

RFID Components Limited

**Directors' report and financial
statements**

**Registered Number 2912508
30 September 2008**

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

Principal activities

The principal activity of the company continues to be the distribution of Radio Frequency Identification (RFID) products.

Business review

The results of the company for the year are set out in detail on page 5.

Turnover for the year was £712,252 compared with £1,212,885 for last year. The profit before tax was £46,929 compared to a profit before tax of £111,343 for last year.

Principal risks and uncertainties

The Directors constantly review the risks and uncertainties that face the business, key examples being the loss of a major customer and the failure of a major supplier. The company reduces these risks by endeavouring to ensure that no customer represents more than 15% of turnover and ensuring multiple sourcing from suppliers wherever possible.

The group has continued to invest significantly in information technology to streamline and manage the increasingly complicated demands of customers. The failure of these systems would significantly hamper the operation of the business. Therefore the company has an array of dual redundancy and warm backup solutions for critical hardware and software to ensure that the integrity of data is, as far as is technically feasible, never compromised.

Proposed dividend

The directors do not recommend the payment of a dividend (2007: £Nil).

Directors

The directors who held office during the year were as follows:

CM Johnson
JG Mayes

Disclosure of information to auditors

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

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JG Mayes
Director

Wolseley Road
Kempston
Bedford
MK42 7UP

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).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

- In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.



KPMG LLP

Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
United Kingdom

Independent auditors' report to the members of RFID Components Limited

We have audited the financial statements of RFID Components Limited for the year ended 30 September 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of RFID Components Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

16 February 2009

Profit and loss account
for the year ended 30 September 2008

	<i>Note</i>	2008 £	2007 £
Turnover	<i>1, 2</i>	712,252	1,212,885
Cost of sales		(476,921)	(813,519)
Gross profit		235,331	399,366
Administrative expenses		(188,402)	(288,023)
Operating profit	<i>3, 4</i>	46,929	111,343
Interest receivable and similar income		-	-
Profit on ordinary activities before taxation		46,929	111,343
Tax on profit on ordinary activities	<i>5</i>	(8,392)	(30,775)
Profit on ordinary activities after taxation	<i>12</i>	38,537	80,568

There were no acquisitions or disposals of activities during the year.

There were no recognised gains or losses during the year other than the retained profit shown above.

The notes on pages 7 to 12 form part of these financial statements.

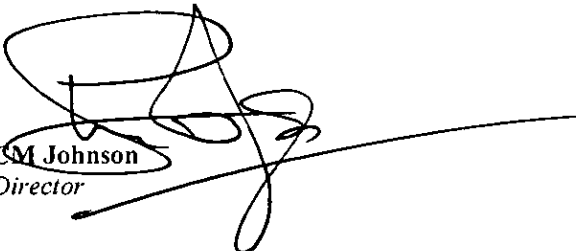
Balance sheet
at 30 September 2008

	Note	2008	2007
		£	£
Current assets			
Stocks	6	68,882	77,648
Debtors	7	237,053	222,044
Cash at bank and in hand		399,008	388,702
		<u>704,943</u>	<u>688,394</u>
Creditors: amounts falling due within one year	8	<u>(145,516)</u>	<u>(167,504)</u>
Net current assets		<u>559,427</u>	<u>520,890</u>
Net assets		<u>559,427</u>	<u>520,890</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	559,327	520,790
Shareholders' funds	12	<u>559,427</u>	<u>520,890</u>

The notes on pages 7 to 12 form part of these financial statements.

These financial statements were approved by the board of directors and were authorised for issue on and were signed on its behalf by:

16/2/09


CM Johnson
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Post-retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover is recognised on dispatch and represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Analysis of turnover

<i>By geographical market</i>	2008 £	2007 £
United Kingdom	528,975	995,380
Rest of the world	183,277	217,505
	<hr/> 712,252	<hr/> 1,212,885

Notes (continued)

3 Profit on ordinary activities before taxation

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	2,650	2,500
Other services	2,560	1,500
	<u> </u>	<u> </u>

4 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees 2008	2007
Administrative staff	2	1
	<u> </u>	<u> </u>
	2	1
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2008 £	2007 £
Wages and salaries	63,695	54,951
Social security costs	7,895	6,628
Other pension costs (see note 13)	2,228	1,762
	<u> </u>	<u> </u>
	73,818	63,341
	<u> </u>	<u> </u>

The directors are not remunerated through this company, but are paid by a fellow group undertaking.

Notes (continued)

5 Taxation

Analysis of charge in period

	2008 £	2007 £
<i>UK corporation tax</i>		
Current tax on income for the year	9,493	31,277
Adjustments in respect of previous periods	(1,250)	(162)
	<hr/> 8,243	<hr/> 31,115
<i>Deferred tax</i>		
Origination/reversal of timing differences	149	(483)
Adjustment in respect of previous years	-	143
	<hr/> 149	<hr/> (340)
	<hr/> 8,392	<hr/> 30,775

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2007: lower) than the standard rate of corporation tax in the UK at 21% (2007: 30%). The differences are explained below.

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	46,929	111,343
	<hr/> 9,855	<hr/> 33,403
Current tax at 21% (2007: 30%)		
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(54)	3
Differences between depreciation and capital allowances for the period	(77)	458
Impact of rate change on current year deferred tax charge/credit	-	35
Other short term timing differences	-	33
Adjustments in respect of prior periods	(1,250)	(162)
Small companies relief	(231)	(2,655)
	<hr/> 8,243	<hr/> 31,115

6 Stocks

	2008 £	2007 £
Goods for resale	68,882	77,648

Notes (continued)

7 Debtors

	2008 £	2007 £
Trade debtors	89,101	60,280
Amounts due from group undertakings	147,544	161,207
Deferred tax (see note 9)	408	557
	<hr/>	<hr/>
	237,053	222,044
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	89,380	84,683
Amounts owed to group undertakings	24,995	24,995
Other creditors	362	353
Corporation tax	9,493	31,277
Other taxes and social security	18,179	14,161
Accruals and deferred income	3,107	12,035
	<hr/>	<hr/>
	145,516	167,504
	<hr/>	<hr/>

Notes (continued)

9 Deferred taxation

The amounts provided for deferred taxation are set out below:

	2008
	£
At beginning of year	(557)
Debit to the profit and loss account for the year	149
	<hr/>
At the end of the year	(408)
	<hr/>

The elements of deferred taxation are as follows:

	2008	2007
	£	£
Difference between accumulated depreciation and capital allowances	(355)	(458)
Other short term timing differences	(53)	(99)
	<hr/>	<hr/>
At the end of the year	(408)	(557)
	<hr/>	<hr/>

10 Called up share capital

	2008	2007
	£	£
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

11 Reserves

	Profit and loss account £
At beginning of year	520,790
Retained profit for the year	38,537
	<hr/>
At end of year	559,327
	<hr/>

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	38,537	80,568
Opening shareholders' funds	520,890	440,322
	<hr/>	<hr/>
Closing shareholders' funds	559,427	520,890
	<hr/>	<hr/>

13 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £2,228 (2007: £1,762). There were outstanding contributions at the end of the financial year amounting to £362 (2007: £353).

14 Related party disclosures

As the company is a wholly owned subsidiary of Paragon Electronics Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Paragon Electronics Limited, a company incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Paragon Electronics Limited. The consolidated accounts of Paragon Electronics Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff. No other group accounts include the results of the company.