

COMPANY NO: 07824805

FRONTIER MICROSYSTEMS LIMITED

Annual Report and Accounts
For the Year Ended 31 December 2018

TUESDAY



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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

30 Finsbury Square

London

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BANKERS

Natwest Plc

10 St Peter's Street

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Hertfordshire

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137 Euston Road

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Frontier Microsystems Limited

Registered No: 7824805

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activities of the Company during the year was the holding of patents and IP for use by other Group companies.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £6,000 (2017: £173,000). The Directors do not recommend the payment of a dividend (2017: £nil).

DIRECTORS

The Directors who served during the year are:

A Sethill

J Apps

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.

Directors' responsibilities statement

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the

DIRECTORS' REPORT (CONTINUED)

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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no events since 31 December 2018 which require adjustment or disclosure in the Annual Accounts.

SMALL COMPANIES NOTE

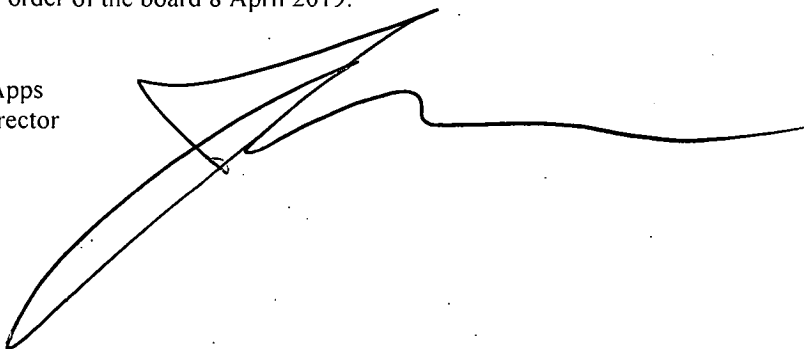
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. The directors have taken exemption under this regime not to disclose the strategic report.

REAPPOINTMENT OF AUDITORS

The auditors Grant Thornton UK LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board 8 April 2019.

J Apps
Director

A large, stylized handwritten signature in black ink, starting with a large loop and extending horizontally to the right.

Independent auditor's report to the members of Frontier Microsystems Limited

Opinion

We have audited the financial statements of Frontier Microsystems Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, 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 101 'Reduced Disclosure Framework' (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 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 'Auditor's 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 UK, including the FRC'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 auditor's 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 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.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 material misstatements in the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

Auditor's 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 auditor's 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.

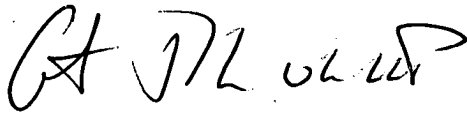
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Frontier Microsystems Limited

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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 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.



Paul Naylor

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

8 April 2019

Frontier Microsystems Limited

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i> <i>£'000</i>	<i>2017</i> <i>£'000</i>
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Other operating charges		6	3
OPERATING PROFIT	2	6	3
Interest paid		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6	3
Tax on ordinary activities	4	-	170
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION/ TOTAL COMPREHENSIVE PROFIT	9	6	173

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

Frontier Microsystems Limited

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STATEMENT OF FINANCIAL POSITION

at 31 December 2018

	Notes	2018 £'000	2017 £'000
CURRENT ASSETS			
Cash at bank and in hand		23	16
		<u>23</u>	<u>16</u>
CREDITORS: amounts falling due within one year	5	(998)	(997)
NET CURRENT (LIABILITIES)/ ASSETS		<u>(975)</u>	<u>(981)</u>
TOTAL ASSETS LESS CURRENT (LIABILITIES)/ ASSETS		<u>(975)</u>	<u>(981)</u>
CAPITAL AND RESERVES			
Called up share capital	6	200	200
Share premium account	7	19,800	19,800
Capital contribution	7	235	235
Profit and loss account	7	(21,210)	(21,216)
EQUITY SHAREHOLDERS' FUNDS		<u>(975)</u>	<u>(981)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small Company's regime.

The financial statements were approved and authorised for issue by the Directors and were signed on 8 April 2019.

J Apps

Director

Frontier Microsystems Limited

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STATEMENT OF CHANGES IN EQUITY at 31 December 2018

	<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 2017	200	19,800	235	(21,389)	(1,154)
Profit for the year	-	-	-	173	173
Total comprehensive income for the year	-	-	-	173	173
At 31 December 2017	200	19,800	235	(21,216)	(981)
Profit for the year	-	-	-	6	6
Total comprehensive income for the year	-	-	-	6	6
At 31 December 2018	200	19,800	235	(21,210)	(975)

Frontier Microsystems Limited

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NOTES TO THE ACCOUNTS

at 31 December 2018

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

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.

Frontier Microsystems Limited

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NOTES TO THE ACCOUNTS

at 31 December 2018

1. ACCOUNTING POLICIES continued

Research and development costs

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

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.

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.

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NOTES TO THE ACCOUNTS

at 31 December 2018

ACCOUNTING POLICIES continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

2. OPERATING PROFIT

This is stated after charging/ (crediting):

	2018 £'000	2017 £'000
(Gain)/ loss on foreign exchange transactions	-	(13)

Auditors' remuneration is borne by the parent company.

3. DIRECTORS' EMOLUMENTS

Directors were paid by other companies within the Frontier Smart Technologies Group and are disclosed in the financial statements of those companies.

Frontier Microsystems Limited

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NOTES TO THE ACCOUNTS

at 31 December 2018

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2018 £'000	2017 £'000
<i>Current tax:</i>		
Adjustment in respect of prior year provision	-	(170)
Tax credit	-	(170)
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 2018, of approximately £1.3m (2017: £1.3m) 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 19% (2017: 19%). The differences are reconciled below:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	6	3
Profit on ordinary activities multiplied by the standard rate of corporation tax 19% (2017: 19%)	1	1
Effect of:		
Research and development tax credit adjustment	-	170
Losses utilised	(1)	(1)
	-	170

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

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NOTES TO THE ACCOUNTS

at 31 December 2018

5. CREDITORS: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed to Group undertakings	998	997
	<u>998</u>	<u>997</u>

6. SHARE CAPITAL

Authorised

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.01 each	20,000,000	200,000	20,000,000	200,000

Allotted, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.01 each	20,000,000	200,000	20,000,000	200,000

7. SHAREHOLDERS' DEFICIT AND RESERVES

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 that 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.

8. CAPITAL COMMITMENTS

At the balance sheet date the capital commitments were £nil (2017: £nil).

9. CONTINGENT LIABILITIES

Frontier Smart Technologies Limited a sister company in the Frontier Smart Technologies Group entered into a revolving credit facility agreement in May 2018. Consequently, the loan carries a fixed and floating charge over all the property, assets and undertakings of the Company and other Group entities.

Frontier Microsystems Limited

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NOTES TO THE ACCOUNTS

at 31 December 2018

10. CONTROLLING PARTY

The ultimate parent Company of Frontier Microsystems Limited is Frontier Smart Technologies Group Limited, incorporated in the Cayman Islands, by virtue of its 100% shareholding in the Company. Frontier Smart Technologies Group has a registered office located at 190 Elgin Avenue, Grand Cayman, Cayman Islands KY19005, Cayman Islands.

11. POST BALANCE SHEET EVENTS

There have been no material events since 31 December 2018.