
APPLIED WAVE RESEARCH LIMITED

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



APPLIED WAVE RESEARCH LIMITED

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APPLIED WAVE RESEARCH LIMITED

COMPANY INFORMATION

DIRECTORS	C Paris J Pekarek
COMPANY SECRETARY	DLA Piper UK LLP
REGISTERED NUMBER	04561127
REGISTERED OFFICE	7 Paynes Park Hitchin Hertfordshire SG5 1EH
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

APPLIED WAVE RESEARCH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

INTRODUCTION

The directors present their strategic report and business review for the year ended 31 December 2018.

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 returned to the typical pattern of growth seen over the last ten years after a very poor year in 2017 caused mainly by the 15% fall in the value of the pound and site closures at some major customers. Applied Wave Research Limited (AWR) bookings increased in 2018 compared to 2017 and were well ahead of budget for the year. This was helped by the pound stabilising causing AWR Ltd bookings to be worth more in dollars in 2018 than in 2017 (budget is set in dollars). AWR Ltd has demonstrated an average growth rate of around 5-10% per year for several years but business declined by around 15% in dollar terms in 2017; however, in 2018 AWR Ltd returned to more traditional growth patterns and bookings were up around 50% on the previous year. We believe that this pattern is likely to continue and that 2017 was a "blip" in the typical pattern of business growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risk to the business in 2019 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. 2017 was the most difficult year AWR Ltd has experienced in many years although as mentioned this was largely due to industry consolidation and site closures whilst 2018 was a more typical year. It is unlikely that we will see site closures on the scale of 2017 again, but it is always possible. Any major fall in the value of the pound would also be damaging to AWR Ltd's business as this makes our products more expensive.

FUTURE DEVELOPMENTS

We expect to continue to grow at a mid to high single digit rate in the UK but there is considerable economic uncertainty prevalent not only in the UK but in Western Europe as a whole, partially due to Brexit. However, we do expect to grow our market share as we have done for the last ten years although this may be a larger share of a smaller market. Although the Aerospace and Defence market is reasonably solid at the moment, wireless communications is currently experiencing a lull. These two market segments account for 80% of AWR's business so any change is significant for AWR's performance. We expect a strong year in 2019 having just negotiated a 30% increase in annual contract revenue from our largest customer.

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



C Paris
Director

Date: 18 JULY 2019

APPLIED WAVE RESEARCH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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 £60,657 (2017 - loss £18,652).

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPLIED WAVE RESEARCH LIMITED

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

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: 18 JULY 2019

APPLIED WAVE RESEARCH LIMITED

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

OPINION

We have audited the financial statements of Applied Wave Research Limited (the 'Company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

APPLIED WAVE RESEARCH LIMITED

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

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

APPLIED WAVE RESEARCH LIMITED

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Kelly Bretherick (Senior statutory auditor)

for and on behalf of
Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

30 July 2019

APPLIED WAVE RESEARCH LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover		1,309,894	1,289,409
Administrative expenses		(1,227,753)	(1,285,090)
OPERATING PROFIT	5	82,141	4,319
Interest receivable and similar income	9	416	864
PROFIT BEFORE TAX		82,557	5,183
Tax on profit	10	(21,900)	(23,835)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		60,657	(18,652)

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

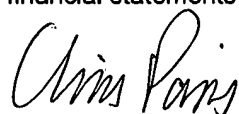
The notes on pages 10 to 20 form part of these financial statements.

APPLIED WAVE RESEARCH LIMITED
REGISTERED NUMBER: 04561127

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	11	15,306	32,899
		<u>15,306</u>	<u>32,899</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	216,953	171,523
Cash at bank and in hand	13	273,187	246,272
		<u>490,140</u>	<u>417,795</u>
Creditors: amounts falling due within one year	14	(228,310)	(234,215)
NET CURRENT ASSETS		261,830	183,580
TOTAL ASSETS LESS CURRENT LIABILITIES		277,136	216,479
NET ASSETS		277,136	216,479
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Profit and loss account	17	267,136	206,479
		<u>277,136</u>	<u>216,479</u>

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


Chris Paris
Director

Date: 18 JULY 2019

The notes on pages 10 to 20 form part of these financial statements.

APPLIED WAVE RESEARCH LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
AT 1 JANUARY 2016	10,000	225,131	235,131
Loss for the year	-	(18,652)	(18,652)
AT 1 JANUARY 2017	10,000	206,479	216,479
Profit for the year	-	60,657	60,657
AT 31 DECEMBER 2018	10,000	267,136	277,136

The notes on pages 10 to 20 form part of these financial statements.

APPLIED WAVE RESEARCH LIMITED

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

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. The Commission is equal to costs plus 7% of costs.

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.

APPLIED WAVE RESEARCH LIMITED

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

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 Profit and Loss Account.

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Profit and Loss Account 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.

