

# ARC Devices (NI) Limited

Directors' report and  
financial statements

For the year ended 30 June 2016

Registered number: NI 617777



# ARC Devices (NI) Limited

## Directors' report and financial statements

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# ARC Devices (NI) Limited

## Directors and other information

### Directors

Amos Alter  
Jacob Elzas  
Irwin Lee Gross

### Secretary

Jacob Elzas

### Registered office

Millar McCall Wylie  
Imperial House  
Donegall Square East  
Belfast  
BT1 5HD

### Auditor

KPMG  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

### Bankers

Bank of Ireland  
Ormeau Road  
Belfast  
BT7 2GE

### Solicitors

Millar McCall & Wylie  
Eastleigh House  
396 Upper Newtownards Road  
Belfast  
BT4 3EY

# ARC Devices (NI) Limited

## Directors report

The directors present their report and financial statements for the year ended 30 June 2016.

### Principal activity

The Company carries out management services on behalf of Arc Devices Limited. The company also previously performed research and development activities aimed at ensuring that the parent entity's non-touch digital thermometer products remain at the leading edge.

### Dividends

The directors do not recommend the payment of a dividend (2015: nil).

### Research and development

During the year no costs were capitalised in respect of development activities in accordance with the Company's accounting policies. Research costs of £Nil (2015: £391,178) were incurred during the year and recharged to the parent entity.

### Directors

The directors who held office during the year were:

Amos Alter  
Irwin Gross  
Jacob Elzas

### Political donations

The company made no political contributions during the year ended 30 June 2016 (2015: nil).

### Future developments

The directors do not envisage any change in the activity of the company for the foreseeable future.

### Small company exemption

In preparing the Directors' Report, the directors have taken the small companies exemption under section 414(B) of the Companies Act 2006 not to prepare a Strategic Report.

### Auditors

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

By order of the Board



Irwin Gross  
Director

4 October 2017

# ARC Devices (NI) Limited

## Statement of directors responsibilities in respect of the Directors' Report and the financial statements

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), including FRS 101 *Reduced Disclosure Framework*.

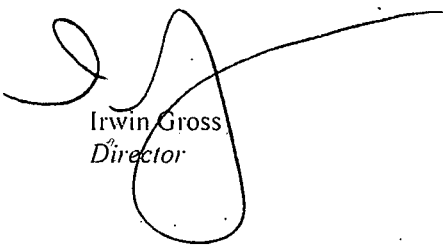
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare financial statements on a 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.

On behalf of the board



Irwin Gross  
Director

4 October 2017



KPMG  
Audit  
1 Stokes Place,  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## Independent auditor's report to the members of ARC Devices (NI) Limited

We have audited the financial statements of Arc Devices (NI) Limited for the year ended 30 June 2016 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (Uk & Ireland).

### Opinions and conclusions arising from our audit

#### *1 Our opinion on the financial statements is unmodified*

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### *2 Our opinion on the financial statements is accompanied by an emphasis of matter - going concern*

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company made a loss of £16,869 during the year ended 30 June 2016 and, at that date, the Company's current liabilities exceeded its current assets by £854,447 and it had net liabilities of £834,800. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

#### *3 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below*

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

#### *4 We have nothing to report in respect of matters on which we are required to report by exception*

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required 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 exemption from the requirement to prepare a strategic report.



Independent auditor's report to the members of ARC Devices (NI) Limited  
(continued)

**Basis of our report, responsibilities and restrictions on use**

As explained more fully in the Statement of Directors' Responsibilities 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 otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

**Eamon Dillon** (Senior Statutory Auditor)  
**For and on behalf of KPMG, Statutory Auditor**  
*Chartered Accountants*  
Stokes Place  
St. Stephens Green, Dublin 1

6 October 2017

# ARC Devices (NI) Limited

## Statement of comprehensive income For the year ended 30 June 2016

	<i>Note</i>	2016 £	2015 £
<b>Revenue</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>Gross profit/(loss)</b>		-	-
Other operating income	2	430,680	822,351
Administrative expenses		(447,549)	(843,132)
		<hr/>	<hr/>
<b>Operating loss</b>		(16,869)	(20,781)
Finance income	5	-	14,131
Foreign exchange gain		-	62,278
		<hr/>	<hr/>
<b>(Loss)/profit before tax</b>		(16,869)	55,628
Tax expense	6	-	-
		<hr/>	<hr/>
<b>(Loss)/profit for the year</b>		(16,869)	55,628
<b>Other comprehensive income for the year, net of tax</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>		(16,869)	55,628
		<hr/> <hr/>	<hr/> <hr/>

All losses are attributable to the owners of the Company and relate to continuing activities.

