationships with all levels in this participation chain.

##### **(i) Smartphone OEMs**

We are working on specific handset opportunities with some of the world's leading Smartphone manufacturers.

##### **(ii) Camera Integrators who assemble cameras and supply these to the Smartphone manufacturer**

We are working closely and successfully with the major camera integrators for the Smartphone market.

**(iii) Lens Holder manufacturers who buy OIS actuators and combine these with AF actuators to make Lens Holders, which are then supplied to Camera Integrators.**

We are working with several autofocus actuator manufacturers who combine their own autofocus actuators with CML's SMA OIS actuators. CML has further developed its partnerships with autofocus manufacturers to assemble Lens Holders and these manufacturers have designed and made slim autofocus actuators to work with our OIS actuator.

##### **(iv) OIS Actuator manufacturers who supply OIS actuators to the Lens Holder manufacturers.**

Hutchinson Technologies (HTI) of the USA was our first OIS actuator manufacturer. TDK Corporation completed its acquisition of HTI in October 2016. Our relationship with TDK has developed well. It is a major step forward for CML that its first licensee is now a well-funded global corporation of substance. Furthermore, TDK has a major presence in the smartphone marketplace, being a significant supplier to all of the major handset vendors.

HTI held an exclusive licence to CML's OIS technology until 31 January 2017. Since the expiry of this exclusive licence, CML has been in detailed discussions with a number of other actuator manufacturers and expects to sign new licence agreements in 2017 to meet the market's requirements for multiple supply sources.

##### **(v) Driver IC manufacturers who supply the OIS Driver IC to the Camera Integrator**

We are working on next generation drive chips with our manufacturing partners and we are also expanding our Drive IC relationships to meet market requirements.

Smartphones use gyroscope sensors to detect the orientation of the device. OIS uses the gyroscope to measure the amount and direction of handshake from the user. The OIS driver IC reads the signal from the gyroscope and calculates how much to move the actuator. We have therefore developed a close relationship with ST Micro and Invensense, the two leading gyroscope suppliers to the Smartphone market. We are working on next generation OIS products which work off the main phone gyroscope to reduce the cost of adding OIS.

##### **(vi) SMA wire supply**

We have continued our close collaboration with SAES Getters, the world's leading SMA wire manufacturer.

# **Cambridge Mechatronics Limited**

## **Directors' report (continued)**

### **(D) Product Development**

We are developing our next generation product. Our engineers are tasked with ensuring we can meet the product requirements of the handset market.

In addition to improving CML's OIS actuator prospects in the Smartphone market, CML has developed product offerings beyond this.

#### **2. AF (autofocus) Actuators**

We have a licence with ASG, a Joint Venture between Alfmeier (a German actuator manufacturer) and SAES Getters (the Italian SMA wire supplier) for SMA AF actuators. ASG has started Mass Production in China and is currently shipping to a leading Taiwanese camera integrator, which makes AF cameras for a large drone manufacturer.

We believe that there will be opportunities to sell SMA AF actuators in Smartphones in 2017 and that we have opportunities in the Automotive sector for our AF technology.

#### **3. Depth Mapping**

We are engaged on a project to deliver depth mapping technology. The strength of this opportunity will be clearer in 2017.

#### **4. Wearables**

One of the world's largest camera module makers has placed its first mass production order of SMA OIS actuators for a wearable camera product.

#### **5. New Products**

We have developed concepts and IP in new fields, including robotics and insulin delivery and will be talking to potential partners.

More specifically, we have developed a prototype haptic button product, which has caught the attention of the companies we have discussed it with. We will be visiting potential partners with a customer prototype in 2017, as the next step in the commercialisation of this product. Patents have been filed.

#### **6. Staff**

Our engineering headcount increased in 2016 and we have plans to continue to increase the size of our engineering team throughout 2017 to support the growing number of OEMs interested in our OIS technology and our developments in new product areas. From our work with leading Smartphone OEMs, we have learnt that we need to support all the players in the supply chain from the wire supplier to the actuator maker up to the handset OEM.

We are also looking to strengthen our administrative support team in 2017, to ensure that our administration infrastructure keeps pace with the increase in our engineering effort. One consequence of the increase in employee number is that we need more space and so we are currently negotiating a new lease which will double our current space.

### **Results and dividends**

The audited financial statements for the year ended 31 December 2016 are set out on pages 8 to 15. The retained loss for the year was £1,661,090 (2015 - loss £3,667,475). The directors are unable to recommend the payment of a dividend (2015 - £nil).

## Cambridge Mechatronics Limited

### Directors' report (continued)

#### Directors' remuneration

The non-executive directors measure the performance of the executive directors and key members of senior management as a prelude to recommending their annual remuneration, bonus awards and awards of share options to the Board for final determination.

