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Grant Thornton

Annual report Paradise Datacom Limited

For the Year Ended 31 March 2010

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Registered No. 2829165

Company information

Registered number	2829165
Registered office	P O Box 25 South Marston Park Swindon Wiltshire SN3 4TR
Directors	I D Brodie K N Edwards J Restivo
Secretary	K N Edwards
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditor Enterprise House 115 Edmund Street Birmingham B3 2HJ
Bankers	Barclays Bank PLC Park House Stoke Gifford Bristol BS34 8TN

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Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 March 2010. The company is exempt from preparing the Report of the Directors in accordance with Section 415A of the Companies Act 2006 as a small company.

Principal activities

The company provides design, support and marketing services for high specification digital satellite communications equipment.

Business review and future developments

The results for the year ended 31 March 2010 are shown on page 7. The Directors consider the results to be satisfactory.

Post balance sheet event

On 16 June 2010, Teledyne Inc (a New York SE listed company) made a conditional offer for the entire share capital of Inteltek plc, the ultimate parent company.

Dividends

The Directors have not proposed a final dividend for the year ended 31 March 2010 (2009: £Nil). An interim dividend of £127,127 was paid during the year (2009: £224,000).

Directors

The present Directors of the company are set out below:

I D Brodie
K N Edwards
J Restivo

Statement of Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Annual 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. The Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 United Kingdom Generally Accepted Accounting Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 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.

Disclosure of information to auditors

In so far as each of the Directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting, subject to the outcome of the potential change of ownership of the ultimate parent company referred to above.

Approval

The report of the Directors was approved by the Board on 6 July 2010 and signed on its behalf by



K N Edwards
Director and Secretary
2829165

Independent auditor's report to the members of Paradise Datacom Limited

We have audited the financial statements of Paradise Datacom Limited for the year ended 31 March 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet and 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 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 Directors' Responsibilities as set out on pages 3 and 4, 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 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/UKNP.

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 2010 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 Report of the Directors 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 Paradise Datacom Limited (continued)

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



Mark A Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountant
Birmingham
6 July 2010

Profit and loss account

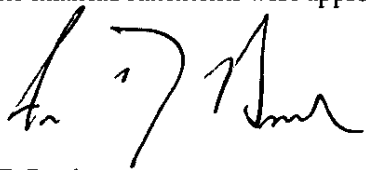
	Note	2010 £	2009 £
Turnover - continuing operations	2	1,984,407	2,309,026
Cost of sales		(1,102,475)	(1,398,959)
		<hr/>	<hr/>
Gross profit		881,932	910,067
Distribution costs		(263,432)	(256,072)
Administrative expenses		(231,151)	(206,417)
		<hr/>	<hr/>
Operating profit – continuing operations	3	387,349	447,578
Bank interest receivable		-	5,492
Bank interest payable		(227)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		387,122	453,070
Taxation	6	(88,990)	(62,815)
		<hr/>	<hr/>
Profit on ordinary activities after taxation	14	298,132	390,255
		<hr/>	<hr/>

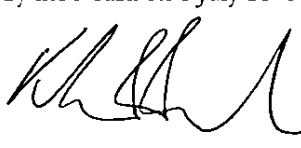
All recognised gains and losses are reflected in the profit and loss account for the years, accordingly no statement of total recognised gains and losses is provided

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	8	-	3,470
Tangible assets	9	106,197	187,682
		<hr/>	<hr/>
		106,197	191,152
		<hr/>	<hr/>
Current assets			
Debtors	10	536,146	505,861
Cash at bank and in hand		391,660	114,754
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	11	927,806 (301,303)	620,615 (250,072)
		<hr/>	<hr/>
Net current assets		626,503	370,543
		<hr/>	<hr/>
Total assets less current liabilities		732,700	561,695
		<hr/>	<hr/>
Net assets		732,700	561,695
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	60,000	60,000
Profit and loss account	14	672,700	501,695
		<hr/>	<hr/>
Equity shareholders' funds	15	732,700	561,695
		<hr/>	<hr/>

The financial statements were approved by the Board on 6 July 2010 and signed on its behalf by


 I D Brodie
 Director


 K N Edwards
 Director

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention

Turnover

Turnover is the amount receivable for goods supplied, excluding value added tax and is recognised when the goods are dispatched to the customer. Turnover is recognised on long term contracts as these progress and comprises the sales value of work performed in the year

Depreciation

Depreciation is provided to write down the cost of tangible fixed assets over their estimated useful lives. The principal annual rates used are

Leasehold property	Period of lease
Plant and machinery	7-33% straight line
Fixtures, fittings and equipment	15% straight line

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or if hedged at the forward contract rate. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date, or if hedged the forward contract rate. All exchange differences are recognised in the profit and loss account

Research and development

Research expenditure is written off as incurred. Expenditure on a development project will be written off as incurred unless and until

- (i) the project is identified as being
 - a for a new or substantially improved product or process,
 - b technically feasible,
 - c commercially feasible, with a high probability that recovery will take place
- and (ii) measurable costs can be attributed to the asset and adequate resources are available to complete the project

Research and development (continued)

For a project meeting these criteria, subsequent costs will be capitalised and amortised from the date the product or process is available for use on a straight line basis over the product's estimated life up to a maximum of 3 years

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

Leased assets

The rental and operating lease costs of all other assets are charged against profit before interest, as incurred.

Cash flow statement

The company has taken advantage of the exemption not to prepare a cashflow statement on the basis that it is a wholly owned subsidiary of Intelek plc for which consolidated financial statements have been prepared.