The notes on pages 9 to 19 form part of these financial statements.



# ARC Devices (NI) Limited

## Balance sheet As at 30 June 2016

	Notes	2016 £	2015 £
<b>Assets</b>			
Property, plant and equipment	8	19,647	30,019
<b>Non-current assets</b>		<u>19,647</u>	<u>30,019</u>
Trade and other receivables	9	8,178	11,957
Cash and cash equivalents		4,244	45,782
<b>Current assets</b>		<u>12,422</u>	<u>57,739</u>
<b>Total assets</b>		<u>32,069</u>	<u>87,758</u>
<b>Equity</b>			
Share capital	10	1	1
Accumulated losses		(834,801)	(817,932)
<b>Equity attributable to shareholders of the company</b>		<u>(834,800)</u>	<u>(817,931)</u>
<b>Liabilities</b>			
Trade and other payables	11	866,869	905,689
<b>Current liabilities</b>		<u>866,869</u>	<u>905,689</u>
<b>Total liabilities</b>		<u>866,869</u>	<u>905,689</u>
<b>Total equity and liabilities</b>		<u>32,069</u>	<u>87,758</u>

The financial statements were approved by the Board of Directors on 4 October 2017.

  
Irwin Gross  
Director

Company registration number: NI 617777

The notes on pages 9 to 19 form part of these financial statements.

# ARC Devices (NI) Limited

## Statement of changes in equity

*For the year ended 30 June 2016*

	Share capital £	Retained Earnings £	Total equity £
<b>Balance at 1 July 2015</b>	1	(817,932)	(817,931)
<i>Total comprehensive income for the year</i>			
Profit for the year	-	(16,869)	(16,869)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	(16,869)	(16,869)
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2016</b>	1	(834,801)	(834,800)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Share capital £	Retained Earnings £	Total equity £
<b>Balance at 1 July 2014</b>	1	(873,560)	(873,559)
<i>Total comprehensive income for the year</i>			
Profit for the year	-	55,628	55,628
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	55,628	55,628
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2015</b>	1	(817,932)	(817,931)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 19 form part of these financial statements.

# ARC Devices (NI) Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

ARC Devices (NI) Limited ("the Company") is a Company limited by shares and incorporated and domiciled in Northern Ireland. The address of the Company's registered office is c/o Millar McCall Wylie, Imperial House, Donegall Square East, Belfast, BT1 5HD.

The financial statements were authorised by the Board of Directors for issuance on 5 October 2017.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The functional and presentational currency of these financial statements is sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes the amendment where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Arc Devices Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Arc Devices Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Bloom House, Gloucester Place Lower, Dublin 1.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in respect of compensation of Key Management Personnel;
- Disclosure of transactions with a management entity that provides key management personnel services to the Company; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Arc Devices Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

# ARC Devices (NI) Limited

## Notes (continued)

### 1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Management have assessed that there are no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

#### **Measurement Convention**

The financial statements are prepared on the historical cost basis.

#### **Going concern**

During the year ended 30 June 2016, the Company made a loss of £16,869 and, at that date, the Company's current liabilities exceeded its current assets by £854,447 and it had net liabilities of £834,800. The Company continues to undertake research and development on behalf of its parent entity, to develop the Group's products. The development costs are recharged to the parent entity.

Given the current economic conditions, the directors have considered the extent to which these matters create uncertainty, particularly over the Company's future trading prospects and the availability of finance in the foreseeable future. The Company meets its day to day working capital requirements through intercompany loans and is reliant on the continued support of the parent undertaking. The parent undertaking is currently in a net liability situation and is in an early sales phase having made its first product sales in June 2015 and continues to develop the Group's products. The parent undertaking continues to conduct research and development on new products and improvements to existing products and to invest in its overhead base as the Company continues its expansion. Over 82% of the parent undertaking's debts are to its shareholder directors or related parties, although to continue with its current research and development and product improvement programme, the parent undertaking will require additional funding. The parent undertaking has indicated that it will provide the Company with sufficient funds as are necessary for the Company to trade for the foreseeable future and meet its liabilities.