#### Going concern

During the year ended 31 December 2016, the company incurred a net loss before tax of £2,406,663. This condition, along with the other matters explained in note 1b to the financial statements, indicate a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The company has met its working capital requirements by utilising cash from new revenue streams and shareholder equity funding. The company will continue to invest in its Shape Memory Alloy technology business during 2017. The company's cash flow projections indicate that together with a proposed fundraising there will be sufficient funds to fund the business through to the point where it is cash generative.

#### Directors

The directors who served during the year were:

H Baker Smith

Dr M P Knight (Chairman)

S Newton

A Osmant

#### Auditor

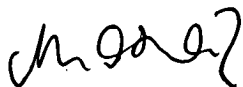
Each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



A Osmant

Director

Date: 16 FEBRUARY 2017

Suite 15 First Floor,  
Building 6  
Westbrook Centre  
Cambridge  
CB4 1YG

## Independent auditor's report

### To the members of Cambridge Mechatronics Limited

We have audited the financial statements of Cambridge Mechatronics Limited for the year ended 31 December 2016, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1b to the financial statements concerning the company's ability to continue as a going concern. The company's ability to continue its current activities depends on future revenues and additional funds from shareholders, the timing and quantum of which remains uncertain at the date of the approval of the financial statements. These conditions, along with the other matters explained in note 1b to the financial statements, indicate a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



## Independent auditor's report (continued)

### To the members of Cambridge Mechatronics Limited (continued)

#### Opinion on other matter 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 has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

We have nothing to report in respect of the following matters where 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; or
- 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 from preparing a strategic report or in preparing the directors' report.



16 February 2017

**Adam Norman (Senior Statutory Auditor)**

**For and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor  
Cambridge, United Kingdom

## Cambridge Mechatronics Limited

### Profit and loss account For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>		1,525,508	655,229
<b>Gross profit</b>		1,525,508	655,229
Distribution costs		(738,278)	(572,140)
Research and development expenditure		(2,687,836)	(2,446,190)
Administrative expenses		(510,286)	(465,839)
<b>Operating loss</b>		(2,410,892)	(2,828,940)
Finance income	4	4,229	3,900
Loss on disposal of fixed assets	5	-	(1,559,796)
<b>Loss on ordinary activities before taxation</b>	3	(2,406,663)	(4,384,836)
Tax on loss on ordinary activities		745,573	717,361
<b>Loss for the financial year attributable to the equity shareholders of the company</b>		(1,661,090)	(3,667,475)

There are no comprehensive income or expenses other than the loss for the financial year and the preceding financial year. Accordingly, no statement of comprehensive income is given.

# Cambridge Mechatronics Limited

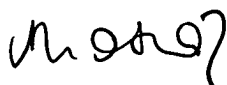
## Balance sheet At 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	5	45,862	65,695
<b>Current assets</b>			
Debtors	6	1,162,960	736,217
Cash at bank and in hand		841,041	846,209
		2,004,001	1,582,426
<b>Creditors: amounts falling due within one year</b>	7	(270,926)	(203,708)
<b>Net current assets</b>		1,733,075	1,378,718
<b>Total assets less current liabilities being net assets</b>		1,778,937	1,444,413
<b>Capital and reserves</b>			
Called up share capital		32,172	31,064
Called up and unpaid share capital		5,414	2,955
Share premium account		32,031,435	30,039,388
Profit and loss account		(30,290,084)	(28,628,994)
<b>Shareholders' funds</b>		1,778,937	1,444,413

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

The financial statements of Cambridge Mechatronics Limited, registered number 3071231, were approved by the Board of Directors and authorised for issue on 16 FEBRUARY 2017

They were signed on its behalf by:



A Osmant

Director

The notes on page 11 to 15 form part of these accounts.

## Cambridge Mechatronics Limited

### Statement of changes in equity At 31 December 2016

	Called up and unpaid share capital £	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2015	-	28,654	27,535,263	(24,961,519)	2,602,398
Loss for the year	-	-	-	(3,667,475)	(3,667,475)
Share issue during the year	2,955	2,410	2,504,125	-	2,509,490
At 31 December 2015	2,955	31,064	30,039,388	(28,628,994)	1,444,413
Loss for the year	-	-	-	(1,661,090)	(1,661,090)
Share issue during the year	2,459	1,108	1,992,047	-	1,995,614
At 31 December 2016	5,414	32,172	32,031,435	(30,290,084)	1,778,937

# Cambridge Mechatronics Limited

## Notes to the financial statements For the year ended 31 December 2016

### 1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### *a) General information and basis of accounting*

Cambridge Mechatronics Limited is a company incorporated in the United Kingdom under the Companies Act.

The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1.

The average monthly number of employees (including executive directors) was 44 (2015 - 39).

