

**DATAPATH LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2012**



## **DATAPATH LIMITED**

### **COMPANY INFORMATION**

**Directors**

Mr T Jones  
Mr S P De'Ath (resigned 25 January 2012)  
Mr D A Maclellan (resigned 25 January 2012)  
Mr S A Hunt  
Mr N G Fasey  
Mr S Mikos (resigned 14 November 2011)  
Mr R Smith  
Mr J J Storey  
Mr B Krylander

**Company secretary**

Mr N G Fasey

**Company number**

01609392

**Registered office**

Alfreton Road  
Derby  
DE21 4AD

**Auditors**

Cooper Parry Group Limited  
Chartered Accountants & Statutory Auditor  
3 Centro Place  
Pride Park  
Derby  
DE24 8RF

**Bankers**

National Westminster Bank plc  
24 Uttoxeter Road  
Mickleover  
Derby  
DE1 9DW

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## **DATAPATH LIMITED**

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## **DATAPATH LIMITED**

### **DIRECTORS' REPORT for the year ended 31 March 2012**

The directors present their report and the financial statements for the year ended 31 March 2012

#### **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). 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,
- 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 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.

#### **Principal activities**

The company is involved in consultancy work in the field of micro-electronics and the manufacture and supply of electronic component units, sub-systems and software to industry.

#### **Business review**

The business has seen strong growth in turnover and profit in the year despite the economic climate. The results reflect the benefits of a diverse geographical market and a strong product portfolio which continues to grow in new markets. Major product releases in the year were successful being well received by the market and show strong sales growth. This process is expected to continue with a further release of new product in the current year which should enhance the businesses leading technological advantage and allow access into wider markets.

During the year the group undertook a reorganisation. The vehicle for this was Datapath Group Limited which purchased the whole of the share capital of Datapath Holdings Limited on 25 January 2012 which in turn owns the whole of the share capital of Datapath Limited.

#### **Principal risks and uncertainties**

The company sells its products into capital projects which can be affected by the general economic climate. Given the uncertainty in some markets this is a continuing risk to the business. The company manages this risk but having a spread of customers across the world to limit the effect of a downturn in a particular market.

Over 78% of the company's revenues are exported and it is therefore exposed to exchange rate movements in US\$ and Euro. The company seeks to create a natural hedge in these currencies by purchasing goods and services in these currencies wherever possible to manage this risk.

The group is now exposed to interest rate fluctuations on loans. This risk has been managed by fixing the majority of the loan amounts only leaving a proportion exposed to rate fluctuations.

## **DATAPATH LIMITED**

### **DIRECTORS' REPORT for the year ended 31 March 2012**

#### **Environment**

The company recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the company's activities. Initiatives include safe disposal of computer equipment, recycling and reduced energy consumption.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £3,559,764 (2011 - £2,804,165)

During the year the directors declared a dividend of £Nil (2011 - £200,000)

#### **Directors**

The directors who served during the year were

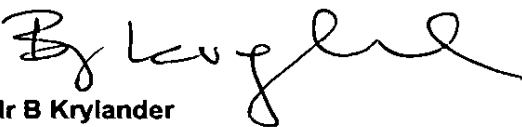
Mr T Jones  
Mr S P De'Ath (resigned 25 January 2012)  
Mr D A MacLennan (resigned 25 January 2012)  
Mr S A Hunt  
Mr N G Fasey  
Mr S Mikos (resigned 14 November 2011)  
Mr R Smith  
Mr J J Storey  
Mr B Krylander

#### **Provision of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

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



**Mr B Krylander**  
Director

Date 25/7/2012

## **DATAPATH LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATAPATH LIMITED**

We have audited the financial statements of Datapath Limited for the year ended 31 March 2012, set out on pages 5 to 14. 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).

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 statement, 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**

An audit 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 March 2012 and of its profit 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 the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**DATAPATH LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATAPATH LIMITED**

**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



Andrew Honarmand (senior statutory auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Derby  
Date 30/12/12.