2. Turnover by geographical market

	2010 £	2009 £
North America	1,984,407	2,309,026
	<u>1,984,407</u>	<u>2,309,026</u>

3. Operating profit

Operating profit is arrived at after charging/(crediting)

	2010 £	2009 £
Depreciation of tangible fixed assets	83,586	97,792
Amortisation of development cost	3,470	129,601
Operating lease rental on land and buildings	105,000	105,000
Research and development expenditure	702,924	895,551
Realised foreign exchange gains	(2,794)	(2,788)
Auditors' remuneration – audit services	8,900	8,900
Auditors' remuneration – taxation services	3,500	3,500
	<u></u>	<u></u>

4. Employees

Average monthly number of employees, including executive Directors

	2010 No	2009 No
Production	15	20
Administration and distribution	6	6
	<u>21</u>	<u>26</u>

Staff costs, including Directors

	2010 £	2009 £
Wages and salaries	948,992	1,038,144
Social security costs	104,692	113,637
Pension costs	49,467	70,289
	<u>1,103,151</u>	<u>1,222,070</u>

5. Directors

All Directors accrue retirement benefits within the parent company or other group companies

6. Taxation

	2010 £	2009 £
Group relief payable		
Current tax on income for the year	110,806	53,173
Adjustment in respect of prior year	(8,601)	(10,921)
Total current tax	<u>102,205</u>	<u>42,252</u>
Deferred taxation		
Net origination of timing differences	(17,658)	32,209
Adjustment to prior years	4,443	(11,646)
Deferred taxation	<u>(13,215)</u>	<u>20,563</u>
Tax on profit on ordinary activities	<u>88,990</u>	<u>62,815</u>

Current tax reconciliation

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>387,122</u>	<u>453,070</u>
Theoretical tax at UK corporation tax rate of 28% (2009 28%)	<u>108,394</u>	<u>126,860</u>
Effects of		
- Adjustments in respect of prior years	(8,601)	(10,921)
- Research and development credit	(21,000)	(48,720)
- Expenditure that is not tax deductible	5,754	7,242
- Accelerated capital allowances	17,658	(32,209)
Actual current taxation charge	<u>102,205</u>	<u>42,252</u>

7. Dividends

	2010 £	2009 £
Interim dividend paid	127,127	224,000
	<u>127,127</u>	<u>224,000</u>

8. Intangible fixed assets

	Total £
Development cost	
At 1 April 2009 and 31 March 2010	456,390
	<u> </u>
Depreciation	
At 1 April 2009	452,920
Charge for year	3,470
	<u> </u>
At 31 March 2010	456,390
	<u> </u>
Net book value	
At 31 March 2010	-
	<u> </u>
At 31 March 2009	3,470
	<u> </u>

The above expenditure on intangible fixed assets relates to development costs, which will be amortised over 3 years from date of first production

9. Tangible assets

	Leasehold property £	Plant and fixtures £	Total £
Cost			
At 1 April 2009	199,467	1,833,728	2,033,195
Additions	-	2,101	2,101
At 31 March 2010	199,467	1,835,829	2,035,296
Depreciation			
At 1 April 2009	141,704	1,703,809	1,845,513
Charge for year	20,523	63,063	83,586
At 31 March 2010	162,227	1,766,872	1,929,099
Net book value			
At 31 March 2010	37,240	68,957	106,197
At 31 March 2009	57,763	129,919	187,682

10. Debtors

	2010 £	2009 £
Amounts owed by group undertakings	263,313	241,243
Other debtors	734	8,300
Prepayments and accrued income	60,200	57,634
Deferred tax asset (note 12)	211,899	198,684
	536,146	505,861

11. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	52,593	61,207
Corporation tax	102,205	42,252
Other taxation and social security	35,383	34,146
Accruals and deferred income	111,122	112,467
	301,303	250,072

12. Deferred taxation

	Depreciation in excess of capital allowances £
Asset at 1 April 2009	198,684
Credit to profit and loss account (note 6)	13,215
Asset at 31 March 2010 (note 10)	<u>211,899</u>

13. Called up share capital

	2010 £	2009 £
Authorised		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted and fully paid		
60,000 Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

14. Reserves

	Profit and loss account £
At 1 April 2009	501,695
Profit for the year	298,132
Dividends paid (note 7)	(127,127)
At 31 March 2010	<u>672,700</u>

15. Reconciliation of movement in equity shareholders' funds

	2010 £	2009 £
Profit on ordinary activities after taxation	298,132	390,255
Dividends	(127,127)	(224,000)
	<hr/>	<hr/>
Net addition to equity shareholders' funds	171,005	166,255
Opening equity shareholders' funds	561,695	395,440
	<hr/>	<hr/>
Closing equity shareholders' funds	732,700	561,695
	<hr/>	<hr/>

16. Contingent liabilities

The company has given an unlimited cross currency guarantee in favour of Barclays Bank plc as security for the borrowings of certain group companies

17. Financial commitments

Operating lease commitments

The annual commitments under operating leases are analysed to the year in which each lease expires, as follows

	2010 £	2009 £
Land and buildings, leases expiring between one and two years	105,000	-
between two and five years	-	105,000
	<hr/>	<hr/>

18. Related party disclosures

Advantage has been taken of the special exemption for group companies regarding related party disclosures

19. Parent undertaking

The ultimate parent company is Intelek plc, which is registered in England and Wales. Its group accounts are available on the Intelek web-site, www.intelek.plc.uk

20. Post balance sheet event

On 16 June 2010, Teledyne Inc (a New York SE listed company) made a conditional offer for the entire share capital of Intelek plc, the ultimate parent company