# Mesuro Limited

Directors' report and financial statements

Registered number 6706702

Year ended 31 December 2010

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# Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 December 2010

## Principal activities

The company was incorporated on 24 September 2008 and is principally engaged in the measurement and testing of high frequency circuits

## Business review

The company made a loss before taxation of £751,622 (2009 £668,138) for the period

During the year the company continued to develop its product range
Administration costs increased as the company invested in staff, with the aim of establishing both sales channels and continuing the progress of negotiations with potential customers

The principle risk now facing the company is turning the negotiations with potential customers into sales
The directors are pleased to report that the company has become revenue generating since the year end, and together with the ongoing support of our investor shareholders, this is seen as a positive step forward

## Post balance sheet events

As disclosed in the notes to the accounts, additional cash injections and extended credit terms were secured with investors post balance sheet date

## Research and Development

The company continues to invest in research and development activities in an effort to gain a competitive advantage in the market place

## Proposed dividend

The directors do not recommend payment of a dividend

## Creditor payment policy

The company has not adopted any specific standard code of practice with regard to the payment of suppliers The company does make individual arrangements with certain suppliers with regard to payment and any such terms are agreed at the time the transaction is entered into The average creditor payment period at 31 December 2010 was 28 days

## Directors

The directors who held office during the year were as follows

D G Baynes

J Benedikt

R J P Emsley

D A Wilson

## Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade creditors that arise directly from its operations

In respect of bank balances the financial risk is managed by ensuring sufficient liquidity is available to meet foreseeable needs, with cash assets invested in overnight treasury deposit accounts

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts as they fall due for payment

**Directors' responsibilities**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 and then apply them consistently,
- make judgments 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Hebblethwaites will therefore continue in office

By order of the board

**R Emsley**
*Director*

28.9. 2011

Floor 8 Eastgate House
35-43 Newport Road
Cardiff
CF24 0AB

# Independent auditors' report to the members of Mesuro Limited

We have audited the financial statements of Mesuro Limited for the year ended 31 December 2010 set out on pages 5 to 12 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities 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 Our responsibility is to audit 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 (APB'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 APB's web-site at www frc org uk/apb/scope/UKNP

**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 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern The company incurred a loss of £751,622 before taxation during the financial period ended 31 December 2010, which has been financed by equity share subscriptions throughout the year

As disclosed in note 1 and note 17 to the financial statements, the company has raised additional funding in this accounting year, through a further equity issue This, together with anticipated customer orders later in the year has been considered The directors are satisfied that the business will continue to be a trading entity over the next twelve months

The reliance on customer orders, which have yet to crystallise, indicate the existence of a material uncertainty which may cast doubt on the company's ability to continue as a going concern

## Independent auditors' report to the members of Mesuro Limited *(continued)*

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

### 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

30.9. 2011

Richard Murdoch **(Senior Statutory Auditor)**
**For and on behalf of Hebblethwaites, Statutory Auditor**
Chartered Accountants
Hebblethwaites
Westbrook Court
Sharrow Vale Road
Sheffield
S11 8YZ

## Profit and loss account

*For the year ended 31 December 2010*

| | Note | 2010 £ | 2009 £ |
|---|---|---|---|
| Administrative expenses | | **(748,400)** | (667,403) |
| **Operating loss** | | **(748,400)** | (667,403) |
| Interest payable and similar charges | *5* | **(5,206)** | (807) |
| Interest receivable and similar income | *6* | **1,984** | 72 |
| **Loss on ordinary activities before taxation** | *2* | **(751,622)** | (668,138) |
| Tax on loss on ordinary activities | *7* | **35,101** | - |
| **Loss on ordinary activities after taxation** | *12* | **(716,521)** | (668,138) |

The results derive from the continuing operations of the company

There are no recognised gains or losses in the current period other than those noted above and accordingly, no separate statement of total recognised gains and losses has been presented

