

# **Diagnosys Systems Limited**

Report and Financial Statements

Year Ended

30 September 2012

Company Number 06878706

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# **Diagnosys Systems Limited**

**Report and financial statements  
for the year ended 30 September 2012**

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### **Director**

R L Smith

### **Secretary and registered office**

G Musson and D Setford, Unit 6 Rotherbrook Court, Bedford Road, Petersfield, Hampshire, GU32 3QG

### **Company number**

06878706

### **Auditors**

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

# **Diagnosys Systems Limited**

## **Report of the director for the year ended 30 September 2012**

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The director presents his report together with the audited financial statements for the year ended 30 September 2012

### **Results**

The profit and loss account is set out on page 5 and shows the loss for the year

### **Principal activities**

The company's principal activity is to provide a range of test solutions to the printed circuit board market. The principal activities incorporate the design and manufacture of hardware and development and provision of bespoke software.

### **Director**

The director of the company during the year was

R L Smith

### **Director's responsibilities**

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 director is 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. The director is 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.

# Diagnosys Systems Limited

## Report of the director for the year ended 30 September 2012 (*continued*)

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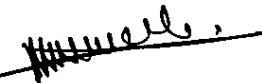
### Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this director's report advantage has been taken of the small companies' exemption.

### On behalf of the board



R L Smith  
Director

14.07.2013.

# **Diagnosys Systems Limited**

## **Independent auditor's report**

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### **To the members of Diagnosys Systems Limited**

We have audited the financial statements of Diagnosys Systems Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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 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**

As explained more fully in the statement of director's responsibilities, the director is 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 30 September 2012 and of its loss 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.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant on the successful completion of a number of key sales orders within the next six months. The negotiations on these sales are at an advanced stage and the directors are confident that they can be finalised in line with their forecasts. However, until signed orders are received from customers, there can be no certainty that the sales will ultimately be made and completed within the necessary timeframe. Should the company not achieve the forecasts within the expected timeframe the directors will need to raise further funds from shareholders and there is no guarantee that such funds will be made available. These conditions, along with other matters discussed in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Diagnosys Systems Limited

## Independent auditor's report *(continued)*

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### **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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies' regime

*BDO LLP*

*Kevin Cook (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick  
United Kingdom*

*17 July 2013*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Diagnosys Systems Limited

## Profit and loss account for the year ended 30 September 2012

	Note	2012 £	2011 £
<b>Turnover</b>	3	<b>2,377,768</b>	4,287,540
Cost of sales		<u>1,380,334</u>	<u>1,842,815</u>
<b>Gross profit</b>		<b>997,434</b>	2,444,725
Administrative expenses - excluding intercompany provision		<b>1,766,023</b>	1,707,248
Intercompany provision	2	<b>552,724</b>	63,820
Administrative expenses		<u>2,318,747</u>	<u>1,771,068</u>
<b>Operating (loss)/profit</b>	4	<b>(1,321,313)</b>	673,657
Other interest receivable and similar income		<b>309</b>	90
Interest payable and similar charges	6	<b>(354,375)</b>	(284,461)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,675,379)</b>	389,286
Taxation on (loss)/profit on ordinary activities	7	<b>218,156</b>	-
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(1,457,223)</b>	389,286

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

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

# Diagnosys Systems Limited

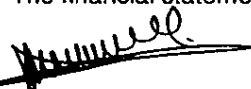
## Balance sheet at 30 September 2012

<i>Company number 06878706</i>	Note	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible assets	8		42,522		99,071
<b>Current assets</b>					
Stocks	9	563,373		621,851	
Debtors	10	2,182,709		4,130,134	
Cash at bank and in hand		60,686		683,500	
		<u>2,806,768</u>		<u>5,435,485</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>5,704,956</u>		<u>6,932,999</u>	
<b>Net current liabilities</b>			<u>(2,898,188)</u>		<u>(1,497,514)</u>
<b>Total assets less current liabilities</b>			<u>(2,855,666)</u>		<u>(1,398,443)</u>
<b>Capital and reserves</b>					
Called up share capital	13		1		1
Profit and loss account	14		<u>(2,855,667)</u>		<u>(1,398,444)</u>
<b>Shareholders' deficit</b>	15		<u>(2,855,666)</u>		<u>(1,398,443)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the director and authorised for issue on

14.09.2013.



