

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 2020**

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**APPLIED WAVE RESEARCH LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

B King  
A Elliffe  
D Ozawa

**COMPANY SECRETARY**

B King

**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

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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 2020**

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**INTRODUCTION**

The directors present their strategic report and business review for the year ended 31 December 2020.

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**

AWR Ltd's parent company, National Instruments, entered into a definitive agreement with Cadence Design Systems to sell the AWR group, including AWR Ltd, in October 2019 and this transaction was completed on 15 January 2020. Following this the company transferred its employees to a related company – Cadence Design Systems Limited. The company continues to meet its obligations to customers.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The main risk to the business in 2020 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. There is also some risk from the COVID 19 pandemic due to the general damage it will do to the world economy, however this has not had any significant impact to the company to date.

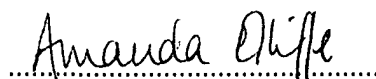
**SIGNIFICANT RECENT EVENTS**

On 15 January 2020, AWR Ltd was acquired by Cadence Design Systems, which led to the resignation of Chris Paris and Joe Pekarek as directors who were replaced by two members of Cadence's finance team. (Mr. Paris and Mr. Pekarek are now Cadence employees).

**FUTURE DEVELOPMENTS**

The company continues to meet its obligations to customers as it continues to integrate into the Cadence group.

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

  
.....  
**A Elliffe**  
**Director**

Date: 20 December 2021

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## **APPLIED WAVE RESEARCH LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### **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. During the year the immediate parent company, AWR Corporation, was acquired by Cadence Design Systems Inc and the activity of the company was transferred to other group companies.

#### **DIRECTORS**

The directors who served during the year were:

C Paris (resigned 15 January 2020)  
J Pekarek (resigned 15 January 2020)  
B King (appointed 15 January 2020)  
A Elliffe (appointed 15 January 2020)  
D Ozawa (appointed 15 January 2020)

#### **RESULTS**

The profit for the year, after taxation, amounted to £3,256 (2019 -£66,406).

#### **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.

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**APPLIED WAVE RESEARCH LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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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.



.....  
**A Elliffe**  
**Director**

Date: 20 December 2021

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## APPLIED WAVE RESEARCH LIMITED

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

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#### OPINION

We have audited the financial statements of Applied Wave Research Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, 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 2020 and of its 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.

#### 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.

#### GOING CONCERN

We draw attention to note 2.1 in the financial statements. The Company was acquired on 15 January 2020 when operations ceased and the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

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## **APPLIED WAVE RESEARCH LIMITED**

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

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#### **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 set out 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.

#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:



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**APPLIED WAVE RESEARCH LIMITED**

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

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Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the software and programming IT sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence available; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities, including fraud and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence made available to us such as that correspondence with HMRC and relevant regulators.

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**APPLIED WAVE RESEARCH LIMITED**

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

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There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://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

Date: 21 December 2021

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**APPLIED WAVE RESEARCH LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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|  | Note | 2020<br>£       | 2019<br>£   |
|--|------|-----------------|-------------|
| Turnover                               |      | <b>71,425</b>   | 1,348,647   |
| <b>GROSS PROFIT</b>                    |      | <b>71,425</b>   | 1,348,647   |
| Administrative expenses                |      | <b>(83,324)</b> | (1,266,326) |
| <b>OPERATING (LOSS)/PROFIT</b>         | 5    | <b>(11,899)</b> | 82,321      |
| Interest receivable and similar income | 9    | -               | 794         |
| <b>(LOSS)/PROFIT BEFORE TAX</b>        |      | <b>(11,899)</b> | 83,115      |
| Tax on (loss)/profit                   | 10   | <b>15,155</b>   | (16,709)    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>   |      | <b>3,256</b>    | 66,406      |


The notes on pages 12 to 21 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

|  | Note | 2020<br>£      | 2019<br>£      |
|--|------|----------------|----------------|
| <b>FIXED ASSETS</b>                            |      |                |                |
| Tangible assets                                | 11   | -              | 9,256          |
|  |      | -              | 9,256          |
| <b>CURRENT ASSETS</b>                          |      |                |                |
| Debtors: amounts falling due within one year   | 12   | 12,889         | 291,289        |
| Cash at bank and in hand                       |      | 341,123        | 219,607        |
|  |      | 354,012        | 510,896        |
| Creditors: amounts falling due within one year | 13   | (7,214)        | (176,610)      |
| <b>NET CURRENT ASSETS</b>                      |      | <b>346,798</b> | <b>334,286</b> |
| <b>NET ASSETS</b>                              |      | <b>346,798</b> | <b>343,542</b> |
| <b>CAPITAL AND RESERVES</b>                    |      |                |                |
| Called up share capital                        | 15   | 10,000         | 10,000         |
| Profit and loss account                        | 16   | 336,798        | 333,542        |
|  |      | <b>346,798</b> | <b>343,542</b> |

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

  
 .....  
**A Elliffe**  
**Director**

Date: 20 December 2021

The notes on pages 12 to 21 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 2020**

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|                            | Called up<br>share capital | Profit and<br>loss account | Total equity          |
|----------------------------|----------------------------|----------------------------|-----------------------|
|                            | £                          | £                          | £                     |
| <b>AT 1 JANUARY 2019</b>   | 10,000                     | 267,136                    | 277,136               |
| Profit for the year        | -                          | 66,406                     | 66,406                |
| <b>AT 1 JANUARY 2020</b>   | <u>10,000</u>              | <u>333,542</u>             | <u>343,542</u>        |
| Profit for the year        | -                          | 3,256                      | 3,256                 |
| <b>At 31 December 2020</b> | <u><u>10,000</u></u>       | <u><u>336,798</u></u>      | <u><u>346,798</u></u> |

The notes on pages 12 to 21 form part of these financial statements.

