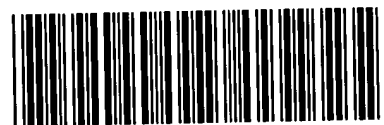


COMPANY NO: 07824805

FRONTIER MICROSYSTEMS LIMITED

Annual Report and Accounts
For the Year Ended 31 December 2016

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COMPANIES HOUSE

Frontier Microsystems Limited

Registered No: 7824805

DIRECTORS

A Sethill

J Apps

SECRETARY

J Apps

AUDITORS

Grant Thornton UK LLP

3140 Rowan Place

Oxford Business Park South

Oxford

OX4 2WB

BANKERS

Natwest Plc

10 St Peter's Street

St Albans

Hertfordshire

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REGISTERED OFFICE

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London

NW1 2AA

Frontier Microsystems Limited

Registered No: 7824805

TABLE OF CONTENTS	PAGE
Strategic report	3-4
Directors' report	5-6
Independent Auditors' Report	7-8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 23

STRATEGIC REPORT

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the Company during the year were the research, design and development of multimedia chips.

Significant expenditure was incurred by the Company during the year on research and development towards bringing new products to market.

All the revenue in prior years has arisen due to inter-company trade; therefore no key performance indicators are necessary for measuring the performance of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could adversely impact the achievement of the Company's objectives. These include:

The introduction of "disruptive technology" into the market exposes us to risks

The introduction of new and untested "disruptive technology" into the market place exposes the Company to the risk that costly developments will take longer or not achieve acceptable financial returns and put a strain on financial resources. Close relationships with customers, strategic partners and attendance at technology conferences, help management keep informed of new technology innovations.

The length of our product design cycle exposes us to risks

The lengthy design cycle makes it difficult to forecast product demand, with the possibility that products will ultimately not be required by our customers or alternatives become available to them, leading to a failure to achieve expected returns. Closer relationships with customers and good management of the IC design team will mitigate these risks.

Delays in development and testing may occur

Designing and introducing new and revised products, at the cutting edge of the technology central to the Company, can result in operating failures when first introduced and tested. Delays in this can adversely impact our ability to supply the products our customers might want in a timely manner. Continued improvement of management of the IC design team and software development team will mitigate these risks.

We may be unable to protect properly our intellectual property and may face challenges for infringement by third parties

Whilst we seek to protect our intellectual property and trade secrets by a well structured and controlled process of patent applications, maintenance and other tools, we face the risk that others may seek to copy and/or infringe certain aspects of our intellectual property. Defence of our claims may prove unsuccessful and expensive. In addition we might face challenges to our use of intellectual property that others might claim belongs to them. The consequences of this would be either a complete withdrawal and redesign of the offending product or serious and costly delays in proving our right to exploit the disputed intellectual property. We are not aware of any situation of IP infringement.

STRATEGIC REPORT continued

We are exposed to risks associated with our suppliers and partners failing and causing a disruption in supply

We are dependent on third parties to manufacture our components and, in some cases, assemble our products. Failure of any of our major suppliers would lead to delays in both designing and testing our new products and in supplying on time and at the agreed costs products to our existing customers.

RESEARCH AND DEVELOPMENT

The Company was committed to considerable research and development activities in the areas of its principal activity. All costs are written off to the Statement of Comprehensive Income as they are incurred. During the year costs of £2,377,000 (2015: £2,468,000) were expensed.

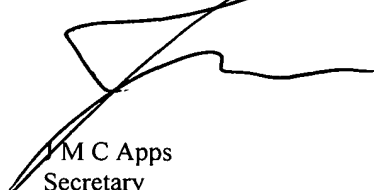
GOING CONCERN

The Company is a subsidiary of Frontier Smart Technologies Group Limited. The Directors of Frontier Smart Technologies Group Limited have considered the forecasts of that Company together with all of its subsidiaries (together "the Group") in order to form a view on the going concern position of the Group.

The Board are satisfied that whilst there are risk factors associated with any set of forecasts, due care has been exercised in preparing them. The Board notes that it continues to monitor its product development strategy and that, if a decision was made to enhance the development expenditure or to accelerate the timing of planned development, additional funding may be required.

The Directors note that Frontier Smart Technologies Group Limited has agreed to continue to provide support to the Company for at least 12 months subsequent to the signing of these accounts and that therefore it is appropriate to prepare these accounts on a going concern basis.

By order of the board 30 March 2017



M C Apps
Secretary

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,476,000 (2015: loss £2,073,000). The Directors do not recommend the payment of a dividend (2015: £nil).

