

DATAPATH LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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DATAPATH LIMITED

COMPANY INFORMATION

Directors	Mr D Crosby Mr T Jones Mr N G Fasey Mr J J Storey Mr R Smith Mr B Krylander Mr S A Hunt
Company secretary	Mr N G Fasey
Registered number	01609392
Registered office	Bemrose House Bemrose Park Wayzgoose Drive Derby DE21 6XQ
Independent auditors	PKF Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Bankers	National Westminster Bank plc 24 Uttoxeter Road Mickleover Derby DE1 9DW

DATAPATH LIMITED

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DATAPATH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The company is involved in consultancy work in the field of micro-electronics and the manufacture and supply of electronic component units, sub-systems and software to industry.

Business review

The business had a very good year with 19% growth in turnover. The benefits of high investment in new products through tough trading years are clearly paying off with the success of the VisionSC, SQX networking and FX4 product ranges that all launched in the previous two years. The move into smaller controllers has also helped to expand our market appeal with the launch of the iolite 600 system in the year, the smaller and quiet running machine is opening up the collaboration market. Further small systems are planning in this range later in this year.

At the end of the year the business purchased Mosaiqq Inc, as Californian based software business to accelerate the collaboration capabilities of the software suite used on the controllers. This will be launched at Infocomm in June 17 and is expected, when combined with the small controllers, to establish Datapath in the room based collaboration market.

The operating profit increased in line with sales. The outlook for next year is more growth and continuous investment in research and development.

Principal risks and uncertainties

The company sells its products into capital projects which can be affected by the general economic climate. Given the uncertainty in some markets this is a continuing risk to the business. The company manages this risk but having a spread of customers across the world to limit the effect of a downturn in a particular market.

Over 87% of the company's revenues comes from exports and it is therefore exposed to exchange rate movements in US\$ and Euro. The company seeks to create a natural hedge in these currencies by purchasing goods and services in these currencies wherever possible to manage this risk.

Environment

The company recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the company's activities. Initiatives include safe disposal of computer equipment, recycling and reduced energy consumption.

Financial key performance indicators

Given the nature of the business, the directors are of the opinion that the analysis using KPI's, other than turnover and profit, is not necessary for an understanding of the development, performance and position of the company.

This report was approved by the board and signed on its behalf.



Mr B Krylander
Director

Date: 24/7/17

DATAPATH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors 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 of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements 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 directors are 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £6,460,539 (2016: £5,380,905).

During the year the directors declared a dividend of £500,000 (2016: £13,000,000).

Directors

The directors who served during the year were:

Mr D Crosby
Mr T Jones
Mr N G Fasey
Mr J J Storey
Mr R Smith
Mr B Krylander
Mr S A Hunt

Future developments

The directors do not foresee any changes to the principal activities of the company.

DATAPATH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board and signed on its behalf.



Mr B Krylander
Director

Date: 24/7/17

DATAPATH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATAPATH LIMITED

We have audited the financial statements of Datapath Limited for the year ended 31 March 2017, set out on pages 6 to 20. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 directors' responsibilities statement on page 2, 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 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 strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 March 2017 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

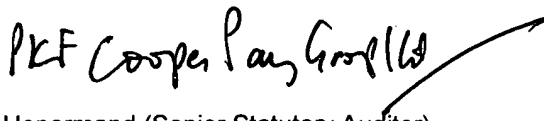
DATAPATH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATAPATH 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.



Andrew Honarmand (Senior Statutory Auditor)

for and on behalf of
PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 24/7/17

DATAPATH LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Turnover	1,3	24,551,642	20,680,339
Cost of sales		(10,337,986)	(8,629,495)
Gross profit		<u>14,213,656</u>	<u>12,050,844</u>
Administrative expenses		(7,090,370)	(6,167,419)
Operating profit	4	7,123,286	5,883,425
Interest receivable and similar income		9,065	7,370
Profit before taxation on ordinary activities		7,132,351	5,890,795
Tax on profit on ordinary activities	7	(671,812)	(509,890)
Profit for the year		<u><u>6,460,539</u></u>	<u><u>5,380,905</u></u>
Retained earnings at the beginning of the year		20,318,709	27,937,804
Profit for the year		6,460,539	5,380,905
Dividends		(500,000)	(13,000,000)
Retained earnings at the end of the year		<u><u>26,279,248</u></u>	<u><u>20,318,709</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

The notes on pages 8 to 20 form part of these financial statements.