R L Smith  
Director

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



# Diagnosys Systems Limited

## Notes forming part of the financial statements for the year ended 30 September 2012

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

#### *Going concern*

The financial statements have been prepared on the going concern basis. The Company made a loss of £1,457,223 for the period ended 30 September 2012 and has negative shareholder funds of £2,855,666 as at that date.

The Group is reliant on funding from loans provided by its shareholders. The directors have received commitments from these shareholders that they will not enforce repayment of amounts totalling £3,179,000 during the 12 month period from the date of approval of these financial statements.

The directors have prepared forecasts covering the period to September 2014 which indicate that, provided the Company trades in line with expectations, the Company will have sufficient funds to meet its liabilities as they fall due. However, the forecasts are based on the assumption that the Company will be successful in securing a number of key sales orders within the next six months. The negotiations on these sales are at an advanced stage and the directors are confident that they can be finalised in line with their forecasts. However, until signed orders are received from customers, there can be no certainty that the sales will ultimately be made and completed within the necessary timeframe. Should the company not achieve the forecasts within the expected timeframe the directors will need to raise further funds from shareholders and there is no guarantee that such funds will be made available.

This condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. No adjustments have been made to the carrying value of assets or liabilities to reflect this uncertainty.

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the economic risk of ownership passes, or for service and test revenue, rateably over the contract period.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	- 33.3% on a straight-line basis
Plant and machinery etc	- 20% to 33.3% on a straight-line basis

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

# Diagnosys Systems Limited

## Notes forming part of the financial statements for the year ended 30 September 2012 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

#### *Research and development*

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable,
- the project is technically feasible and commercially viable,
- current and future costs are expected to be exceeded by future sales, and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except for the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Leased assets*

All leases are operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

### 2 Exceptional item - intercompany provision

The intercompany provision relates to the provision against group company debts where there is significant doubt over their recoverability.

### 3 Turnover

The analysis of turnover by geographical market has not been provided as, in the opinion of the director, such disclosure would be seriously prejudicial to the interests of the company.

# **Diagnosys Systems Limited**

**Notes forming part of the financial statements  
for the year ended 30 September 2012 (continued)**

## **4 Operating (loss)/profit**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	<b>79,051</b>	145,154
Exchange differences	<b>116,132</b>	(11,913)
Auditors' remuneration audit	<b>31,800</b>	21,000
non-audit	<b>48,898</b>	34,500
Intercompany provision	<b>552,724</b>	63,820
	<u><b>          </b></u>	<u><b>          </b></u>

## **5 Director's remuneration**

The director was paid through Diagnosys Central Services Limited from October 2011 to March 2012. There was no remuneration for the remaining six months. No pension contributions were paid on behalf of the director during the year.

## **6 Interest payable and similar charges**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Loans from group companies	<b>354,375</b>	284,461
	<u><b>          </b></u>	<u><b>          </b></u>

# Diagnosys Systems Limited

Notes forming part of the financial statements  
for the year ended 30 September 2012 (*continued*)

## 7 Taxation on (loss)/profit on ordinary activities

	2012 £	2011 £
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	(218,156)	-
	<u>          </u>	<u>          </u>
The tax assessed for the year is higher than/lower than the standard rate of corporation tax in the UK applied to (loss)/profit before tax. The differences are explained below		
	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	(1,675,379)	389,286
	<u>          </u>	<u>          </u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2011 - 27%)	(335,076)	105,107
Effect of		
Expenses not deductible for tax purposes	110,714	65,246
Depreciation in excess/(deficit) of capital allowances	5,455	7,518
Adjustment to tax charge in respect of previous periods	(218,156)	-
Tax losses (utilised)/carried forward	218,907	(256,236)
Other timing differences	-	78,365
	<u>          </u>	<u>          </u>
Current tax credit for the year	(218,156)	-
	<u>          </u>	<u>          </u>

At the year end the company has an unprovided deferred tax asset of £289,061 (2011 - £304,856) arising mainly due to trading losses. It has not been recognised as there is insufficient evidence that the asset will be recovered. The asset would be recovered if sufficient taxable profits are made from the same trade in future periods.