DIRECTORS

The Directors who served during the year are:

A Sethill

J Apps

C Toumazou (resigned 29 July 2016)

DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS101 "Reduced disclosure framework"). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the statement of comprehensive income of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and 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.

POST BALANCE SHEET EVENTS

There have been no events since 31 December 2016 which require adjustment or disclosure in the Annual Accounts.

STRATEGIC REPORT

All risks and uncertainties affecting the business are disclosed in the Strategic Report on page 3.

Going concern and research and development are disclosed in the Strategic report on page 4.

DIRECTORS' REPORT continued

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

By order of the board 30 March 2017



J M C Apps
Secretary

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Frontier Microsystems Limited for the year ended 31 December 2016 which comprise the statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

INDEPENDENT AUDITORS' REPORT continued

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: *5th April 2017.*

Frontier Microsystems Limited

Registered No: 7824805

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

		<i>Notes</i>	
		<i>2016</i> <i>£'000</i>	<i>2015</i> <i>£'000</i>
TURNOVER	2	-	3,738
Cost of sales		-	(80)
GROSS PROFIT		-	3,658
Other operating charges		(2,795)	(3,558)
Impairment	4	-	(2,173)
OPERATING LOSS	3	(2,795)	(2,073)
Interest paid		-	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,795)	(2,073)
Tax on ordinary activities	7	319	-
RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION/ TOTAL COMPREHENSIVE LOSS	14	(2,476)	(2,073)

Details of the movements on reserves are set out in note 14.

There are no recognised gains and losses other than those passing through the statement of comprehensive income.

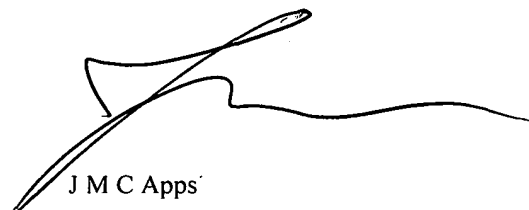
Frontier Microsystems Limited

Registered No: 7824805

STATEMENT OF FINANCIAL POSITION at 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>£'000</i>	<i>2015</i> <i>£'000</i>
FIXED ASSETS			
Intangible assets	8	-	5
Tangible fixed assets	9	-	5
		-	10
CURRENT ASSETS			
Debtors	10	319	7,149
Cash at bank and in hand		27	120
		346	7,269
CREDITORS: amounts falling due within one year	11	(1,500)	(5,986)
NET CURRENT (LIABILITIES)/ ASSETS		(1,154)	1,283
TOTAL ASSETS LESS CURRENT (LIABILITIES)/ ASSETS		(1,154)	1,293
CAPITAL AND RESERVES			
Called up share capital	13	200	200
Share premium account	14	19,800	19,800
Capital contribution	14	235	206
Profit and loss account	14	(21,389)	(18,913)
EQUITY SHAREHOLDERS' FUNDS		(1,154)	1,293

The financial statements were approved and authorised for issue by the Directors and were signed on 30 March 2017



J M C Apps
Director

STATEMENT OF CHANGES IN EQUITY
at 31 December 2016

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Capital Contribution £'000</i>	<i>Profit & loss account £'000</i>	<i>Total share- holders deficit £'000</i>
At 1 January 2015	200	19,800	107	(16,840)	3,267
Loss for the year	-	-	-	(2,073)	(2,073)
Share option charge	-	-	99	-	99
Total comprehensive income for the year	-	-	99	(2,073)	(1,974)
At 31 December 2015	200	19,800	206	(18,913)	1,293
Loss for the year	-	-	-	(2,476)	(2,476)
Share option charge	-	-	29	-	29
Total comprehensive income for the year	-	-	29	(2,476)	(2,447)
At 31 December 2016	200	19,800	235	(21,389)	(1,154)

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2016

1. ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Basis of Preparation

The Company relies on the continued financial support from Frontier Smart Technologies Group Limited, the ultimate parent company, to enable it to continue operating and meeting its liabilities as they fall due. The Directors believe it is appropriate to prepare the accounts on a going concern basis as they have received confirmation that continuing finance will be made available from the ultimate parent company.

The financial statements have been prepared in accordance with the Companies Act 2006 and the principal accounting policies as summarised below. They have all been applied consistently throughout the year.

Disclosure Exemptions Policies

The following disclosure exemptions have been adopted:

- Preparation of a cash flow statement
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- Disclosure of key management personnel compensation
- Capital management disclosures
- Disclosures in respect of standards in issue not yet effective

The following disclosure exemption has also been adopted as equivalent disclosures are provided in the parent consolidated financial statements.

- Reduced financial instruments disclosures relating to IFRS 7 as equivalent disclosures are provided by the parent entity.