DATAPATH LIMITED
REGISTERED NUMBER: 01609392

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	9	1,848,750	-
Tangible assets	10	257,095	336,419
		<u>2,105,845</u>	<u>336,419</u>
Current assets			
Stocks	11	4,166,000	3,153,352
Debtors	12	20,287,034	14,710,624
Cash at bank and in hand		3,606,847	3,870,773
		<u>28,059,881</u>	<u>21,734,749</u>
Creditors: amounts falling due within one year	13	(3,277,596)	(1,692,680)
Net current assets		<u>24,782,285</u>	<u>20,042,069</u>
Total assets less current liabilities		<u>26,888,130</u>	<u>20,378,488</u>
Creditors: amounts falling due after more than one year	14	(568,181)	(3,357)
Provisions for liabilities			
Deferred tax	16	(40,671)	(56,392)
		<u>(40,671)</u>	<u>(56,392)</u>
Net assets		<u><u>26,279,278</u></u>	<u><u>20,318,739</u></u>
Capital and reserves			
Called up share capital	17	20	20
Other reserves		10	10
Profit and loss account		26,279,248	20,318,709
		<u><u>26,279,278</u></u>	<u><u>20,318,739</u></u>

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

Mr N G Fasey
Director

Date: 24/7/17

The notes on pages 8 to 20 form part of these financial statements.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Datapath Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in Sterling (£). The financial statements are for the year ended 31 March 2017 (2016: year ended 31 March 2016).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following accounting policies have been applied:

1.2 Disclosure exemptions

The company has adopted the following disclosure exemptions:

Under FRS 102 Section 1.12, the company is exempt from the requirements to prepare a statement of cash flows on the grounds that its parent company, Datapath Group Limited, includes the company's cash flows in its own published consolidated financial statements.

The entity is a 'qualifying entity' and has also taken advantage of the exemption from disclosing key management personnel (other than directors emoluments) under FRS 102 Section 1.12.

1.3 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their estimated useful economic life of 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised when goods are dispatched from the warehouse.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives on the following basis:

Plant and machinery	- 33.3% straight line
Furniture, fittings and equipment	- 15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

1.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life of 10 years.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Raw material cost is based on the cost of purchase on a first in, first out basis. Finished goods are valued on a weighted average cost basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.9 Foreign currency translation

The company's functional and presentational currency is sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the rate of exchange at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in the period in which they arise.

1.10 Dividends

Equity dividends are recognised when they become legally payable.

1.11 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.12 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.14 Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current or deferred tax is recognised in the profit and loss account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current or deferred tax is also recognised in other comprehensive income or directly in equity respectively.

The current and deferred tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

Intangible assets

The company establishes a reliable estimate of the useful life of intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the intangible is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Significant judgement is involved in the process of identifying and evaluating intangible assets. Intangible assets with a finite life are reviewed for impairment when an impairment trigger is identified. Calculating any subsequent impairment, principally in the estimation of the future cash flows of the cash generating units and the discount rate applied to each cash generating unit involves judgement.

Impairment of non-current assets

The company assessed the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Carrying value of stocks

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Judgements in applying accounting policies (continued)

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Leases

The company determines whether leases entered into are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and a liability to be recognised in the balance sheet.

3. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	3,402,052	2,481,641
Europe	7,313,496	8,065,332
Rest of the World	13,836,094	10,133,366
	<u>24,551,642</u>	<u>20,680,339</u>

4. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the company	153,035	150,907
- held under finance leases	977	5,860
Auditors Remuneration	17,575	17,575
Operating lease expense	204,528	201,649
Difference on foreign exchange	(660,885)	(370,657)
Loss on sale of tangible assets	-	617
Research and development (excluding any directors' emoluments)	<u>2,477,555</u>	<u>2,114,118</u>

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	4,453,824	3,610,634
Social security costs	442,933	389,668
Pension costs	268,894	224,910
	<u>5,165,651</u>	<u>4,225,212</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Directors	8	8
Sales	10	10
Administration	6	6
Production	64	60
	<u>88</u>	<u>84</u>

6. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	<u>919,668</u>	<u>721,266</u>

The highest paid director received remuneration of £214,222 (2016: £176,705).