The functional currency of Cambridge Mechatronics Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102). "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

#### *b) Going concern*

During the period under review, the company incurred a net loss before tax of £2,406,663 and has met its working capital requirements by utilising cash from recurring revenue streams, drawing down on loan notes and raising equity finance. The company will continue to invest in its Shape Memory Alloy Optical Image Stabilisation business during 2017 and beyond, and to enable the company to continue its activities and to meet its liabilities as they fall due, it will continue to rely on financial support from shareholders. However, there remains an uncertainty over future revenues and the timing and quantum of future funds. This represents a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding this, the directors are confident that any additional funding requirement will be available from current and new shareholders given the exciting business prospects for the company's technology. Therefore, the directors have considered these uncertainties and consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

#### *c) Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Plant and machinery	-	33% per annum
Office equipment	-	33% per annum
Computers and software	-	33% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

#### *d) Turnover*

Development fees – development income is accounted for on an accruals basis and represents the amount due to the company in the year.

Licence fees - turnover in respect of non-refundable licence fees is recognised when all obligations relating to the grant of the licence have been met.

Support fees - turnover is recognised as the services are rendered.

## Cambridge Mechatronics Limited

### Notes to the financial statements For the year ended 31 December 2016

#### 1 Accounting policies (continued)

##### *e) Leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

##### *f) Taxation*

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### *g) Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction, or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

##### *h) Research and development and intangible fixed assets*

Research and development expenditure is not capitalised on the company's balance sheet but is written off in the year in which it is incurred. Plant and equipment acquired for research and development activities is written off on a straight line basis at the rate of 33% per annum.

##### *i) Pensions*

The company contributes to the personal pension plans of some employees and the pension charge represents the amounts payable by the company to those plans in the year.

##### *j) Financial instruments*

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities.

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

##### *k) Share-based payments*

The company has issued share options to certain employees with non-market based vesting conditions. Equity settled share-based payments are measured at the fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

## Cambridge Mechatronics Limited

### Notes to the financial statements For the year ended 31 December 2016

#### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of 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 the revision and future periods if the revision affects both current and future periods.

The directors do not believe there are any critical accounting judgements or items with estimation uncertainty that would have a significant effect on the amounts recognised in the financial statements.

#### 3 Loss before taxation

Loss before taxation is stated after charging (crediting):

	2016	2015
	£	£
Depreciation of tangible fixed assets	40,404	38,649
Disposal of tangible fixed assets (note 5)	-	1,559,796
Operating lease rentals		
- other operating leases	105,554	94,767
Auditor's remuneration:		
- audit services	16,000	12,000
Foreign exchange profit	(21,930)	(1,197)

All research and development expenditure relates to administration expenses.

#### 4 Finance income

	2016	2015
	£	£
Bank interest receivable	4,229	3,900

## Cambridge Mechatronics Limited

### Notes to the financial statements For the year ended 31 December 2016

#### 5 Tangible fixed assets

	Plant and machinery £	Office equipment £	Computers and software £	Total £
<b>Cost</b>				
At 1 January 2016	38,816	8,038	125,133	171,987
Additions	1,393	241	18,937	20,571
At 31 December 2016	40,209	8,279	144,070	192,558
<b>Depreciation</b>				
At 1 January 2016	27,543	2,191	76,558	106,292
Charge for the year	8,939	2,738	28,727	40,404
At 31 December 2016	36,482	4,929	105,285	146,696
<b>Net book value</b>				
At 31 December 2016	3,727	3,350	38,785	45,862
At 31 December 2015	11,273	5,847	48,575	65,695

In July 2015 amendments were made to an exclusivity agreement whereby the ownership of certain assets were transferred to a third party resulting in a £1,559,796 loss on disposal.

#### 6 Debtors: Amounts falling due within one year

	2016	2015
	£	£
Trade debtors	261,000	-
Corporation tax recoverable	800,189	708,028
Other debtors	5,413	-
Prepayments	96,358	28,189
	<u>1,162,960</u>	<u>736,217</u>



## Cambridge Mechatronics Limited

### Notes to the financial statements For the year ended 31 December 2016

#### 7 Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	93,238	55,015
Other taxation and social security	71,741	62,203
Other creditors	105,947	86,490
	<u>270,926</u>	<u>203,708</u>

#### 8 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 Land and buildings £	2015 Land and buildings £
Within 1 year	110,875	93,918
Between 1 and 5 years	<u>332,625</u>	<u>-</u>

#### 9 Related party transactions

##### Directors' transactions

Merrycroft Limited, a company of which M Knight is also a director, invoiced £75,000 for consultancy services provided by M Knight during the year (2015 - £75,000). The balance due to Merrycroft Limited in respect of these services at 31 December 2016 was £12,500 (2015 - £6,250).

During the year the company paid £193,505 (2015 - £152,890) as key management personnel compensation to the directors.

#### 10 Explanation of transition to FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2015 and the date of transition to FRS 102 was therefore 1 January 2015. As a consequence of adopting FRS 102, there are no material adjustments to accounting policies to comply with that standard.