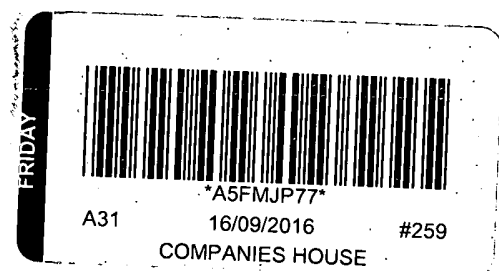


DATAPATH LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



DATAPATH LIMITED

COMPANY INFORMATION

Directors	Mr D Crosby (appointed 17 March 2016) Mr T Jones Mr N G Fasey Mr J J Storey Mr R Smith Mr B Krylander Mr S A Hunt
Company secretary	Mr N G Fasey
Registered number	01609392
Registered office	Bemrose House Bemrose Park Wayzgoose Drive Derby DE21 6XQ
Independent auditors	PKF Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donnington Derby DE74 2SA
Bankers	National Westminster Bank plc 24 Uttoxeter Road Mickleover Derby DE1 9DW

DATAPATH LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 19

DATAPATH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Introduction

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

Tough global trading conditions were giving the business a significant headwind in the first half of the year but a noticeable change happened in the second half with a return to double digit growth. It is too early to tell if this is due to the launch of two major families of products in the year, namely the SC and SQX range, or a general upturn in the market. Either way it is a welcome trend that is continuing into the new year.

The high levels of investment in research and development in the last two years is starting to pay off, as a stream of new products are coming to market. The SQX launch during the year is the start of a family of IP products that will form a platform of technology for years to come. The FX4 was launched just after the year end and is a welcome addition to the X4 product range. A range of smaller systems is being launched later in the year along with an upgrade to the graphics card range.

At the end of the year the company recruited Darin Crosby an experienced executive as VP of global sales. Darin comes with industry knowledge and a proven track record of growing businesses. The combination of a new fresh product range and Darin's influence on the business is promising a strong year of growth.

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 by 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 comes 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.

Financial key performance indicators

Given the nature of the business, the directors are of the opinion that the analysis using KPI's, other than turnover and profit, is not necessary for an understanding of the development, performance and position of the company.

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



Mr B Krylander
Director

Date: 1/4/2016

7

DATAPATH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 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.

Results and dividends

The profit for the year, after taxation, amounted to £5,380,905 (2015: £5,597,691).

During the year the directors declared a dividend of £13,000,000 (2015: £nil).

Directors

The directors who served during the year were:

Mr D Crosby (appointed 17 March 2016)

Mr T Jones

Mr N G Fasey

Mr J J Storey

Mr R Smith

Mr B Krylander

Mr S A Hunt

Future developments

The directors do not foresee any changes to the principal activities of the company.

DATAPATH LIMITED

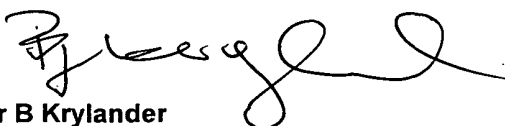
**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Disclosure 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 relevant audit information 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: 11/9/2016

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 2016, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 strategic report and the directors' 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.

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 2016 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

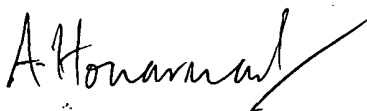
DATAPATH LIMITED

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

PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donnington
Derby
DE74 2SA

Date:

2/9/16

DATAPATH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Turnover	3	20,680,339	19,613,460
Cost of sales		<u>(8,629,495)</u>	<u>(7,706,724)</u>
Gross profit		12,050,844	11,906,736
Administrative expenses		<u>(6,167,419)</u>	<u>(5,457,550)</u>
Operating profit	4	5,883,425	6,449,186
Interest receivable and similar income		<u>7,370</u>	<u>6,702</u>
Profit on ordinary activities before taxation		5,890,795	6,455,888
Taxation on profit on ordinary activities	7	<u>(509,890)</u>	<u>(858,197)</u>
Profit for the financial year		<u><u>5,380,905</u></u>	<u><u>5,597,691</u></u>
Retained earnings at the beginning of the year		27,937,804	22,340,113
Profit for the financial year		5,380,905	5,597,691
Dividends		<u>(13,000,000)</u>	<u>-</u>
Retained earnings at the end of the year		<u><u>20,318,709</u></u>	<u><u>27,937,804</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

