

Company Registration No. 06878706

DIAGNOSYS SYSTEMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

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DIAGNOSYS SYSTEMS LIMITED

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DIAGNOSYS SYSTEMS LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS	RL Smith
SECRETARY	G Musson D Setford (appointed 06/06/2013)
COMPANY NUMBER	06878706
AUDITORS	RSM Farrell Grant Sparks Chartered Accountants Statutory Audit Firm Molyneux House Bride Street Dublin 8 Ireland
BUSINESS ADDRESS	Unit 6 Rotherbrook Court Bedford Road Petersfield Hampshire GU32 3QG United Kingdom
BANKERS	Barclays Bank Plc UK Banking Services Centre PO Box 299 Birmingham West Midlands B1 3PF United Kingdom
SOLICITORS	Collyer Bristow 4 Bedford Row London WC1R 4TF United Kingdom
REGISTERED OFFICE	Unit 6 Rotherbrook Court Bedford Road Petersfield Hampshire GU32 3QG United Kingdom

DIAGNOSYS SYSTEMS LIMITED

DIRECTOR' REPORT

The director presents his annual report and the audited financial statements for the year ended 30 September 2013.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is the provision of a range of test solutions to the printed circuit board market which incorporates the design and manufacture of the hardware and development and provision of bespoke software.

RESULTS FOR THE YEAR

The results for the year are set out on the Profit and Loss Account. Loss on ordinary activities after taxation amounted to £2,426,493 compared with £1,457,223 in the previous year.

The director notes the results for the year.

DIVIDENDS

The director does not recommend the payment of a dividend.

EVENTS SINCE THE YEAR END AND FUTURE DEVELOPMENTS

There have been no significant events affecting the company since the year end and the directors do not envisage any substantial changes to the nature of the business in the foreseeable future.

DIRECTOR

The director and secretaries of the company are listed on page 2.

The director and secretaries have no beneficial interest in the share capital of the company. The ordinary share capital of the company is held by Diagnosys Test Systems Limited.

STATEMENT OF DIRECTOR RESPONSIBILITIES

The director is responsible for preparing 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 director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the company and of the profit or loss of the company for that year. In preparing these financial statements the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

DIAGNOSYS SYSTEMS LIMITED

DIRECTOR' REPORT

STATEMENT OF DIRECTOR RESPONSIBILITIES CONTINUED

The director confirms that he has complied with the above requirements in preparing the financial statements.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. He 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.

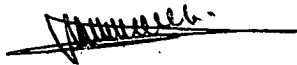
STATEMENT OF DISCLOSURE TO AUDITORS

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that they ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, RSM Farrell Grant Sparks, Chartered Accountants and Statutory Audit Firm, were appointed auditors in the current year replacing BDO and have indicated their willingness to continue in office in accordance with Section 487 (2) of the Companies Act 2006

ON BEHALF OF THE BOARD



RL SMITH - DIRECTOR

DATED: 24 June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIAGNOSYS SYSTEMS LIMITED

We have audited the financial statements of Diagnosys Systems Limited for the year ended 30 September 2013 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 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 Statement of Director's Responsibilities the company's 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

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 financial statements 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 30 September 2013 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 and European Communities (Companies: Group Accounts) Regulations, 1992.

OPINION ON OTHER MATTERS 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DIAGNOSYS SYSTEMS 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 the directors' 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.

EMPHASIS OF MATTER - GOING CONCERN

During the year the company made a loss of £2,426,493. At 30 September 2013 the company had accumulated losses of £5,282,158 and at that date net liabilities amounted to £5,282,157. These conditions, along with the other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Given the potential significance of this issue, we should draw your attention to it, but our opinion is not qualified in this respect.



AIDAN SCOLLARD (SENIOR STATUTORY AUDITOR)

**FOR AND ON BEHALF OF
RSM FARRELL GRANT SPARKS
STATUTORY AUDIT FIRM
AND REGISTERED AUDITORS
MOLYNEUX HOUSE
BRIDE STREET
DUBLIN 8**

DATED: 24 June 2014.

DIAGNOSYS SYSTEMS LIMITED

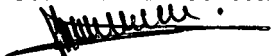
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2013

	NOTES	2013 £	2012 £
TURNOVER		1,559,113	2,377,768
Cost of sales		(1,047,912)	(1,380,334)
GROSS PROFIT		511,201	997,434
Administrative expenses		(2,936,478)	(2,318,747)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,425,277)	(1,321,313)
Other interest receivable and similiar income	5	-	309
Interest payable and similar charges	3	(1,216)	(354,375)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(2,426,493)	(1,675,379)
Taxation credit	8	-	218,156
LOSS FOR THE FINANCIAL YEAR	16	(2,426,493)	(1,457,223)

Turnover and operating loss are derived solely from continuing activities in the UK.