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**APPLIED WAVE RESEARCH LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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|   | 2020<br>£             | 2019<br>£             |
|---|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                   |                       |                       |
| (Loss)/profit for the financial year                          | 3,256                 | 66,406                |
| <b>Adjustments for:</b>                                       |                       |                       |
| Depreciation of tangible assets                               | 5,088                 | 8,860                 |
| Loss on disposal of tangible assets                           | 4,453                 | 400                   |
| Interest received   | -                     | (794)                 |
| Taxation charge   | (15,155)              | 16,709                |
| Decrease in debtors   | 42,710                | 28,891                |
| Decrease/(increase) in amounts owed by groups                 | 235,405               | (103,227)             |
| (Decrease) in creditors                                       | (161,075)             | (49,800)              |
| Corporation tax received/(paid)                               | 6,834                 | (18,609)              |
| <b>Net cash generated from operating activities</b>           | <u>121,516</u>        | <u>(51,164)</u>       |
| <b>Cash flows from investing activities</b>                   |                       |                       |
| Purchase of tangible fixed assets                             | -                     | (5,259)               |
| Sale of tangible fixed assets                                 | -                     | 2,049                 |
| Interest received   | -                     | 794                   |
| <b>Net cash from investing activities</b>                     | <u>-</u>              | <u>(2,416)</u>        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <u>121,516</u>        | <u>(53,580)</u>       |
| Cash and cash equivalents at beginning of year                | <u>219,607</u>        | <u>273,187</u>        |
| <b>Cash and cash equivalents at the end of year</b>           | <u><u>341,123</u></u> | <u><u>219,607</u></u> |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                       |                       |
| Cash at bank and in hand                                      | <u>341,123</u>        | <u>219,607</u>        |
|   | <u><u>341,123</u></u> | <u><u>219,607</u></u> |

The notes on pages 12 to 21 form part of these financial statements.

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## **APPLIED WAVE RESEARCH LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 company was acquired on 15 January 2020 by Cadence Design Systems Inc. and all activity was transferred on this date. As a result of this, the financial statements have been prepared on a basis other than going concern. Assets have been reviewed by Directors and have been measured at their recoverable amount, no onerous committed liabilities have been identified.

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.

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 profit or loss.

**2.4 OPERATING LEASES: THE COMPANY AS LESSEE**

Rentals paid under operating leases are charged to profit or loss 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**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 cost 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 ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans



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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)****2.8 FINANCIAL INSTRUMENTS (continued)**

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.11 INTEREST INCOME**

*Interest income is recognised in profit or loss using the effective interest method.*

**2.12 TAXATION**

Tax is recognised in profit or loss 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**

98% of turnover (2019 - 99%) arose within the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**5. OPERATING (LOSS)/PROFIT**

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

|                                       | 2020<br>£         | 2019<br>£         |
|---------------------------------------|-------------------|-------------------|
| Depreciation of tangible fixed assets | 5,088             | 8,860             |
| Exchange differences                  | (174)             | 908               |
| Defined contribution pension cost     | -                 | 55,912            |
| Operating lease rental                | -                 | 3,828             |
|                                       | <u>          </u> | <u>          </u> |

**6. AUDITORS' REMUNERATION**

|   | 2020<br>£         | 2019<br>£         |
|---|-------------------|-------------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 4,700             | 6,025             |
|   | <u>          </u> | <u>          </u> |

**Fees payable to the Company's auditor and its associates in respect of:**

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Taxation compliance services | 835               | 835               |
|                              | <u>          </u> | <u>          </u> |
|                              | <u>835</u>        | <u>835</u>        |

**7. EMPLOYEES**

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

|                                     | 2020<br>£         | 2019<br>£         |
|-------------------------------------|-------------------|-------------------|
| Wages and salaries                  | 49,196            | 842,692           |
| Social security costs               | 7,086             | 116,796           |
| Cost of defined contribution scheme | 1,737             | 55,912            |
|                                     | <u>          </u> | <u>          </u> |
|                                     | <u>58,019</u>     | <u>1,015,400</u>  |

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

|  | 2020<br>No.       | 2019<br>No.       |
|--|-------------------|-------------------|
|  | 1                 | 9                 |
|  | <u>          </u> | <u>          </u> |

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. DIRECTORS' REMUNERATION**

|   | 2020<br>£ | 2019<br>£      |
|---|-----------|----------------|
| Directors' emoluments   | -         | 177,472        |
| Company contributions to defined contribution pension schemes | -         | 17,207         |
|   | <u>-</u>  | <u>194,679</u> |

During the year retirement benefits were accruing to no directors (2019 -NIL) in respect of defined contribution pension schemes.

