



# Annual report Paradise Datacom Limited

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For the Year Ended 31 March 2009

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## Company information

<b>Registered number</b>	2829165
<b>Registered office</b>	P O Box 25 South Marston Park Swindon Wiltshire SN3 4TR
<b>Directors</b>	I D Brodie K N Edwards J Restivo
<b>Secretary</b>	K N Edwards
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ
<b>Bankers</b>	Barclays Bank 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 2009. The company is exempt from preparing the Report of the Directors in accordance with S234 ZZB as a small company.

### **Principal activities**

The company designs, supports and sells high specification digital satellite communications equipment.

### **Business review and future developments**

The results for the year ended 31 March 2009 are shown on page 5. The Directors consider the results to be satisfactory.

### **Dividends**

The Directors have not proposed a final dividend for the year ended 31 March 2009 (2008: £Nil). An interim dividend of £224,000 was paid during the year (2008: £82,000).

### **Directors**

The present Directors of the company are set out below:

I D Brodie  
K N Edwards  
J Restivo

The interests of the Directors, who are all main board directors of Inteltek plc, are disclosed in the financial statements of that company.

### **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 UK Accounting Standards 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.

## Report of the directors (continued)

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 the financial statements comply with the Companies Act 1985. 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**

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

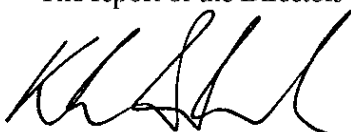
- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

### **Auditors**

A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

### **Approval**

The report of the Directors was approved by the Board on 10 June 2009 and signed on its behalf by:



K N Edwards  
Director and Secretary

# Report of the independent auditor to the members of Paradise Datacom Limited

We have audited the financial statements of Paradise Datacom Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, and notes 1 to 20. 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 Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 judgements 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.

## Report of the independent auditor to the members of Paradise Datacom Limited (continued)

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 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.



**GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
BIRMINGHAM**

10 June 2009

## Principal accounting policies

### Basis of accounting

The financial statements are prepared in accordance with applicable 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:

Leaschold property	Period of lease
Plant and machinery	7-33% straight line
Fixtures, fittings and equipment	15% straight line
Motor vehicles	25% 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.



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**

Rental and other operating lease costs 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.

## Profit and loss account

	Note	2009 £	2008 £
<b>Turnover - continuing operations</b>	1	2,309,026	2,560,266
Cost of sales		(1,398,959)	(1,504,436)
		<hr/>	<hr/>
<b>Gross profit</b>		910,067	1,055,830
Distribution costs		(256,072)	(241,094)
Administrative expenses		(206,417)	(316,016)
		<hr/>	<hr/>
<b>Operating profit – continuing operations</b>	2	447,578	498,720
Bank interest receivable		5,492	17,072
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		453,070	515,792
Taxation	5	(62,815)	(156,554)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>	14	390,255	359,238
		<hr/>	<hr/>

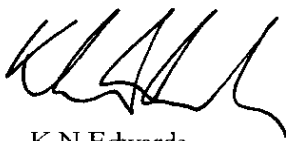
All recognised gains and losses are reflected in the profit and loss account, accordingly no statement of total recognised gains and losses is provided.

## Balance sheet

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Intangible fixed assets	7	3,470	133,071
Tangible assets	8	187,682	230,610
		<hr/>	<hr/>
		191,152	363,681
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	9	505,861	354,712
Cash at bank and in hand		114,754	949,717
		<hr/>	<hr/>
		620,615	1,304,429
<b>Creditors:</b> Amounts falling due within one year	10	(250,072)	(483,712)
		<hr/>	<hr/>
<b>Net current assets</b>		370,543	820,717
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		561,695	1,184,398
<b>Creditors:</b> Amounts falling due after more than one year	11	-	(788,958)
		<hr/>	<hr/>
<b>Net assets</b>		561,695	395,440
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	60,000	60,000
Profit and loss account	14	501,695	335,440
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	15	561,695	395,440
		<hr/>	<hr/>

The financial statements were approved by the Board on 10 June 2009 and signed on its behalf by:

  
I D Brodie  
Director

  
K N Edwards  
Director

**The accompanying accounting policies and notes form an integral part of these financial statements.**

## Notes to the financial statements

### 1. Turnover by geographical market

	2009 £	2008 £
United Kingdom	-	4,084
Rest of Europe	-	26,833
North America	2,309,026	2,529,349
	<u>2,309,026</u>	<u>2,560,266</u>

### 2. Operating profit

Operating profit is arrived at after charging/(crediting):

	2009 £	2008 £
Depreciation of tangible fixed assets	97,792	124,236
Amortisation of development cost	129,601	152,285
Operating lease rental on land and buildings	105,000	104,137
Research and development expenditure	895,551	845,028
Realised foreign exchange (gain)/ losses	(2,788)	8,966
Rental income	-	(3,437)
Auditors' remuneration – audit services	8,900	8,900
Auditors' remuneration – taxation services	3,500	3,500
	<u></u>	<u></u>