All recognised gains and losses have been included in the profit and loss account.

ON BEHALF OF THE BOARD



RL SMITH - DIRECTOR

DATED: 24 June 2014

The notes on pages 9 to 17 form an integral part of these financial statements.

DIAGNOSYS SYSTEMS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2013

	NOTES	2013 £	2012 £
FIXED ASSETS			
Tangible assets	9	<u>64,501</u>	<u>42,522</u>
CURRENT ASSETS			
Stocks	10	621,027	563,373
Debtors	11	259,157	2,182,709
Cash at bank and in hand		<u>10,681</u>	<u>60,686</u>
		890,865	2,806,768
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(5,867,513)</u>	<u>(5,704,956)</u>
NET CURRENT LIABILITIES		<u>(4,976,648)</u>	<u>(2,898,188)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(4,912,147)</u>	<u>(2,855,666)</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	<u>(370,010)</u>	-
NET LIABILITIES		<u><u>(5,282,157)</u></u>	<u><u>(2,855,666)</u></u>
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Profit and Loss account	16	(5,282,158)	(2,855,667)
SHAREHOLDERS' DEFICIT	17	<u><u>(5,282,157)</u></u>	<u><u>(2,855,666)</u></u>

ON BEHALF OF THE BOARD


 RL SMITH - DIRECTOR

DATED: 24 June 2014

The notes on pages 9 to 17 form an integral part of these financial statements.

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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.

1.1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated) throughout the year.

1.2. 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.

1.3. RESEARCH AND DEVELOPMENT

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

1.4. FOREIGN EXCHANGE AND FUNCTIONAL CURRENCY

Items included in the financial statements are presented in "Sterling", the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions during the year have been translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

1.5. PENSIONS

Pension benefits for employees are met by payments to a defined contribution pension fund. Contributions are charged to the profit and loss account in the year in which they fall due.

Differences between the amounts charged in the profit and loss account and payment made to pension funds are treated as assets or liabilities.

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

1.6. TAXATION (CURRENT AND DEFERRED)

Current taxation represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using taxation rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less taxation in the future except as follows:

Deferred taxation assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which the timing differences are reversed, based on taxation rates and laws enacted or substantively enacted at the balance sheet date.

1.7. CASHFLOW STATEMENT

The directors have taken advantage of the exemption in FRS1 from including a cashflow statement on the grounds that the company is a small company.

1.8. TANGIBLE ASSETS AND DEPRECIATION

Tangible fixed assets are stated at historical costs less accumulated depreciation and provisions for impairment.

Depreciation

Depreciation is calculated to write off the original cost of the asset less the estimated residual value on a straight-line basis over its estimated useful economic life as follows:

Office equipment	-	20% - 33%
Motor vehicles	-	20%

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount value may not be recoverable. Under UK GAAP impairment is assessed by comparing the carrying value of the asset with its recoverable amount (the higher of net realisable value and value in use). Net realisable value is defined as the amount at which an asset could be disposed net of any direct selling costs. Value in use is defined as the present value of the future cash flows obtainable through the continued use of an asset including those expected to be realised on its eventual disposal.

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

1.9. STOCK

Stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

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.

2. GOING CONCERN

The financial statements are prepared on the going concern basis. The Company made a loss of £2,426,493 for the year end 30 september 2013 and has negative shareholders funds of £5,282,157 as at that date.

The company has prepared forecasts covering the period to September 2015 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 twelve 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.

The Company is reliant on funding from loans provided by group undertakings. The director has received commitments from these group undertakings that they will not seek repayment of amounts totalling £5,594,624 during the twelve month period from the date of approval of these financial statements.

In addition the Company's parent undertaking, Diagnosys Test Systems Limited, is reliant on funding from loans provided by its shareholders. The director has received commitments from these shareholders that they will not seek repayment of amounts totalling £1,208,700 during the twelve month period from the date of approval of these financial statements.

These conditions indicate 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.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Borrowings wholly repayable within five years:		
On amounts payable to group companies	<u>1,216</u>	<u>354,375</u>

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2013	2012
	£	£

The loss on ordinary activities before taxation is stated after charging:

Depreciation of tangible fixed assets	<u>13,853</u>	<u>78,720</u>
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Included in administration expenses as at 30 September 2013 is £2,196,793 (2012: £616,544) in respect of intercompany provisions.