## Reconciliation of movement in shareholders' funds

*For the year ended 31 December 2010*

| | 2010 £ | 2009 £ |
|---|---|---|
| **Loss for financial period** | **(716,521)** | (668,138) |
| New share capital subscribed/(net of issue costs) | **350,429** | 1,001,239 |
| **Net addition to shareholders' funds** | **(366,092)** | 333,101 |
| Opening shareholders' funds | **333,101** | - |
| **Closing shareholders' funds** | **(32,991)** | 333,101 |

# Balance sheet
*As at 31 December 2010*

| | Note | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 8 | | 53,065 | | 83,918 |
| **Current assets** | | | | | |
| Debtors | 9 | 54,654 | | 56,394 | |
| Cash at bank and in hand | | 68,356 | | 319,007 | |
| | | 123,010 | | 375,402 | |
| **Creditors** amounts falling due within one year | 10 | (130,448) | | (126,219) | |
| **Net current (liabilities)/assets** | | | (7,438) | | 249,183 |
| **Total assets less current liabilities** | | | 45,627 | | 333,101 |
| **Long term liabilities** | | | (78,618) | | - |
| **Net (liabilities)/assets** | | | (32,991) | | 333,101 |
| **Capital and reserves** | | | | | |
| Called up share capital | 11 | | 2,422 | | 2,053 |
| Share premium | 12 | | 1,349,246 | | 999,186 |
| Profit and loss account | 12 | | (1,384,659) | | (668,138) |
| **Shareholders' funds** | | | (32,991) | | 333,101 |

These financial statements were approved by the board of directors on 28 Sept 2011 and were signed on its behalf by

**D Baynes**
*Director*

Mesuro Limited – registered number 6706702

# Notes
*(forming part of the financial statements)*

## 1 Accountıng policies

The followıng accountıng polıcıes have been applıed consıstently ın dealıng wıth ıtems whıch are consıdered materıal ın relatıon to the company's financıal statements

***Basıs of preparatıon***

The financıal statements have been prepared ın accordance wıth applıcable accountıng standards and under the hıstorıcal cost accountıng rules

The financıal statements are prepared on a goıng concern basıs whıch the dırectors belıeve to be approprıate for the followıng reasons

The company ıs engaged ın the development and sellıng of products whıch are used ın the measurement and testıng of hıgh frequency cırcuıts Durıng the year the company has successfully launched ıts first products and ıs now engaged ın establıshıng sales channels for ıts products and negotıatıons wıth new customers

Post balance sheet date, further cash ınjectıons have been secured from exıstıng ınvestors ın the company through the creatıon of two serıes of secured loan notes A 'Serıes A' loan note for £239,042 and a 'Serıes B' loan note for £200,000 Further to these arrangements, Fusıon IP Cardıff Lımıted, ERA Foundatıon, Fınance Wales, J Benedıkt and G Aınsworth agreed to delay payment of theır fees, whıch wıll accrue ınterest at 24% per annum

***Cashflow statement***

The company has taken advantage of the exemptıon ın Fınancıal Reportıng Standards No 1 (FRS1) from the requırement to produce a cashflow statement on the grounds that the company ıs small

***Fixed assets and depreciatıon***

Depreciatıon ıs provıded to wrıte off the cost less the estımated resıdual value of tangıble fixed assets by equal ınstalments over theır estımated useful economıc lıves as follows

| | | |
|---|---|---|
| Equıpment | - | 33 33% per annum |

***Taxatıon***

The charge for taxatıon ıs based on the loss for the perıod and takes ınto account taxatıon deferred because of tımıng dıfferences between the treatment of certaın ıtems for taxatıon and accountıng purposes

Deferred tax ıs recognısed, wıthout dıscountıng, ın respect of all tımıng dıfferences between the treatment of certaın ıtems for taxatıon and accountıng purposes whıch have arısen but not reversed by the balance sheet date, except as otherwıse requıred by FRS 19

## 2 Loss on ordinary actıvıties before taxation

| | £ | £ |
|---|---|---|
| *Loss on ordınary actıvıtıes before taxatıon ıs stated after chargıng* | | |
| *Audıtors' remuneratıon* Audıt of these financıal statements | **3,000** | 2,000 |
| Depreciatıon and other amounts wrıtten off tangıble fixed assets | **37,317** | 23,560 |

