

DATAPATH LIMITED**DIRECTORS' REPORT AND FINANCIAL STATEMENTS****For the year ended 31 March 2013**

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DATAPATH LIMITED

COMPANY INFORMATION

Directors	Mr T Jones Mr S A Hunt Mr N G Fasey Mr R Smith Mr J J Storey Mr B Krylander
Company secretary	Mr N G Fasey
Registered number	01609392
Registered office	Bemrose House Bemrose Park Wayzgoose Drive Derby DE21 6XQ
Independent 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

DATAPATH LIMITED

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DATAPATH LIMITED

DIRECTORS' REPORT for the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013

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 accounting 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 is expected to accelerate as a series of further major releases are coming through in the current year. These will add additional functionality and widen the appeal in new markets.

A review of the geographical markets during the year has shown areas where the business was poorly represented. A focused attempt to target under represented markets with high growth potential has been positive and the business expects significant growth from these markets in the current year.

After years of strong growth the business has outgrown its premises and has committed to move into new premises roughly twice the size of the current building. This will provide space for new employees in the all areas of the business but will also provide operations with the required space to expand capacity to support our customers.

DATAPATH LIMITED

DIRECTORS' REPORT for the year ended 31 March 2013

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 88% of the company's revenues are from exports 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.

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 £4,662,328 (2012 - £3,559,764).

During the year the directors declared a dividend of £350,000 (2012 - £Nil).

Directors

The directors who served during the year were

Mr T Jones
Mr S A Hunt
Mr N G Fasey
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 18/10/13

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 2013, 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 2013 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 18 October 2013

DATAPATH LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	1,2	14,480,346	12,710,711
Cost of sales		(5,858,776)	(5,412,818)
Gross profit		8,621,570	7,297,893
Administrative expenses		(3,441,563)	(2,848,571)
Operating profit	3	5,180,007	4,449,322
Interest receivable and similar income		739	271
Interest payable and similar charges	6	(8,348)	(6,803)
Profit on ordinary activities before taxation		5,172,398	4,442,790
Tax on profit on ordinary activities	7	(510,070)	(883,026)
Profit for the financial year	13	4,662,328	3,559,764

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 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 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	8		72,013		69,556
Current assets					
Stocks	9	2,128,518		1,631,239	
Debtors	10	18,018,387		14,011,227	
Cash at bank		884,198		699,839	
		<u>21,031,103</u>		<u>16,342,305</u>	
Creditors amounts falling due within one year	11	(1,610,243)		(1,231,316)	
Net current assets			19,420,860		15,110,989
Net assets			<u>19,492,873</u>		<u>15,180,545</u>
Capital and reserves					
Called up share capital	12		20		20
Capital redemption reserve	13		10		10
Profit and loss account	13		19,492,843		15,180,515
Shareholders' funds	14		<u>19,492,873</u>		<u>15,180,545</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 18/0/13

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 2013

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

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 2013

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

	2013 £	2012 £
United Kingdom	1,737,642	1,537,996
Rest of European Union	5,792,138	4,486,881
Rest of world	6,950,566	6,685,834
	<u>14,480,346</u>	<u>12,710,711</u>

3 Operating profit

The operating profit is stated after charging/(crediting)

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	32,519	27,778
Auditors' remuneration	12,150	11,750
Operating lease rentals		
- other operating leases (net income)	71,907	66,899
Difference on foreign exchange	(45,925)	7,945
Research and development (excluding directors' emoluments)	<u>1,097,926</u>	<u>653,137</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

4 Staff costs

Staff costs, including directors' remuneration, were as follows

	2013	2012
	£	£
Wages and salaries	2,222,582	1,952,703
Social security costs	243,891	214,167
Other pension costs	95,209	92,157
	<u>2,561,682</u>	<u>2,259,027</u>

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

	2013	2012
	No	No
Directors	6	9
Sales	3	3
Administration	5	3
Production	36	28
	<u>50</u>	<u>43</u>

5 Directors' remuneration

	2013	2012
	£	£
Emoluments	<u>631,120</u>	<u>738,362</u>

The highest paid director received remuneration of £161,710 (2012 - £157,000)

6 Interest payable

	2013	2012
	£	£
On bank overdraft	<u>8,348</u>	<u>6,803</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