The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and that, therefore the Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

#### **1.1 Finance income and expenses**

Finance income comprises interest receivable on funds invested. Interest income is recognised in profit or loss as it accrues.

Financing expenses comprises interest payable on borrowings calculated using the effective interest rate method, and foreign exchange gains and losses.

# ARC Devices (NI) Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate ruling at the date the fair value was determined. Foreign exchange differences arising on retranslation are recognised in the income statement.

#### 1.3 Property, plant and equipment

##### (i) Owned assets

Property, plant and equipment is reported at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other expenses in the income statement. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

##### (ii) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

##### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### (iv) Depreciation

Depreciation is calculated to write off the costs of parts of items to their estimated residual values and is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	-	3 years
Fixture and fittings	-	5 years

# ARC Devices (NI) Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### (iv) Depreciation (continued)

Items of property, plant and equipment are depreciated from the date that the asset is completed and ready for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### 1.4 Trade and other receivables

The fair value of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date. Trade and other receivables are stated at amortised cost less impairment losses.

#### 1.5 Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Company statement of cash flows.

#### 1.6 Trade and other payables

Trade and other payables are stated at the discounted present value of the estimated outflows of funds. Where the maturity is six months or less they are not discounted and are shown at cost.

#### 1.7 Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

#### 1.8 Impairment review and testing

The carrying amounts of the Company's non-financial assets, other than inventories, (which are carried at the lower of cost and net realisable value) and deferred tax assets, (which are recognised based on recoverability), are reviewed at each reporting date to determine whether there is any indication of impairment.

The recoverable amount of a non-financial asset or cash generating unit is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets are grouped together into the Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). Goodwill acquired in a business combination is allocated to cash generating units that are expected to benefit from the combination's synergies. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount.

# ARC Devices (NI) Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Impairment review and testing (continued)

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates, that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss arising on financial assets is recognised in the income statement. Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

All impairment losses are recognised in the income statement.

#### 1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### 1.10 Employee benefits

##### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

##### (ii) Short term benefits

Liabilities for employee benefits for wages, salaries and annual leave entitlements represent present obligations resulting from employees' services provided up to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at the reporting date.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# ARC Devices (NI) Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Lease payments

##### *Operating lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the terms of the lease.

#### 1.12 Income tax

Tax expense on the profit or loss for the period presented comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

##### *(i) Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

##### *(ii) Deferred tax*

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, those arising from the initial recognition of assets or liabilities acquired in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxation profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### 1.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. The nominal value of shares issued is recognised as share capital.



# ARC Devices (NI) Limited

## Notes (continued)

### 2 Other operating income

	2016 £	2015 £
Recharged administration and research and development costs to parent entity	430,680	822,351

### 3 Statutory and other information

	2016 £	2015 £
<i>The loss on ordinary activities before taxation is stated after charging:</i>		
Depreciation and amortisation - Owned property, plant and equipment	17,098	15,268
Hire of other assets – operating leases	4,502	38,859
Auditor's remuneration :		
Audit of these financial statements	6,000	7,500

### 4 Personnel expenses and numbers

The average weekly number of persons (including the directors) employed by the Company during the period is set out below:

	2016 No	2015 No
Administration	3	4
Technical	1	1
	4	5

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	218,878	293,130
Social security costs	22,723	32,683
Other pension costs	3,734	7,771
Share based payment charge	3,328	6,835
	248,663	340,419

Payroll costs are recognised within administration expenses.

# ARC Devices (NI) Limited

## Notes (continued)

### 5 Finance income

	2016 £	2015 £
Interest income on bank deposits	-	20
Interest income on other loans	-	14,111
	<u>-</u>	<u>14,131</u>

### 6 Tax expense

The Company incurred no tax charge during the current or prior year.

