

Registered number: 04561127

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**APPLIED WAVE RESEARCH LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**APPLIED WAVE RESEARCH LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

C Paris  
J Pekarek

**COMPANY SECRETARY**

DLA Piper UK LLP

**REGISTERED NUMBER**

04561127

**REGISTERED OFFICE**

1st Floor Keynes House  
Tilehouse Street  
Hitchin  
Hertfordshire  
SG5 2DW

**INDEPENDENT AUDITORS**

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

**BANKERS**

Barclays Bank Plc  
83-117 Euston Street  
London  
NW1 2BB

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**APPLIED WAVE RESEARCH LIMITED**

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## APPLIED WAVE RESEARCH LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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#### INTRODUCTION

The directors present their strategic report and business review for the year ended 31 December 2016.

The principal activity of the company continued to be that of distributor of simulated-based engineering software and related services, which are developed by the immediate parent company, AWR Corporation.

#### BUSINESS REVIEW

Trading conditions in the United Kingdom were generally good in the wireless electronics sector in 2016. Applied Wave Research Limited (AWR) bookings were substantially higher in 2016 compared to 2015 and were 111% of the budget for the year. Due to many of AWR's customers having a three year ordering cycle the most valid comparison of 2016 sales is with 2013. AWR Limited demonstrated an average growth rate of around 10% per year for the past three years, which is good progress for a mature product in a mature market and we believe our market share now exceeds 50% of the available market.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The main risk to the business in 2017 is a cessation of growth in the United Kingdom economy due to Brexit and a reduction in exports to the EU, responsible for over half the UK's exports, leading to lower investment in R&D. Potentially this would lead to redundancies in our customer base and hence fewer users for AWR products and we have seen some signs of business slowing down at the end of 2016 as customers become more cautious with capital spending. The impact of the strong dollar together with an inflationary price rise has meant we have had to reduce the mark-up on the cost of our products in the UK by around 10% and this will have a major effect on bookings. The core business remains strong but, given the exchange rates caused by headwinds and reduced prices, we expect bookings to be flat in the UK in 2017 compared with 2016.

#### FUTURE DEVELOPMENTS

We expect a difficult next two years in the UK due to the economic uncertainty prevalent at the moment. By 2019, AWR Limited expects to resume increasing bookings by a similar average to that seen over the past five years, i.e. 8-10% per year. Revenue is safeguarded to a degree by the fact that we booked several three year deals in 2016, which will ensure revenue through to 2019.

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



**C Paris**  
Director

Date: 28/6/17

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## **APPLIED WAVE RESEARCH LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company continued to be that of distributor of simulated-based engineering software and related services, which are developed by the immediate parent company, AWR Corporation.

#### **DIRECTORS**

The directors who served during the year were:

C Paris  
J Pekarek

#### **RESULTS**

The profit for the year, after taxation, amounted to £58,715 (2015 - £62,104).

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, 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 judgments 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 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.

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**APPLIED WAVE RESEARCH LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

**AUDITORS**

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

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



**C Paris  
Director**

Date: 28/6/17

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## **APPLIED WAVE RESEARCH LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF APPLIED WAVE RESEARCH LIMITED**

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We have audited the financial statements of Applied Wave Research Limited for the year ended 31 December 2016, set out on pages 6 to 20. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 Financial Reporting Council'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 Strategic Report and the Directors' 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 profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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**APPLIED WAVE RESEARCH LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF APPLIED WAVE RESEARCH  
LIMITED (CONTINUED)**

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

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

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.

Edward Napper (Senior statutory auditor)

for and on behalf of

**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

6 July 2017



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APPLIED WAVE RESEARCH LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016

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		2016 £	2015 £
Turnover	4	<u>1,308,607</u>	<u>1,248,664</u>
<b>GROSS PROFIT</b>		<b>1,308,607</b>	<b>1,248,664</b>
Administrative expenses		<u>(1,229,998)</u>	<u>(1,166,976)</u>
<b>OPERATING PROFIT</b>	5	<b>78,609</b>	<b>81,688</b>
Interest receivable and similar income	9	<u>1,264</u>	<u>1,214</u>
<b>PROFIT BEFORE TAX</b>		<b>79,873</b>	<b>82,902</b>
Tax on profit	10	<u>(21,158)</u>	<u>(20,798)</u>
<b>PROFIT FOR THE YEAR</b>		<b>58,715</b>	<b>62,104</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015 -NIL).