# Notes *(continued)*

## 3 Staff numbers and costs

The average number of staff (excluding non-executive directors) employed by the company during the financial year amounted to

| | No | No |
|---|---|---|
| Number of staff | **4** | 3 |
| | **4** | 3 |

The aggregate payroll costs of the above were

| | £ | £ |
|---|---|---|
| Wages and salaries | **244,665** | 96,965 |
| Social security costs | **28,153** | 10,685 |
| Pension costs | **2,800** | - |
| | **275,618** | 107,650 |

## 4 Remuneration of directors

Remuneration in respect of directors was as follows

| | £ | £ |
|---|---|---|
| Emoluments receivable | **97,000** | 79,376 |

## 5 Interest payable and similar charges

| | £ | £ |
|---|---|---|
| Other interest payable | **5,206** | 807 |
| | **5,206** | 807 |

## 6 Interest receivable and similar income

| | £ | £ |
|---|---|---|
| Bank interest receivable | **447** | 72 |
| Other interest receivable | **1,537** | - |
| | **1,984** | 72 |

## Notes *(continued)*

### 7 Taxation on profit on ordinary activities

Analysis of charge in period

| | £ | £ |
|---|---|---|
| *UK corporation tax* | | |
| Current tax on income for the period | - | - |
| Adjustment in respect of prior years - R&D Tax credit | **35,101** | - |
| Tax on loss on ordinary activities | **35,101** | - |

No provision has been made for the deferred tax asset on trading losses carried forward The total amount unprovided for at 31 December 2010 is £245,480 (2009 £130,927) At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed

| | £ | £ |
|---|---|---|
| Tax losses | **242,566** | 135,008 |
| Accelerated capital allowances | **2,914** | (4,081) |
| | **245,480** | 130,927 |

Factors affecting the tax charge for the current period

Current tax on income for the period is higher than the standard rate of corporation tax in the UK (21%) The differences are explained below

| | £ | £ |
|---|---|---|
| *Current tax reconciliation* | | |
| Loss on ordinary activities before tax | **(751,622)** | (668,138) |
| Current tax at 21% | **(157,840)** | (140,309) |
| *Effects of* | | |
| Expenses not deductible for tax purposes | **17,060** | 9,382 |
| Depreciation in excess of capital allowances | **6,995** | (4,081) |
| Uplift for R&D tax purposes | **(26,364)** | - |
| Surrendered losses for R&D tax purposes | **52,591** | - |
| Adjustment in respect of prior years | **(35,101)** | - |
| Unrelieved tax losses carried forward | **107,558** | 135,008 |
| Total current tax charge (see above) | **(35,101)** | - |

## Notes *(continued)*

### 8 Tangible assets

| | Office Equipment £ | Equipment £ | Total £ |
|---|---|---|---|
| *Cost* | | | |
| At 1 January 2010 | | 107,478 | 107,478 |
| Additions | 6,463 | - | 6,463 |
| **At 31 December 2010** | **6,463** | **107,478** | **113,941** |
| *Depreciation* | | | |
| At 1 January 2010 | - | 23,560 | 23,560 |
| Charge for period | 1,490 | 35,826 | 37,316 |
| **At 31 December 2010** | **1,490** | **59,386** | **60,876** |
| *Net book value* | | | |
| **At 31 December 2010** | **4,973** | **48,092** | **53,065** |
| At 31 December 2009 | - | 83,918 | 83,918 |

### 9 Debtors

| | £ | £ |
|---|---|---|
| Prepayments and accrued income | **13,288** | 14,542 |
| R&D Tax credit | **35,101** | - |
| Other taxes | **6,265** | 41,852 |
| | **54,654** | 56,394 |

### 10 Creditors: amounts falling due within one year

| | £ | £ |
|---|---|---|
| Trade creditors | **33,009** | 40,085 |
| Accruals and deferred income | **21,828** | 33,967 |
| Amounts owed to related parties | **67,879** | 46,434 |
| Social security & other taxation | **7,732** | 5,733 |
| | **130,448** | 126,219 |