	2016 £	2015 £
<b>Reconciliation of effective tax rate</b>		
(Loss)/profit excluding income tax	<u>(16,869)</u>	<u>55,628</u>
Income tax using the Company's domestic tax rate of 20.0 % (2015: 20.75%)	<u>(3,374)</u>	<u>11,543</u>
Expenses not deductible for tax purposes	<u>2,816</u>	<u>1,418</u>
Other differences	-	(1,640)
Unrecognised tax losses carried forward	<u>558</u>	<u>(11,321)</u>
	<u>-</u>	<u>-</u>
	<u>2016 £</u>	<u>2015 £</u>
Accelerated capital allowances	<u>(3,536)</u>	<u>(6,004)</u>
Other timing differences	<u>53</u>	<u>94</u>
Losses carried forward	<u>15,063</u>	<u>18,293</u>
Total deferred tax asset not recognised	<u>11,580</u>	<u>12,383</u>

A deferred tax asset has not been recognised on the basis that recent trading performance indicates there is uncertainty with regard to the timing of future taxable profits.

Reductions in the UK Corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the Company's future tax charges accordingly.

# ARC Devices (NI) Limited

## Notes (continued)

### 7 Remuneration of directors

No remuneration was paid to the directors in either the current or prior year.

During the year there were no directors accruing pension benefits (2015: none).

### 8 Property, plant and equipment

2016	Fixtures and fittings £	Computer equipment £	Test Equipment £	Total £
<b>Cost</b>				
At 1 July 2015	6,217	42,470	5,817	54,504
Additions	-	6,726	-	6,726
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 June 2016</b>	<b>6,217</b>	<b>49,196</b>	<b>5,817</b>	<b>61,230</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 July 2015	1,747	22,272	466	24,485
Charge for the year	1,069	15,501	528	17,098
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 June 2016</b>	<b>2,816</b>	<b>37,773</b>	<b>994</b>	<b>41,583</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	4,470	20,197	5,350	30,019
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 June 2016</b>	<b>3,401</b>	<b>11,423</b>	<b>4,823</b>	<b>19,647</b>
	<hr/>	<hr/>	<hr/>	<hr/>

No items of property, plant and equipment are held under finance leases.

### 9 Trade and other receivables

	2016 £	2015 £
<b>Current assets</b>		
Other receivables	8,178	11,957
	<hr/>	<hr/>
	<b>8,178</b>	<b>11,957</b>
	<hr/>	<hr/>

# ARC Devices (NI) Limited

## Notes (continued)

### 10 Share capital

	2016 £	2015 £
<i>Equity shares</i>		
<i>Issued, allotted and fully paid</i>		
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

### 11 Trade and other payables

#### Current liabilities

	2016 £	2015 £
Trade payables	156,401	170,062
Other tax and social security	14,371	5,528
Payables to group companies	696,097	730,099
	<u>866,869</u>	<u>905,689</u>

The repayment terms of the payable due to group companies has been agreed as falling due on demand.

### 12 Commitments

There was no capital or other commitments as at 30 June 2016 (2015: Nil).

### 13 Pension contributions

The Company makes contributions to the personal pension schemes of certain employees. The pension charge for the year amounted to £3,734 (2015: £7,771). Contributions amounting to £566 (2015: £472) were payable to the schemes at the year end and are included in payables.

# ARC Devices (NI) Limited

## Notes (continued)

### 14 Related parties transactions

#### *Parent and ultimate controlling party*

The Company is a subsidiary undertaking of ARC Devices Limited, which is the ultimate parent company incorporated in Republic of Ireland.

#### *Transactions with group entities*

During the year £430,680 (June 2015: £822,351) was recharged to ARC Devices Limited which consisted of research and development costs, administration expenses and a management fee.

Amounts outstanding at period end are disclosed in Note 11.

#### *Key management personnel and director transactions*

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

*Brooklands Incorporated-* During a previous period, the Company entered into an agreement to provide a credit facility of up to US\$2,000,000 to Brooklands Incorporated. Interest was payable on the loan based on the 6 month LIBOR plus 3.5% and is payable on a monthly basis. The loan was due for repayment on 30 June 2016. During the prior year, the Company net funding advanced to Brooklands Incorporated totalling £724,283 and recognised interest receivable of £14,111. On 28 October 2014, pursuant to a Corporate Assignment agreement, the net receivable from Brooklands Incorporated was assigned and transferred to Arc Devices USA Incorporated. The net value of the assigned Brooklands receivable totalled £900,907 (gross receivable £1,510,966 less an impairment reserve of £610,059). As at 30 June 2016, no amount were outstanding (2015: Nil).

### 15 Subsequent events

There were no events since the balance sheet date that would require adjustment or disclosure in the financial statements.