# **Diagnosys Systems Limited**

**Notes forming part of the financial statements  
for the year ended 30 September 2012 (continued)**

## **8 Tangible fixed assets**

	<b>Leasehold improvement £</b>	<b>Plant and machinery etc £</b>	<b>Total £</b>
<i>Cost or valuation</i>			
At 1 October 2011	5,794	354,301	360,095
Additions	-	22,554	22,554
Disposals	-	(382)	(382)
	<hr/>	<hr/>	<hr/>
At 30 September 2012	<b>5,794</b>	<b>376,473</b>	<b>382,267</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 October 2011	3,701	257,323	261,024
Provided for the year	1,932	77,119	79,051
Disposals	-	(330)	(330)
	<hr/>	<hr/>	<hr/>
At 30 September 2012	<b>5,633</b>	<b>334,112</b>	<b>339,745</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2012	<b>161</b>	<b>42,361</b>	<b>42,522</b>
	<hr/>	<hr/>	<hr/>
At 30 September 2011	2,093	96,978	99,071
	<hr/>	<hr/>	<hr/>

## **9 Stocks**

	<b>2012 £</b>	<b>2011 £</b>
Stocks	<b>563,373</b>	621,851
	<hr/>	<hr/>

# Diagnosys Systems Limited

Notes forming part of the financial statements  
for the year ended 30 September 2012 (*continued*)

## 10 Debtors

	2012 £	2011 £
Trade debtors	188,945	956,311
Amounts owed by group undertakings	1,678,297	2,937,732
Corporation tax recoverable	218,465	-
Other debtors	97,002	236,091
	<u>2,182,709</u>	<u>4,130,134</u>

All amounts shown under debtors fall due for payment within one year

## 11 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	493,046	531,938
Amounts owed to group undertakings	432,375	1,068,162
Taxation and social security	73,801	64,466
Amounts owed to parent undertaking	4,424,718	4,451,074
Other creditors	281,016	817,359
	<u>5,704,956</u>	<u>6,932,999</u>

## 12 Pensions

The company 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 pension charge amounted to £29,994 (2011 - £23,450). Contributions amounting to £9,282 (2011 - £Nil) were payable to the fund and are included in creditors.

## 13 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

# Diagnosys Systems Limited

Notes forming part of the financial statements  
for the year ended 30 September 2012 (*continued*)

## 14 Reserves

	Profit and loss account £
At 1 October 2011	(1,398,444)
Loss for the year	(1,457,223)
	<hr/>
At 30 September 2012	(2,855,667)
	<hr/>

## 15 Reconciliation of movements in shareholders' deficit

	2012 £	2011 £
(Loss)/profit for the year	(1,457,223)	389,286
Opening shareholders' deficit	(1,398,443)	(1,787,729)
	<hr/>	<hr/>
Closing shareholders' deficit	(2,855,666)	(1,398,443)
	<hr/>	<hr/>

## 16 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £	Land and buildings 2011 £
Operating leases which expire		
In two to five years	140,000	140,000
	<hr/>	<hr/>

## 17 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Diagnosys Test Systems Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

# **Diagnosys Systems Limited**

**Notes forming part of the financial statements  
for the year ended 30 September 2012 (*continued*)**

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## **18 Ultimate parent company**

The company is a subsidiary undertaking of Diagnosys Test Systems Limited, a company registered in Ireland, which is also the ultimate parent company. Copies of the parent company's consolidated financial statements can be obtained from Companies Registration Office (Ireland).