# **DATAPATH LIMITED**

## **PROFIT AND LOSS ACCOUNT** for the year ended 31 March 2012

	Note	2012 £	2011 £
<b>Turnover</b>	1,2	12,710,711	10,285,594
Cost of sales		(5,412,818)	(4,329,918)
<b>Gross profit</b>		7,297,893	5,955,676
Administrative expenses		(2,848,571)	(2,396,661)
<b>Operating profit</b>	3	4,449,322	3,559,015
Interest receivable and similar income		271	237
Interest payable and similar charges	6	(6,803)	-
<b>Profit on ordinary activities before taxation</b>		4,442,790	3,559,252
Tax on profit on ordinary activities	7	(883,026)	(755,087)
<b>Profit for the financial year</b>	13	3,559,764	2,804,165

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 7 to 14 form part of these financial statements



**DATAPATH LIMITED**  
Registered number: 01609392

**BALANCE SHEET**  
as at 31 March 2012

	Note	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	8		69,556		51,316
<b>Current assets</b>					
Stocks	9	1,631,239		1,479,097	
Debtors	10	14,011,227		11,621,744	
Cash at bank and in hand		699,839		139,967	
		<u>16,342,305</u>		<u>13,240,808</u>	
<b>Creditors:</b> amounts falling due within one year	11	<u>(1,231,316)</u>		<u>(1,671,343)</u>	
<b>Net current assets</b>			15,110,989		11,569,465
<b>Net assets</b>			<u>15,180,545</u>		<u>11,620,781</u>
<b>Capital and reserves</b>					
Called up share capital	12		20		20
Capital redemption reserve	13		10		10
Profit and loss account	13		<u>15,180,515</u>		<u>11,620,751</u>
<b>Shareholders' funds</b>	14		<u>15,180,545</u>		<u>11,620,781</u>

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

  
**Mr N G Fasey**  
Director

Date 25/07/12

The notes on pages 7 to 14 form part of these financial statements

## **DATAPATH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### **1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### **1.4 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	33 33% straight line
Furniture, fittings and equipment	-	15% straight line

##### **1.6 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

##### **1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items.

##### **1.8 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

# DATAPATH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

### 1. Accounting policies (continued)

#### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

#### 1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

Amounts payable for pension contributions are charged to the profit and loss account in the period to which they relate

### 2 Turnover

A geographical analysis of turnover is as follows

	2012 £	2011 £
United Kingdom	1,537,996	1,419,411
Rest of European Union	4,486,881	2,571,399
Rest of world	6,685,834	6,294,784
	<u>12,710,711</u>	<u>10,285,594</u>

### 3. Operating profit

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	27,778	23,335
Auditors' remuneration	11,750	11,750
Operating lease rentals		
- other operating leases (net income)	66,899	66,900
Difference on foreign exchange	7,945	63,640
Research and development (excluding directors' emoluments)	653,137	526,076
	<u>766,509</u>	<u>685,691</u>

**DATAPATH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2012

**4. Staff costs**

Staff costs, including directors' remuneration, were as follows

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,952,703	1,574,245
Social security costs	214,167	164,245
Other pension costs	92,157	78,294
	<u>2,259,027</u>	<u>1,816,784</u>

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

	<b>2012</b>	<b>2011</b>
	<b>No</b>	<b>No</b>
Directors	9	9
Sales	3	1
Administration	3	3
Production	28	24
	<u>43</u>	<u>37</u>

**5. Directors' remuneration**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Emoluments	<u>738,362</u>	<u>646,883</u>

The highest paid director received remuneration of £157,000 (2011 - £114,811)

**6. Interest payable**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
On bank overdraft	<u>6,803</u>	<u>-</u>

# **DATAPATH LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2012

### **7. Taxation**

	2012 £	2011 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	883,305	755,087
Adjustments in respect of prior periods	(279)	-
	<u>883,026</u>	<u>755,087</u>
<b>Tax on profit on ordinary activities</b>		
	<u>883,026</u>	<u>755,087</u>

### **Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	4,442,790	3,559,252
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	1,155,125	996,591
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,571	3,295
Difference between capital allowances and depreciation	(4,539)	(4,292)
Adjustments to tax charge in respect of prior periods	(279)	-
Enhanced relief for research and development expenditure	(249,046)	(181,696)
Group relief claimed	(20,806)	(58,811)
	<u>883,026</u>	<u>755,087</u>
<b>Current tax charge for the year</b> (see note above)		
	<u>883,026</u>	<u>755,087</u>