2.8 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

APPLIED WAVE RESEARCH LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS (CONTINUED)

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 Profit and Loss Account.

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.

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.

2.10 PENSIONS

The company 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.

APPLIED WAVE RESEARCH LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.11 INTEREST INCOME

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.12 TAXATION

Tax is recognised in the Profit and Loss Account, 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.

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.

4. TURNOVER

99% of turnover (2017 - 97%) arose within the United Kingdom.

APPLIED WAVE RESEARCH LIMITED

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

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	22,934	23,630
Exchange differences	555	36
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,700	5,547
Defined contribution pension cost	54,218	51,309
Operating lease rental	23,616	23,616
	<u>23,616</u>	<u>23,616</u>

6. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,700	5,547
	<u>5,700</u>	<u>5,547</u>

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

Taxation compliance services	810	790
	<u>810</u>	<u>790</u>

APPLIED WAVE RESEARCH LIMITED

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

7. EMPLOYEES

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

	2018 £	2017 £
Wages and salaries	821,027	748,725
Social security costs	105,822	173,726
Cost of defined contribution scheme	54,218	51,309
	<u>981,067</u>	<u>973,760</u>

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

	2018 No.	2017 No.
	<u>9</u>	<u>9</u>

8. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	181,244	175,795
Company contributions to defined contribution pension schemes	16,651	16,297
	<u>197,895</u>	<u>192,092</u>

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

9. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	416	864
	<u>416</u>	<u>864</u>

APPLIED WAVE RESEARCH LIMITED

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

10. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	21,900	23,835
	<u>21,900</u>	<u>23,835</u>
TOTAL CURRENT TAX	<u>21,900</u>	<u>23,835</u>
DEFERRED TAX		
TOTAL DEFERRED TAX	<u>-</u>	<u>-</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>21,900</u>	<u>23,835</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	82,557	5,183
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	15,686	998
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,302	1,357
Depreciation in excess of capital allowances for year	619	1,855
Adjustments to tax charge in respect of prior periods	-	1,430
Other timing differences leading to an increase (decrease) in taxation	3,293	18,195
TOTAL TAX CHARGE FOR THE YEAR	<u>21,900</u>	<u>23,835</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

APPLIED WAVE RESEARCH LIMITED

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

11. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures & fittings £	Office equipment £	Total £
COST OR VALUATION				
At 1 January 2018	47,303	30,216	39,420	116,939
Additions	-	-	5,341	5,341
Disposals	-	-	(1,953)	(1,953)
At 31 December 2018	47,303	30,216	42,808	120,327
DEPRECIATION				
At 1 January 2018	37,054	20,992	25,994	84,040
Charge for the year on owned assets	9,460	6,184	7,290	22,934
Disposals	-	-	(1,953)	(1,953)
At 31 December 2018	46,514	27,176	31,331	105,021
NET BOOK VALUE				
At 31 December 2018	789	3,040	11,477	15,306
At 31 December 2017	10,249	9,224	13,426	32,899

12. DEBTORS

	2018 £	2017 £
Amounts owed by group undertakings	143,624	96,121
Other debtors	45,333	54,859
Prepayments and accrued income	27,996	20,543
	216,953	171,523

13. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	273,187	246,272
	273,187	246,272

APPLIED WAVE RESEARCH LIMITED

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	4,118	3,545
Corporation tax	11,900	11,200
Other taxation and social security	125,246	137,493
Accruals and deferred income	87,046	81,977
	<u>228,310</u>	<u>234,215</u>

15. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	273,187	246,272
Financial assets that are debt instruments measured at amortised cost	188,957	150,980
	<u>462,144</u>	<u>397,252</u>

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost	<u>(91,164)</u>	<u>(85,522)</u>
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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.

APPLIED WAVE RESEARCH LIMITED

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

16. SHARE CAPITAL

	2018 £	2017 £
ALLOTTED, CALLED UP AND FULLY PAID		
10,000 (2017 - 10,000) Ordinary shares of £1.00 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 Company 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 scheme 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 £54,218 (2017 - £51,309). Contributions of £Nil were outstanding at 31 December 2018 (2017 - £Nil), which are included within accruals and deferred income.

19. COMMITMENTS UNDER OPERATING LEASES

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

	2018 £	2017 £
Not later than 1 year	3,997	23,982
Later than 1 year and not later than 5 years	-	3,997
	<u>3,997</u>	<u>27,979</u>

20. RELATED PARTY TRANSACTIONS

During the period the Company charged an aggregate amount of £1,309,894 (2017 - £1,289,409) relating to sales commissions to its parent company, AWR Corporation.

In addition to making sales to AWR Corporation the Company collects debts on their behalf and remits the cash to the parent company periodically. At 31 December 2018 the balance owed by AWR Corporation was £143,624 (2017 - £96,121), which is included within debtors as amounts owed by parent undertaking.

APPLIED WAVE RESEARCH LIMITED

**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.