Going concern

The Directors note that Frontier Smart Technologies Group Limited has agreed to continue to provide support to the Company for at least 12 months subsequent to the signing of these accounts and that therefore it is appropriate to prepare these accounts on a going concern basis.

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Plant and machinery	-	over 3 years
Fixtures, fittings and equipment	-	over 2-4 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2016

1. ACCOUNTING POLICIES continued

Intangible assets

Licences are recorded at cost and amortised over a period of 1 to 4 years.

The carrying values of intangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development costs

Research and development expenditure is charged to the statement of comprehensive income as incurred.

Cash Flow Statement

The Company is not required to prepare a cash flow statement as its ultimate parent company Frontier Smart Technologies Group Limited has prepared a cash flow statement in which the cash flows of the Company are included.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All foreign exchange differences are taken to the Statement of Comprehensive Income.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

Income taxes

Tax expense recognised in the Statement of Comprehensive Income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Holiday pay

A provision for annual leave accrued by employees as a result of services rendered, and which employees are entitled to carry forward and use within the next 12 months is recognised in the current period. The provision is measured at the salary cost payable for the period of absence.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2016

ACCOUNTING POLICIES continued

Impairment of assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's (or cash-generating units) carrying amounts exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity. Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Statement of Comprehensive Income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Comprehensive Income.

The share option charge has arisen in respect of share options issued in Frontier Smart Technologies Group Limited and the charge is based on the share options awarded to employees of Frontier Microsystems Limited.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2016

2. TURNOVER

Turnover comprises amounts arising from the provision of goods and services falling within an entity's ordinary activities after deducting trade discounts, VAT and other tax based on those amounts. It is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed.

The Company generates revenues from technology design. Consideration received for these services is recognised as revenue in the period when the service is performed.

The turnover and loss before tax are attributable to the one principal activity of the Company. A geographical analysis of turnover is given below:

	2016 £'000	2015 £'000
United Kingdom	-	3,738
	-	3,738

3. OPERATING LOSS

This is stated after charging/ (crediting):

	2016 £'000	2015 £'000
Amortisation of intangible assets	5	165
Depreciation of owned fixed assets	5	15
Research and development	2,377	2,468
Loss on foreign exchange transactions	15	5

Auditors' remuneration and taxation services are borne by the parent company.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2016

4. IMPAIRMENT

The following exceptional items were recognised in 2015 in arriving at the operating loss:

	2016 £'000	2015 £'000
Impairment of intangibles	-	2,173
	-	2,173

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three specific levels of fair value hierarchy which are defined based on the observability of significant inputs to the fair value measurement undertaken as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

5. STAFF COSTS

	2016 £'000	2015 £'000
Wages and salaries	1,253	1,638
Social security costs	113	193
Other pension costs	72	76
Share based payments	29	99
	1,467	2,006

The average number of employees during the year was as follows:

	2016 No.	2015 No.
Research and development	13	18
Selling and distribution	1	1
Administration	1	-
	15	19

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2016

6. DIRECTORS' EMOLUMENTS

	<i>2016</i> <i>£'000</i>	<i>2015</i> <i>£'000</i>
Emoluments	<u>274</u>	<u>698</u>
Company contributions to money purchase pension schemes	<u>16</u>	<u>40</u>

The above amounts for remuneration include the following in respect of the highest paid Director:

	<i>2016</i> <i>£'000</i>	<i>2015</i> <i>£'000</i>
Emoluments	<u>151</u>	<u>294</u>
Company contributions to money purchase pension schemes	<u>9</u>	<u>18</u>

The Company made contributions to money purchase pension schemes in respect of 2 Directors (2015: 2).

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2016

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2016 £'000	2015 £'000
<i>Current tax:</i>		
Research and development tax credit	(319)	-
Adjustment in respect of prior year provision	-	-
Tax credit	(319)	-
Deferred tax	-	-

Subject to the agreement of Her Majesty's Revenue and Customs there are accumulated tax losses, before R&D tax relief or surrender of losses for a tax credit for 2016, of approximately £15.5m (2015: £12.2m) available to carry forward.