DATAPATH LIMITED
REGISTERED NUMBER: 01609392

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible fixed assets		336,419	349,150
Current assets			
Stocks and work in progress		3,153,352	3,614,109
Debtors		14,710,624	18,332,456
Cash at bank		3,870,773	7,699,436
		<u>21,734,749</u>	<u>29,646,001</u>
Creditors: amounts falling due within one year	12	<u>(1,692,680)</u>	<u>(1,986,224)</u>
Net current assets		<u>20,042,069</u>	<u>27,659,777</u>
Total assets less current liabilities		<u>20,378,488</u>	<u>28,008,927</u>
Creditors: amounts falling due after more than one year	13	(3,357)	(6,043)
Provisions for liabilities			
Deferred tax	15	<u>(56,392)</u>	<u>(65,050)</u>
Net assets		<u><u>20,318,739</u></u>	<u><u>27,937,834</u></u>
Capital and reserves			
Called up share capital	16	20	20
Capital redemption reserve		10	10
Profit and loss account		<u>20,318,709</u>	<u>27,937,804</u>
Shareholders' funds		<u><u>20,318,739</u></u>	<u><u>27,937,834</u></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:

11/9/2016

The notes on pages 8 to 19 form part of these financial statements:

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Datapath Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in sterling. The financial statements are for the year ended 31 March 2016 (2015: year ended 31 March 2015).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. The transition is not considered to have a material effect on the financial statements and no adjustments were necessary to restate the financial statements previously presented under UK GAAP, including the balance sheet as at 1 April 2014 and the financial statements as at and for the year ended 31 March 2015.

The following accounting policies have been applied:

1.2 Disclosure exemptions

The individual accounts of Datapath Limited have adopted the following disclosure exemptions:

Under FRS 102 Section 1.12, the company is exempt from the requirement to prepare a statement of cashflows on the grounds that its parent company, Datapath Group Limited, includes the company's cash flows in its own published consolidated financial statements.

1.3 Research and development

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

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised when goods are dispatched from the warehouse.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives on the following basis:

Plant and machinery	- 33.3% straight line
Furniture, fittings and equipment	- 15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

1.6 Operating leases

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

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies (continued)

1.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.9 Foreign currency translation

The company's functional and presentational currency is sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the rate of exchange at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in the period in which they arise.

1.10 Dividends

Equity dividends are recognised when they become legally payable.

1.11 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies (continued)

1.13 Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current or deferred tax is recognised in the profit and loss account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current or deferred tax is also recognised in other comprehensive income or directly in equity respectively.

The current and deferred tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

Impairment of non-current assets

The company assessed the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Carrying value of stocks

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Leases

The company determine whether leases entered into are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and a liability to be recognised in the balance sheet.

3. Analysis of turnover

The whole of the turnover is attributable to the company's principal activity.

A geographical analysis of turnover is as follows:

	2016 £	2015 £
United Kingdom	2,481,641	2,141,728
Rest of Europe	8,065,332	7,027,742
Rest of the world	10,133,366	10,443,990
	<u>20,680,339</u>	<u>19,613,460</u>

4. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets		
- owned by the company	150,907	107,799
- held under finance leases	5,860	5,860
Auditors remuneration	17,575	16,900
Non audit remuneration	8,225	5,100
Other operating leases	201,649	215,103
Difference on foreign exchange	(370,657)	(85,947)
Loss on sale of tangible assets	617	-
Research and development (excluding any directors' emoluments)	<u>2,114,118</u>	<u>1,657,609</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,610,634	3,219,892
Social security costs	389,668	347,593
Cost of defined contribution scheme	224,910	129,491
	<u>4,225,212</u>	<u>3,696,976</u>

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

	2016 No.	2015 No.
Directors	8	7
Sales	10	8
Administration	6	6
Production	60	54
	<u>84</u>	<u>75</u>

6. Directors' remuneration

	2016 £	2015 £
Remuneration	<u>721,266</u>	<u>708,869</u>

The highest paid director received remuneration of £176,705 (2015: £171,558).