The notes on pages 9 to 20 form part of these financial statements.

**APPLIED WAVE RESEARCH LIMITED**  
**REGISTERED NUMBER: 04561127**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	11	42,534	63,770
		<u>42,534</u>	<u>63,770</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	12	78,915	62,153
Cash at bank and in hand	13	343,925	526,708
		<u>422,840</u>	<u>588,861</u>
Creditors: amounts falling due within one year	14	(230,243)	(476,215)
<b>NET CURRENT ASSETS</b>		<u>192,597</u>	<u>112,646</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>235,131</u>	<u>176,416</u>
<b>NET ASSETS</b>		<u>235,131</u>	<u>176,416</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	10,000	10,000
Profit and loss account	17	225,131	166,416
		<u>235,131</u>	<u>176,416</u>

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

  
**C Paris**  
**Director**

Date: 28/6/17

The notes on pages 9 to 20 form part of these financial statements.

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**APPLIED WAVE RESEARCH LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2015</b>	<b>10,000</b>	<b>104,312</b>	<b>114,312</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	62,104	62,104
<b>At 1 January 2016</b>	<b>10,000</b>	<b>166,416</b>	<b>176,416</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	58,715	58,715
<b>AT 31 DECEMBER 2016</b>	<b>10,000</b>	<b>225,131</b>	<b>235,131</b>

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## **APPLIED WAVE RESEARCH LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1. GENERAL INFORMATION**

Applied Wave Research Limited is a company limited by shares, incorporated in England. The registered office is detailed on the company information page of these financial statements.

#### **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 TURNOVER**

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.

Revenue comprises income generated under the Commissionaire's agreement with the immediate parent undertaking, exclusive of Value Added Tax.

##### **2.3 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## APPLIED WAVE RESEARCH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.3 TANGIBLE FIXED ASSETS (CONTINUED)

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.

The estimated useful lives range as follows:

L/Term Leasehold Property	- Over the period of the lease
Fixtures & fittings	- 3 to 5 years on cost
Office equipment	- 3 to 5 years on cost

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.

##### 2.4 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.

##### 2.5 DEBTORS

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

The ultimate bad debt risk lies with the parent company, AWR Corporation, and as such trade debtors are included within amounts owed to/(from) group undertakings.

##### 2.6 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.

##### 2.7 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 costs using the effective interest method.

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## APPLIED WAVE RESEARCH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments 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 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.

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## APPLIED WAVE RESEARCH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.9 FOREIGN CURRENCY TRANSLATION

#### Functional and presentation currency

The Company's functional and presentational currency is GBP.

#### Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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.

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

### 2.10 PENSIONS

The group, operates a defined contribution pension scheme and also contributes to certain employees personal pension schemes. The pension charge represents the amounts payable by the Company to these funds in respect of the year. Once the contributions have been paid the company has no further payment obligations.

### 2.11 INTEREST INCOME

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

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## APPLIED WAVE RESEARCH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.12 TAXATION

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.

### 2.13 PROVISIONS

Provisions are recognised when the Company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

## 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### TANGIBLE FIXED ASSETS

Depreciation is provided at rates determined by management, to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. Policies are reviewed periodically to assess their adequacy.



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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. TURNOVER**

Turnover represents services provided to the Company's immediate parent undertaking based in the United States of America.

99% of turnover (2015 - 100%) arose within the United Kingdom.