**9. INTEREST RECEIVABLE**

|                           | 2020<br>£ | 2019<br>£  |
|---------------------------|-----------|------------|
| Other interest receivable | -         | 794        |
|                           | <u>-</u>  | <u>794</u> |

**10. TAXATION**

|   | 2020<br>£       | 2019<br>£     |
|---|-----------------|---------------|
| <b>Corporation tax</b>                                  |                 |               |
| Current tax on profits for the year                     | (15,155)        | 16,709        |
|   | <u>(15,155)</u> | <u>16,709</u> |
| <b>Total current tax</b>                                | <u>(15,155)</u> | <u>16,709</u> |
| <b>Deferred tax</b>                                     |                 |               |
| <b>Total deferred tax</b>                               | <u>-</u>        | <u>-</u>      |
| <b>Taxation on (loss)/profit on ordinary activities</b> | <u>(15,155)</u> | <u>16,709</u> |

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**10. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2019 -higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|  | 2020<br>£              | 2019<br>£            |
|--|------------------------|----------------------|
| (Loss)/profit on ordinary activities before tax  | <u>(11,899)</u>        | <u>83,115</u>        |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 -19%) | <b>(2,261)</b>         | 15,792               |
| <b>Effects of:</b>   |                        |                      |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                        | 364                    | 2,919                |
| Capital allowances for year in excess of depreciation  | (392)                  | 443                  |
| Adjustments to tax charge in respect of prior periods  | (16,826)               | -                    |
| Other tax adjustments, reliefs and transfers   | 1,704                  | -                    |
| Other timing differences leading to an increase (decrease) in taxation   | <u>2,256</u>           | <u>(2,445)</u>       |
| <b>Total tax charge for the year</b>   | <u><b>(15,155)</b></u> | <u><b>16,709</b></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 2020**


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**11. TANGIBLE FIXED ASSETS**

|                                     | Office<br>equipment<br>£ |
|-------------------------------------|--------------------------|
| At 1 January 2020                   | 20,533                   |
| Disposals                           | (20,533)                 |
| At 31 December 2020                 | -                        |
| At 1 January 2020                   | 11,277                   |
| Charge for the year on owned assets | 4,803                    |
| Disposals                           | (16,080)                 |
| At 31 December 2020                 | -                        |
| <b>Net book value</b>               |                          |
| At 31 December 2020                 | -                        |
| At 31 December 2019                 | 9,256                    |

**12. DEBTORS**

|                                    | 2020<br>£     | 2019<br>£      |
|------------------------------------|---------------|----------------|
| Amounts owed by group undertakings | 11,446        | 246,851        |
| Other debtors                      | 1,443         | 38,213         |
| Prepayments and accrued income     | -             | 6,225          |
|                                    | <u>12,889</u> | <u>291,289</u> |

**13. CREDITORS: Amounts falling due within one year**

|                                    | 2020<br>£    | 2019<br>£      |
|------------------------------------|--------------|----------------|
| Corporation tax                    | 1,679        | 10,000         |
| Other taxation and social security | -            | 74,506         |
| Accruals and deferred income       | 5,535        | 92,104         |
|                                    | <u>7,214</u> | <u>176,610</u> |

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**APPLIED WAVE RESEARCH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**14. FINANCIAL INSTRUMENTS**

|  | 2020<br>£      | 2019<br>£      |
|--|----------------|----------------|
| <b>FINANCIAL ASSETS</b>  |                |                |
| Financial assets measured at fair value through profit or loss | <u>341,123</u> | <u>219,607</u> |

**15. SHARE CAPITAL**

|  | 2020<br>£     | 2019<br>£     |
|--|---------------|---------------|
| <b>ALLOTTED, CALLED UP AND FULLY PAID</b>            |               |               |
| 10,000 (2019 - 10,000) Ordinary shares of £1.00 each | <u>10,000</u> | <u>10,000</u> |

**16. RESERVES**

**Profit & loss account**

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

**17. 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 £NIL (2019 - £55,912). Contributions of £NIL were outstanding at 31 December 2020 (2019 - £NIL).

**18. RELATED PARTY TRANSACTIONS**

During the period the Company charged an aggregate amount of £NIL (2019 - £1,348,647) 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 2020 the balance owed by AWR Corporation was £NIL (2019 - £246,851), which is included within debtors as amounts owed by parent undertaking.

During the year, on 15 January 2020, AWR Corporation was acquired by Cadence Design Systems Inc.

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**APPLIED WAVE RESEARCH LIMITED**

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**19. CONTROLLING PARTY**

The company was a wholly owned subsidiary of AWR Corporation, a company registered in the United States of America as at 31 December 2020.

Cadence Design Systems, Inc, a public company listed in the United States of America, was the ultimate parent owning all the shares of AWR Corporation as at 31 December 2020. Consolidated financial statements can be obtained from the registered office at 2655 Seely Avenue, San Jose, CA, 95134, United States of America.