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2015: 20.75%). The differences are reconciled below:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(2,795)	(2,073)
Profit/ (loss) on ordinary activities multiplied by the standard rate of corporation tax 20% (2015: 20.75%)	(559)	(430)
Effect of:		
Expenses not deductible for tax purposes	6	471
Accelerated capital allowances	(4)	30
Research and development tax credit adjustment	319	-
Losses utilised	(81)	(71)
	(319)	-

No deferred tax asset has been recognised in relation to losses carried forward as the Company continues to be loss making and at this time the Company is unable to determine that it is more likely than not that the taxable losses will be recovered through future taxable profits.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2016

8. INTANGIBLE FIXED ASSETS

	<i>Other patents and intellectual property</i> £'000	<i>Licences</i> £'000	<i>Total</i> £'000
Cost:			
At 1 January 2016	11,711	6,607	18,318
Additions	-	-	-
At 31 December 2016	11,711	6,607	18,318
Amortisation:			
At 1 January 2016	11,711	6,602	18,313
Provided during the year	-	5	5
At 31 December 2016	11,711	6,607	18,318
Net book value:			
At 31 December 2016	-	-	-
At 31 December 2015	-	5	5

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2016

9. TANGIBLE FIXED ASSETS

	<i>Plant and machinery £'000</i>	<i>Office equipment £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
Cost:				
At 1 January 2016	5	49	3	57
Additions	-	-	-	-
At 31 December 2016	5	49	3	57
Depreciation:				
At 1 January 2016	5	44	3	52
Provided during the year	-	5	-	5
At 31 December 2016	5	49	3	57
Net book value:				
At 31 December 2016	-	-	-	-
At 31 December 2015	-	5	-	5

10. DEBTORS: amounts due within one year

	<i>2016 £'000</i>	<i>2015 £'000</i>
Corporation and other taxes	319	-
Prepayments and accrued income	-	347
Amounts owed by Group undertakings	-	6,802
	<u>319</u>	<u>7,149</u>

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2016

11. CREDITORS: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	407	383
Amounts owed to Group undertakings	1,003	5,273
Accruals and deferred income	90	330
	<u>1,500</u>	<u>5,986</u>

12. PENSION COSTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund.

	2016 £'000	2015 £'000
Contributions payable by the Company for the year (note 5)	72	76
Unpaid contributions as at 31 December	<u>-</u>	<u>16</u>

13. SHARE CAPITAL

Authorised

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.01 each	20,000,000	200,000	20,000,000	200,000

Allotted, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.01 each	20,000,000	200,000	20,000,000	200,000

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2016

13. SHARE CAPITAL continued

Share options

The table below summarises the exercise terms of the various options over ordinary shares in Frontier Smart Technologies Group Limited which had been granted to employees of the Company and which were still outstanding at 31 December 2016:

JSOP

Date of issue	Number of shares	Exercise price	Share price volatility %	First exercise date	Expiry date
25 January 2013	16,632	10p	50	24 January 2016	24 January 2023
1 July 2013	-	10p	50	1 July 2015	30 June 2023
27 June 2014	14,801	10p	-	1 April 2017	26 June 2024
28 Jan 2015	9,052	10p	-	28 Jan 2018	27 Jan 2025

Employee Long Term Incentive Scheme Joint Shared Ownership Scheme (JSOP)

The JSOP was approved by the board in November 2012. Under the JSOP agreement, the JSOP Shares are held by participants jointly with the trustee of the employee benefit Trust (EBT) pursuant to the terms of joint ownership agreements between the EBT and each respective Participant.

Awards granted under the JSOP will vest on the third anniversary of their grant and value can be realised in respect of such awards from that date until the tenth anniversary of the date of grant.

The exercise price payable by Participants under the JSOP is 10p being equal to the nominal value of the Ordinary Shares. All dividend and voting rights in the shares held by the JSOP have been waived, save that, in accordance with the terms of the JSOP, immediately prior to certain disposals of JSOP Shares these rights will be reinstated.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2016

14. RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENT ON RESERVES

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Capital contribution £'000</i>	<i>Profit & loss account £'000</i>	<i>Total share- holders deficit £'000</i>
At 1 January 2015	200	19,800	107	(16,840)	3,267
Share based payments	-	-	99	-	99
Loss for the year	-	-	-	(2,073)	(2,073)
At 31 December 2015	200	19,800	206	(18,913)	1,293
Share based payments	-	-	29	-	29
Loss for the year	-	-	-	(2,476)	(2,476)
At 31 December 2016	200	19,800	235	(21,389)	(1,154)

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital contribution reserve – represents the cumulative amount which has been expensed in connection with equity settled share based payments.

Profit and loss account – includes all current and prior period retained profit and losses.

15. CAPITAL COMMITMENTS

At the balance sheet date the capital commitments were £nil (2015: £nil).

16. CONTROLLING PARTY

The ultimate parent Company of Frontier Microsystems Limited is considered to be Frontier Smart Technologies Group Limited, incorporated in the Cayman Islands, by virtue of its 100% shareholding in the Company.

17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' from disclosing transactions with other members of the Group headed by Frontier Smart Technologies Group Limited.

18. POST BALANCE SHEET EVENTS

There have been no material events since 31 December 2016.