7 Taxation

	2013 £	2012 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	778,614	883,305
Adjustments in respect of prior periods	(268,544)	(279)
	<u>510,070</u>	<u>883,026</u>
Tax on profit on ordinary activities	<u>510,070</u>	<u>883,026</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>5,172,398</u>	<u>4,442,790</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	1,241,376	1,155,125
Effects of		
Expenses not deductible for tax purposes	4,283	2,571
Difference between capital allowances and depreciation	(2,710)	(4,539)
Adjustments to tax charge in respect of prior periods	(268,544)	(279)
Enhanced relief for research and development expenditure	(424,006)	(249,046)
Group relief claimed	(40,329)	(20,806)
	<u>510,070</u>	<u>883,026</u>
Current tax charge for the year (see note above)	<u>510,070</u>	<u>883,026</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

8 Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Total £
Cost			
At 1 April 2012	199,826	55,999	255,825
Additions	33,538	1,438	34,976
Disposals	(11,201)	-	(11,201)
	<u>222,163</u>	<u>57,437</u>	<u>279,600</u>
At 31 March 2013			
Depreciation			
At 1 April 2012	160,659	25,610	186,269
Charge for the year	23,294	9,225	32,519
On disposals	(11,201)	-	(11,201)
	<u>172,752</u>	<u>34,835</u>	<u>207,587</u>
At 31 March 2013			
Net book value			
At 31 March 2013	<u>49,411</u>	<u>22,602</u>	<u>72,013</u>
At 31 March 2012	<u>39,167</u>	<u>30,389</u>	<u>69,556</u>

9 Stocks

	2013 £	2012 £
Raw materials	512,485	283,171
Finished goods and goods for resale	1,616,033	1,348,068
	<u>2,128,518</u>	<u>1,631,239</u>

10 Debtors

	2013 £	2012 £
Trade debtors	1,512,392	1,323,809
Amounts owed by group undertaking	16,272,712	12,489,508
Other debtors	173,807	151,808
Prepayments and accrued income	59,476	46,102
	<u>18,018,387</u>	<u>14,011,227</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

11 Creditors Amounts falling due within one year

	2013 £	2012 £
Bank overdraft	670,279	-
Trade creditors	349,698	334,351
Corporation tax	278,123	521,305
Social security and other taxes	64,166	63,512
Accruals and deferred income	247,977	312,148
	<u>1,610,243</u>	<u>1,231,316</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

	2013 £	2012 £
Allotted, called up and fully paid		
20 Ordinary shares of £1 each	<u>20</u>	<u>20</u>

13 Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 April 2012	10	15,180,515
Profit for the year	-	4,662,328
Dividends	-	(350,000)
	<u>10</u>	<u>19,492,843</u>
At 31 March 2013	<u>10</u>	<u>19,492,843</u>

14 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	15,180,545	11,620,781
Profit for the year	4,662,328	3,559,764
Dividends (Note 15)	(350,000)	-
	<u>19,492,873</u>	<u>15,180,545</u>
Closing shareholders' funds	<u>19,492,873</u>	<u>15,180,545</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

15 Dividends

	2013 £	2012 £
Dividends	350,000	-

16 Capital commitments

At 31 March 2013 the company had capital commitments as follows

	2013 £	2012 £
Contracted for but not provided in these financial statements	144,774	-

17 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 £95,209 (2012 - £92,157). There were no pension commitments at the year end.

18 Operating lease commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2013 £	2012 £
Expiry date		
Between 2 and 5 years	66,500	66,500
After more than 5 years	120,000	-

19 Contingent liabilities

The company has guaranteed the bank borrowings of Datapath Group Limited and Datapath Holdings Limited. At 31 March 2013 the potential liability was £625,000 (2012 £4,500,000).

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

20 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 £25,749 (2012 - £22,265) 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, a director of a group company, is a member of Foresight Group LLP. Mr S A Hunt also invoiced Datapath Limited for his services as director which totalled £36,000 (2012 - £36,000).

Datapath Limited trades from premises owned by a pension fund in which Mr T Jones is a beneficiary. Rent of £66,500 was paid to the pension fund during the year (2012 - £66,500).

21 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and 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.