## Notes *(continued)*

### 11 Pension costs

The company operates a defined contribution pension scheme Contributions to the scheme amounted to £2,800 in the year (2009 £nil) No contributions were outstanding at the year end

### 12 Called up share capital

| | | |
|---|---|---|
| | £ | £ |
| *Authorised* | | |
| Equity 100,000 Ordinary shares of £1 each | **100,000** | 100,000 |
| | **100,000** | 100,000 |
| *Allotted, called up and fully paid* | | |
| Equity 2,422 Ordinary shares of £1 each | **2,422** | 2,053 |
| | **2,422** | 2,053 |

On 7 May 2010, 369 Ordinary shares of £1 each were issued at £950 per share

### 13 Reserves

| | Share premium account | Profit and loss account |
|---|---|---|
| | £ | £ |
| Balance brought forward | 999,186 | 668,138 |
| Issued during the period | 350,060 | - |
| Loss for the financial period | - | 716,521 |
| Balance carried forward | 1,349,246 | 1,384,659 |

## 14 Related party transactions

Durıng the year ended 31 December 2010 the company purchased servıces and were recharged expenses totallıng £22,405 (2009 £35,584) from Fusıon IP Cardıff Lımıted, a shareholder ın the company At the perıod end the company owed Fusıon IP Cardıff Lımıted £9,158 (2009 £2,013)

Also durıng the perıod, the company purchased servıces and were recharged expenses totallıng £20,563 (2009 £22,447) from ERA Foundatıon Lımıted, a shareholder ın the company At the perıod end the company owed ERA Foundatıon Lımıted £3,275 (2009 £208)

Also durıng the perıod, the company purchased servıces and were recharged expenses totallıng £3,985 (2009 £20,663) from Fınance Wales Investments (5) Lımıted, a shareholder ın the company At the perıod end the company owed Fınance Wales Investments (5) Lımıted £129 (2009 £nıl)

Also durıng the perıod, the company purchased servıces from Sheffield Unıversıty Enterprıses Lımıted totallıng £6,522 (2009 £5,142) a related party of Fusıon IP Plc At the perıod end the company owed Sheffield Unıversıty Enterprıses Lımıted £685 (2009 £592)

Also durıng the perıod, the company purchased servıces and were recharged expenses totallıng £39,346 (2009 £74,986) from Cardıff Unıversıty, a related party of Fusıon IP Plc At the perıod end the company owed Cardıff Unıversıty £46,232 (2009 £20,917)

Also durıng the perıod, the company re-ımbursed expenses totallıng £13,357 (2009 £23,985) to R Emsley, a dırector of the company At the perıod end the company owed R Emsley £Nıl (2009 £13,758)

Also durıng the perıod, the company purchased servıces and were recharged expenses totallıng £6,017 (2009 £14,150) from Afion Medıa Lımıted, a company related to R Emsley by way of dırectorshıp and shareholdıng At the perıod end the company owed Afion Medıa Lımıted £Nıl (2009 £3,346).

Also durıng the perıod, the company re-ımbursed expenses totallıng £706 (2009 £456) to D Wılson, a dırector of the company At the perıod end the company owed D Wılson £Nıl (2009 £Nıl)

Also durıng the perıod, the company purchased servıces totallıng £8,400 (2009 £5,600) from J Benedıkt, a dırector of the company At the perıod end the company owed J Benedıkt £8,400(2009 £5,600)

## 15 Capıtal commitments

The company had no capıtal commıtments at 31 December 2010

## 16 Contingent liabılıties

There were no contıngent lıabılıtıes at 31 December 2010

## 17 Post balance sheet events

Post balance sheet date, further cash ınjectıons have been secured from exıstıng ınvestors ın the company through the creatıon of two serıes of secured loan notes A 'Serıes A' loan note for £239,042 and a 'Serıes B' loan note for £200,000 Further to these arrangements, Fusıon IP Cardıff Lımıted, ERA Foundatıon, Fınance Wales, J Benedıkt and G Aınsworth agreed to delay payment of theır fees, whıch wıll accrue ınterest at 24% per annum