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	23,747	24,496
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,413	5,653
Exchange differences	-	49
Other operating lease rentals	23,616	23,616
Defined contribution pension cost	51,496	49,802

**6. AUDITORS' REMUNERATION**

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,413	5,653

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

Taxation compliance services	750	825
	750	825

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**7. EMPLOYEES**

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>794,323</b>	740,176
Social security costs	<b>101,481</b>	97,042
Cost of defined contribution scheme	<b>51,496</b>	49,802
	<b>947,300</b>	<b>887,020</b>

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

<b>2016</b>	<b>2015</b>
<b>No.</b>	<b>No.</b>
<b>8</b>	<b>8</b>

**8. DIRECTORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>167,235</b>	166,661
Company contributions to defined contribution pension schemes	<b>15,928</b>	15,585
	<b>183,163</b>	<b>182,246</b>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

**9. INTEREST RECEIVABLE**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>1,264</b>	1,214
	<b>1,264</b>	<b>1,214</b>

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**10. TAXATION**

	2016 £	2015 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	21,158	21,300
Adjustments in respect of previous periods	-	(502)
	<u>21,158</u>	<u>20,798</u>
<b>TOTAL CURRENT TAX</b>	<u>21,158</u>	<u>20,798</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>79,873</u>	<u>82,902</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	15,975	16,580
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,579	711
Depreciation in excess of capital allowances	4,247	3,326
Adjustments to tax charge in respect of prior periods	153	(507)
Other timing differences leading to an increase (decrease) in taxation	(796)	688
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>21,158</u>	<u>20,798</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**11. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Fixtures & fittings £	Office equipment £	Total £
<b>COST OR VALUATION</b>				
At 1 January 2016	47,303	34,656	38,227	120,186
Additions	-	-	2,510	2,510
At 31 December 2016	47,303	34,656	40,737	122,696
<b>DEPRECIATION</b>				
At 1 January 2016	18,133	15,361	22,922	56,416
Charge for the period on owned assets	9,461	5,733	8,553	23,747
At 31 December 2016	27,594	21,094	31,475	80,163
<b>NET BOOK VALUE</b>				
At 31 December 2016	19,709	13,562	9,262	42,533
At 31 December 2015	29,170	19,295	15,305	63,770

**12. DEBTORS**

	2016 £	2015 £
Other debtors	50,505	44,148
Prepayments and accrued income	28,410	18,005
	78,915	62,153

**13. CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash at bank and in hand	343,925	526,708
	343,925	526,708

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade creditors	2,523	3,150
Amounts owed to group undertakings	53,847	346,366
Corporation tax	10,000	21,300
Other taxation and social security	44,448	47,325
Accruals and deferred income	119,425	58,074
	<u>230,243</u>	<u>476,215</u>

**15. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	50,505	44,148
	<u>50,505</u>	<u>44,148</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(175,794)	(407,589)
	<u>(175,794)</u>	<u>(407,589)</u>

Financial assets measured at fair value through the profit and loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and accruals.

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APPLIED WAVE RESEARCH LIMITED

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16. SHARE CAPITAL

	2016 £	2015 £
<b>SHARES CLASSIFIED AS EQUITY</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

17. RESERVES

**Profit & loss account**

This reserve includes all current and prior period retained profits and losses.

18. PENSION COMMITMENTS

The group operates a defined contribution pension scheme for certain employees and, in addition, contributes to the personal pension schemes of other employees. The assets of the schemes are held separately from those of the company in independently administered funds.

The pension charge represents contributions payable by the company to both the group and personal schemes and amounted to £51,496 (2015 - £49,802). Contributions of £315 were outstanding at 31 December 2016 (2015 - £2,544), which are included within accruals and deferred income.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	23,982	23,982
Later than 1 year and not later than 5 years	27,979	51,961
	<u>51,961</u>	<u>75,943</u>

20. RELATED PARTY TRANSACTIONS

During the period the Company charged an aggregate amount of £1,308,607 (2015 - £1,248,664) relating to sales commissions to its parent company, AWR Corporation.

The Company collects debts on behalf of AWR Corporation and remits the cash to the parent company periodically. At 31 December 2016 the balance owed to AWR Corporation was £53,847 (2015 - £346,366), which is included within creditors as amounts owed to parent undertaking.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. CONTROLLING PARTY**

The company is a wholly owned subsidiary of AWR Corporation, a company registered in the United States of America.

National Instruments Inc, a public company listed in the United States of America, is the ultimate parent owning all the shares of AWR Corporation. Consolidated financial statements can be obtained from the registered office at 11500 N Mopac Expwy, Austin, TX 78759, United States of America.