**DATAPATH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2012

**8 Tangible fixed assets**

	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost</b>			
At 1 April 2011	202,323	39,437	241,760
Additions	29,456	16,562	46,018
Disposals	(31,953)	-	(31,953)
At 31 March 2012	<u>199,826</u>	<u>55,999</u>	<u>255,825</u>
<b>Depreciation</b>			
At 1 April 2011	173,106	17,338	190,444
Charge for the year	19,506	8,272	27,778
On disposals	(31,953)	-	(31,953)
At 31 March 2012	<u>160,659</u>	<u>25,610</u>	<u>186,269</u>
<b>Net book value</b>			
At 31 March 2012	<u>39,167</u>	<u>30,389</u>	<u>69,556</u>
At 31 March 2011	<u>29,217</u>	<u>22,099</u>	<u>51,316</u>

**9. Stocks**

	2012 £	2011 £
Raw materials	283,171	277,264
Finished goods and goods for resale	1,348,068	1,201,833
	<u>1,631,239</u>	<u>1,479,097</u>

**10. Debtors**

	2012 £	2011 £
Trade debtors	1,323,809	939,251
Amounts owed by group undertaking	12,489,508	10,398,208
Other debtors	151,808	240,664
Prepayments and accrued income	46,102	43,621
	<u>14,011,227</u>	<u>11,621,744</u>

**DATAPATH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2012

**11. Creditors:**  
**Amounts falling due within one year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank overdraft	-	239,982
Trade creditors	334,351	696,666
Corporation tax	521,305	455,087
Social security and other taxes	63,512	52,530
Accruals and deferred income	312,148	227,078
	<u>1,231,316</u>	<u>1,671,343</u>

Security on the bank overdraft is given by way of an unlimited guarantee with Datapath Holdings Limited and Datapath Group Limited

**12. Share capital**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
20 Ordinary shares of £1 each	<u>20</u>	<u>20</u>

**13. Reserves**

	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
At 1 April 2011	10	11,620,751
Profit for the year	-	3,559,764
	<u>10</u>	<u>15,180,515</u>
At 31 March 2012	<u>10</u>	<u>15,180,515</u>

**14. Reconciliation of movement in shareholders' funds**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds	11,620,781	9,016,616
Profit for the year	3,559,764	2,804,165
Dividends (Note 15)	-	(200,000)
	<u>15,180,545</u>	<u>11,620,781</u>
Closing shareholders' funds	<u>15,180,545</u>	<u>11,620,781</u>

# **DATAPATH LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2012

### **15. Dividends**

	2012 £	2011 £
Dividends	-	200,000

### **16. Pension commitments**

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £92,157 (2011 - £78,294). There were no pension commitments at the year end.

### **17. Operating lease commitments**

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2012 £	2011 £
<b>Expiry date:</b>		
Between 2 and 5 years	66,500	66,500

### **18. Contingent liabilities**

The company has guaranteed the bank borrowings of Datapath Group Limited and Datapath Holdings Limited. At 31 March 2012 the potential liability was £4,500,000 (2011 - £Nil).

### **19. Related party transactions**

Advantage has been taken of the exemption provided by the Financial Reporting Standard 8 not to disclose transactions with fellow group companies as consolidated accounts are prepared for the group.

During the year, an investor director fee of £22,265 (2011 - £21,183) was paid to VCF Partners, a business connected with Foresight Group LLP, which acts as investment manager to Foresight Funds. The investor director, Mr D A MacLennan, is a member of Foresight Group LLP. Mr S A Hunt also invoiced Datapath Limited for his services as director which totalled £36,000 (2011 - £36,000).

Datapath Limited trades from premises owned by a pension fund in which Mr T Jones and Mr S P De'Ath are beneficiaries. Rent of £66,500 was paid to the pension fund during the year (2011 - £66,500).



## **DATAPATH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012**

#### **20. Ultimate parent undertaking and controlling party**

On 25th January 2012 Datapath Group Limited purchased 100% of the shareholding in Datapath Holdings Limited. Datapath Limited is a wholly owned subsidiary of Datapath Holdings Limited. The ultimate controlling party of Datapath Limited is Datapath Group Limited, a company incorporated in England and Wales.

Datapath Group Limited prepares group financial statements and copies can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.