## Notes to the financial statements (continued)

### 3. Employees

Average monthly number of employees, including executive directors:

	2009 No.	2008 No.
Production	20	20
Administration and distribution	6	6
	<u>26</u>	<u>26</u>

Staff costs, including directors:

	2009 £	2008 £
Wages and salaries	1,038,144	985,208
Social security costs	113,637	111,989
Pension costs	52,902	49,501
Other employee costs	17,387	14,870
	<u>1,222,070</u>	<u>1,161,568</u>

### 4. Directors

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

## Notes to the financial statements (continued)

### 5. Taxation

	2009 £	2008 £
<b>Group relief payable</b>		
Current tax on income for the year	53,173	165,751
Adjustment in respect of prior year	(10,921)	9,532
<b>Total current tax</b>	<u>42,252</u>	<u>175,283</u>
<b>Deferred taxation</b>		
Net origination of timing differences	32,209	(18,729)
Adjustment to prior years	(11,646)	-
Impact of future change in corporation tax rate	-	-
<b>Deferred taxation</b>	<u>20,563</u>	<u>(18,729)</u>
Tax on profit on ordinary activities	<u>62,815</u>	<u>156,554</u>

#### Current tax reconciliation

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>453,070</u>	<u>515,792</u>
Theoretical tax at UK corporation tax rate of 28% (2008: 30%)	126,860	154,738
Effects of:		
- Adjustments in respect of prior years	(10,921)	9,532
- Research and development credit	(48,720)	(16,500)
- Expenditure that is not tax deductible	7,242	7,446
- Accelerated capital allowances	(32,209)	20,067
Actual current taxation charge	<u>42,252</u>	<u>175,283</u>

## Notes to the financial statements (continued)

### 6. Dividends

	2009 £	2008 £
Interim dividend paid	224,000	82,000
	<u>224,000</u>	<u>82,000</u>

### 7. Intangible fixed assets

	Total £
<b>Development cost</b>	
At 1 April 2008 and 31 March 2009	456,390
<b>Depreciation</b>	
At 1 April 2008	323,319
Charge for year	129,601
At 31 March 2009	<u>452,920</u>
<b>Net book value</b>	
At 31 March 2009	<u>3,470</u>
At 31 March 2008	<u>133,071</u>

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

## Notes to the financial statements (continued)

### 8. Tangible assets

	Leasehold property £	Plant and fixtures £	Total £
<b>Cost</b>			
At 1 April 2008	193,640	1,784,691	1,978,331
Additions	5,827	49,037	54,864
At 31 March 2009	199,467	1,833,728	2,033,195
<b>Depreciation</b>			
At 1 April 2008	121,590	1,626,131	1,747,721
Charge for year	20,114	77,678	97,792
At 31 March 2009	141,704	1,703,809	1,845,513
<b>Net book value</b>			
At 31 March 2009	57,763	129,919	187,682
At 31 March 2008	72,050	158,560	230,610

### 9. Debtors

	2009 £	2008 £
Amounts owed by group undertakings	241,243	10,705
Other debtors	8,300	25,668
Prepayments and accrued income	57,634	99,092
Deferred tax asset (note 13)	198,684	219,247
	505,861	354,712

### 10. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	61,207	160,710
Corporation tax	42,252	175,283
Other taxation and social security	34,146	31,012
Accruals and deferred income	112,467	116,707
	250,072	483,712



## Notes to the financial statements (continued)

### 11. Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Loan from parent company	-	788,958

The loan from the parent company was interest free, unsecured and had no fixed term of repayment. The loan was repaid during the year.

### 12. Deferred taxation

	Accelerated Capital allowances £
Movement in year	
Asset at 1 April 2008	219,247
Credit to profit and loss account (note 6)	(20,563)
Asset at 31 March 2009 (note 10)	198,684

### 13. Called up share capital

	2009	2008
	£	£
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250,000	250,000
<b>Allotted and fully paid</b>		
60,000 Ordinary shares of £1 each	60,000	60,000

## Notes to the financial statements (continued)

### 14. Reserves

	Profit and loss account £
At 1 April 2008	335,440
Profit for the year	390,255
Dividends paid (note 7)	(224,000)
At 31 March 2009	<u>501,695</u>

### 15. Reconciliation of movement in equity shareholders' funds

	2009 £	2008 £
Profit on ordinary activities after taxation	390,255	359,238
Dividends	(224,000)	(82,000)
	<u>166,255</u>	<u>277,238</u>
Net addition to equity shareholders' funds	166,255	277,238
Opening shareholders' funds	395,440	118,202
	<u>561,695</u>	<u>395,440</u>
Closing equity shareholders' funds	561,695	395,440

### 16. Contingent liabilities

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

## Notes to the financial statements (continued)

### 17. Financial commitments

#### Operating lease commitments

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

	2009	2008
	£	£
Land and buildings, leases expiring: between two and five years	105,000	105,000

### 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](http://www.intelek.plc.uk).