5. INTEREST RECEIVABLE	2013	2012
	£	£
Other interest	<u>-</u>	<u>309</u>

6. DIRECTORS' REMUNERATION

There was no director's remuneration paid during the year ended 30 September 2013. No pension contributions were paid on behalf of the director during the year.

7. PENSION COSTS

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £40,610 (2012 - £ 29,994). An accrual arose at 30 September 2013 of £ 23,228 (2012 - £ 9,282).

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

8. TAXATION

Analysis of credit in the year	2013	2012
	£	£

Corporation Tax

Current tax credit for year	-	(218,156)
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Factors affecting tax charge for year

The tax assessed for the year is lower than the loss for the year multiplied by the standard rate of corporation tax in the UK (23%). The differences are explained below:

	2013	2012
	£	£
Loss on ordinary activities before taxation	(2,426,493)	(1,675,379)

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23%. (2012 - 20%)	(558,093)	(335,076)
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Effects of:

Expenses not deductible for tax purposes	8,079	110,714
Difference between depreciation for year and capital allowances	3,325	5,455
Tax losses carried forward	546,689	218,907
Adjustment in respect of profits taxed at lower rate		(218,156)
Current tax credit for year	-	(218,156)

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

9. FIXED ASSETS

	Leasehold improvements £	Office equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	5,794	358,272	-	364,066
Additions	-	29,812	6,020	35,832
Disposals	-	(2,000)	-	(2,000)
At 30 September 2013	<u>5,794</u>	<u>386,084</u>	<u>6,020</u>	<u>397,898</u>
Depreciation				
At beginning of year	5,633	315,911	-	321,544
On disposals	-	(2,000)	-	(2,000)
Charge for the year	161	13,358	334	13,853
At end of year	<u>5,794</u>	<u>327,269</u>	<u>334</u>	<u>333,397</u>
Net book values				
At 30 September 2013	<u>-</u>	<u>58,815</u>	<u>5,686</u>	<u>64,501</u>
At 30 September 2012	<u>161</u>	<u>42,361</u>	<u>-</u>	<u>42,522</u>

10. STOCKS

	2013 £	2012 £
Stock	621,027	563,373
	<u>621,027</u>	<u>563,373</u>

11. DEBTORS

	2013 £	2012 £
Amounts falling due within one year:-		
Trade debtors and prepayments	129,220	244,913
Other debtors	2,011	41,034
Corporation tax recoverable	-	218,465
Amounts owed from group undertakings	104,917	1,678,297
VAT repayable	23,009	-
	<u>259,157</u>	<u>2,182,709</u>

Amounts owed from group undertakings are unsecured, interest free and have no fixed repayment terms.

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2013 £	2012 £
Trade creditors and accruals	205,661	774,063
VAT	-	4,965
PAYE/NIC	-	60,303
Company's Voluntary Arrangement liability	44,000	-
Amounts due to group undertakings	5,594,624	4,857,093
Pension contributions	23,228	8,532
	<u>5,867,513</u>	<u>5,704,956</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2013 £	2012 £
Company Voluntary Arrangement charge over 2 to 5 years	<u>370,010</u>	<u>-</u>

On the 27 September 2013 the company entered into a Company Voluntary Arrangement. Under the terms of this agreement the company has agreed to pay £44,000 of creditors within one year and £370,010 between two and five years.

14. SECURITY

A debenture dated 13 April 2010 has been registered in favour of Bibby Financial Services Limited in respect of a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, books debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

On the 30 May 2014 this charge was fully satisfied.

15. SHARE CAPITAL	2013 £	2012 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

16. PROFIT & LOSS ACCOUNT

	2013	2012
	£	£
At beginning of year	(2,855,665)	(1,398,444)
Loss for the financial year	(2,426,493)	(1,457,223)
At end of year	<u>(5,282,158)</u>	<u>(2,855,667)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2013	2012
	£	£
Opening Shareholders' Deficit	(2,855,664)	(1,398,443)
Loss for the financial year	(2,426,493)	(1,457,223)
Closing Shareholders' Deficit	<u>(5,282,157)</u>	<u>(2,855,666)</u>

18. RELATED PARTY TRANSACTIONS

The company has availed of the exemption in FRS 8. "Related Party Disclosures" not to disclose transactions entered into with fellow group companies that are wholly within the group of companies of which the company is a wholly owned member.

19. HOLDING COMPANY

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

20. POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end and the directors do not envisage any substantial changes to the nature of the business in the foreseeable future.

21. FORMATTED COMPARATIVES

Certain comparatives have been restated to reflect current year presentation.

DIAGNOSYS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

22. APPROVAL OF FINANCIAL STATEMENTS

The directors approved and authorised the financial statements for issue on *24 June 2014.*