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	509,515	792,728
Adjustments in respect of prior periods	9,033	419
Total current tax	<u>518,548</u>	<u>793,147</u>
Deferred tax		
Origination and reversal of timing differences	(2,153)	65,050
Changes to tax rates	(6,505)	-
Total deferred tax	<u>(8,658)</u>	<u>65,050</u>
Taxation on profit on ordinary activities	<u>509,890</u>	<u>858,197</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>5,890,795</u>	<u>6,455,888</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -21%)	1,178,159	1,355,736
Effects of:		
Fixed asset differences	576	284
Expenses not deductible for tax purposes	7,358	1,752
Difference between capital allowances and depreciation	-	(24,869)
Adjustments to tax charge in respect of prior periods	9,033	419
Enhanced relief for research and development expenditure	(658,882)	(540,175)
Group relief claimed	(20,088)	-
Adjustment to closing rate of deferred tax	(6,266)	65,050
Total tax charge for the year	<u>509,890</u>	<u>858,197</u>

DATAPATH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

8. Dividends

	2016 £	2015 £
Dividends	13,000,000	-

9. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 April 2015	476,909	194,757	671,666
Additions	134,727	9,926	144,653
Disposals	(11,263)	(2,350)	(13,613)
At 31 March 2016	600,373	202,333	802,706
Depreciation			
At 1 April 2015	275,201	47,315	322,516
Charge for the year	127,030	29,737	156,767
Disposals	(11,263)	(1,733)	(12,996)
At 31 March 2016	390,968	75,319	466,287
Net book value			
At 31 March 2016	209,405	127,014	336,419
At 31 March 2015	201,708	147,442	349,150

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	977	6,837

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

10. Stocks

	2016 £	2015 £
Raw materials	1,414,812	1,832,168
Finished goods and goods for resale	1,738,540	1,781,941
	<u>3,153,352</u>	<u>3,614,109</u>

Stock recognised in cost of sales during the year as an expense was £8,397,144 (2015: £7,519,121).

An impairment loss of £17,616 (2015: gain £182,434) was recognised in cost of sales against stock during the year.

11. Debtors

	2016 £	2015 £
Trade debtors	2,198,148	1,900,489
Amounts owed by group undertakings	12,188,244	15,940,754
Other debtors	163,062	246,181
Prepayments and accrued income	161,170	245,032
	<u>14,710,624</u>	<u>18,332,456</u>

An impairment loss of £7,513 (2015: £13,766) was recognised in administrative expenses against trade debtors during the year.

12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	845,835	1,072,202
Corporation tax	196,276	222,728
Taxation and social security	120,789	95,797
Net obligations under finance lease and hire purchase contracts	2,686	2,686
Accruals and deferred income	527,094	592,811
	<u>1,692,680</u>	<u>1,986,224</u>

Amounts owed under hire purchase agreements are secured on the assets to which they relate.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	3,357	6,043

Amounts owed under hire purchase agreements are secured on the assets to which they relate.

14. Hire purchase & finance leases

Minimum lease payments under hire purchase and finance leases fall due as follows:

	2016 £	2015 £
Within one year	2,686	2,686
Between 1-2 years	2,686	2,686
Between 2-5 years	671	3,357
	<u>6,043</u>	<u>8,729</u>

15. Deferred taxation

	Deferred tax	
	£	
At 1 April 2015		65,050
Credit to the profit or loss account		(8,658)
		<hr/>
At 31 March 2016		56,392
		<hr/> <hr/>
	2016	2015
	£	£
Accelerated capital allowances	56,392	65,050

16. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
20 Ordinary shares of £1 each	<u>20</u>	<u>20</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 £233,946 (2015: £144,911). There were no outstanding pension commitments at the year end.

18. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings		
Not later than 1 year	170,000	170,000
Later than 1 year and not later than 5 years	680,000	680,000
Later than 5 years	386,278	559,111
Total	<u>1,236,278</u>	<u>1,409,111</u>

19. Related party transactions

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the FRS 102 Section 33.1a exemption from disclosing transactions with group undertakings.

During the year, an Investor Director fee of £36,011 (2015: £23,935) was paid to VCF Partners, a business connected with Foresight Group LLP, which acts as investment manager to Foresight Funds. Of this amount £nil (2015: £12,000) was included in creditors at the year end. An Investor Director of the Group Company is a member of Foresight Group LLP.

Two directors of Datapath Limited invoiced the company for their services which totalled £49,248 (2015: £36,000).

A director of Datapath Group Limited invoiced Datapath Limited £44,891 (2015: £Nil) for their services.

The directors consider there to be no key management personnel, other than the directors, who have authority and responsibility for planning, directing and controlling the activities of the company.

20. Ultimate parent undertaking and controlling party

Datapath Limited is a wholly owned subsidiary of Datapath Holdings Limited. The ultimate parent undertaking and controlling party of Datapath Holdings 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.

In the opinion of the directors of Datapath Group Limited there is no ultimate controlling party.

DATAPATH LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
		£	£
Turnover		20,680,339	19,613,460
Cost of sales		(8,629,495)	(7,706,724)
Gross profit		<u>12,050,844</u>	<u>11,906,736</u>
 Less: overheads			
Administration expenses		(6,167,419)	(5,457,550)
Operating profit	4	<u>5,883,425</u>	<u>6,449,186</u>
 Interest receivable		7,370	6,702
Tax on profit on ordinary activities		(509,890)	(858,197)
Profit for the year		<u>5,380,905</u>	<u>5,597,691</u>

DATAPATH LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

Turnover

	2016 £	2015 £
Sales - UK	2,481,641	2,141,728
Sales - EU	8,065,332	7,027,742
Sales - Rest of world	10,133,366	10,443,990
	<u>20,680,339</u>	<u>19,613,460</u>

Cost of sales

	2016 £	2015 £
Purchases	8,397,144	7,518,121
Commissions payable	188,181	121,685
Carriage and import duty	44,170	66,918
	<u>8,629,495</u>	<u>7,706,724</u>

DATAPATH LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

Administration expenses

	2016 £	2015 £
Directors' fees	49,249	59,935
Directors' salaries	457,313	425,145
Staff salaries	1,011,240	1,074,539
Staff national insurance	389,668	347,593
Staff pension costs	224,910	129,491
Research and development - directors	212,559	205,746
Research and development - other salaries	1,880,273	1,454,527
Research and development - consumables	233,845	203,082
Rates	74,148	80,813
Insurances	72,421	72,245
Light and heat	25,977	23,759
Repairs and maintenance	104,756	79,723
Printing, postage and stationary	1,183	2,639
Advertising and promotion	722,353	482,034
Telephone	26,763	18,744
Motor running costs	257,094	187,885
Rent - operating leases	201,649	215,103
Legal and professional	283,076	226,162
Auditors' remuneration	17,575	16,900
Auditors' remuneration - non-audit	8,225	5,100
Bank charges	39,074	27,004
Bad debts	7,513	13,766
Difference on foreign exchange	(370,657)	(85,947)
Sundry expenses	79,828	77,903
Depreciation	156,767	113,659
Loss on sale of tangible assets	617	-
	<u>6,167,419</u>	<u>5,457,550</u>

Interest receivable

	2016 £	2015 £
Bank interest receivable	<u>7,370</u>	<u>6,702</u>