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

7. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	696,567	509,515
Adjustments in respect of prior periods	(9,034)	9,033
Total current tax	<u>687,533</u>	<u>518,548</u>
Deferred tax		
Origination and reversal of timing differences	(12,588)	(2,153)
Changes to tax rates	(3,133)	(6,505)
Total deferred tax	<u>(15,721)</u>	<u>(8,658)</u>
Taxation on profit on ordinary activities	<u><u>671,812</u></u>	<u><u>509,890</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>7,132,351</u>	<u>5,890,795</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	1,426,470	1,178,159
Effects of:		
Fixed asset differences	582	576
Expenses not deductible for tax purposes	2,714	7,358
Adjustments to tax charge in respect of prior periods	(9,034)	9,033
Enhanced relief for research and development expenditure	(705,408)	(658,882)
Group relief claimed	(42,601)	(20,088)
Adjustment to closing rate of deferred tax	(7,177)	(6,266)
Adjustment to opening rate of deferred tax	6,266	-
Total tax charge for the year	<u><u>671,812</u></u>	<u><u>509,890</u></u>

DATAPATH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. Dividends

	2017 £	2016 £
Dividends	500,000	13,000,000

9. Intangible assets

	Patents £	Development costs £	Intellectual property £	Total £
Cost				
Additions	96,997	23,932	1,727,821	1,848,750
At 31 March 2017	96,997	23,932	1,727,821	1,848,750
Net book value				
At 31 March 2017	96,997	23,932	1,727,821	1,848,750
At 31 March 2016	-	-	-	-

On 15 March 2017, Datapath Limited acquired the trade and certain assets of Mosaiqq Inc. The net book value of the assets at the date of acquisition, which also represent the directors assessment of their provisional fair value are detailed below:

Consideration

Cash consideration	851,582
Deferred consideration	973,236
Total consideration	1,824,818

Assets acquired

Intellectual property and patents	1,824,818
Goodwill	-

The fair value of the assets acquired is deemed to be the consideration paid.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 April 2016	600,373	202,333	802,706
Additions	62,659	12,029	74,688
At 31 March 2017	<u>663,032</u>	<u>214,362</u>	<u>877,394</u>
Depreciation			
At 1 April 2016	390,968	75,319	466,287
Charge for the year on owned assets	123,837	30,175	154,012
At 31 March 2017	<u>514,805</u>	<u>105,494</u>	<u>620,299</u>
Net book value			
At 31 March 2017	<u>148,227</u>	<u>108,868</u>	<u>257,095</u>
At 31 March 2016	<u>209,405</u>	<u>127,014</u>	<u>336,419</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	-	977
	<u>-</u>	<u>977</u>

11. Stocks

	2017 £	2016 £
Raw materials	1,853,902	1,414,812
Finished goods and goods for resale	2,312,098	1,738,540
	<u>4,166,000</u>	<u>3,153,352</u>

Stock recognised in cost of sales during the year as an expense was £10,098,967 (2016: £8,397,144).

An impairment loss of £9,358 (2016: £17,616) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

DATAPATH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. Debtors

	2017 £	2016 £
Trade debtors	2,102,154	2,198,148
Amounts owed by group undertakings	17,783,657	12,188,244
Other debtors	230,096	163,062
Prepayments and accrued income	171,127	161,170
	<u>20,287,034</u>	<u>14,710,624</u>

An impairment loss of £12,529 (2016: £7,513) was recognised in administrative expenses against trade debtors during the year.

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,540,178	845,835
Corporation tax	389,295	196,276
Taxation and social security	118,563	120,789
Net obligations under finance lease and hire purchase contracts	2,909	2,686
Other creditors	405,503	-
Accruals and deferred income	821,148	527,094
	<u>3,277,596</u>	<u>1,692,680</u>

Amounts owed under hire purchase agreements are secured on the assets to which they relate.

14. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	448	3,357
Other creditors	567,733	-
	<u>567,733</u>	<u>-</u>

Amounts owed under hire purchase agreements are secured on the assets to which they relate.

DATAPATH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017	2016
	£	£
Within one year	2,909	2,686
Between 1-2 years	448	2,686
Between 2-5 years	-	671
	<u>3,357</u>	<u>6,043</u>

Amounts owed under hire purchase agreements are secured on the assets to which they relate.

16. Deferred taxation

	2017	
	£	
At beginning of year	56,392	
Charged to the profit and loss account	(15,721)	
At end of year	<u>40,671</u>	
	2017	2016
	£	£
Accelerated capital allowances	<u>(40,671)</u>	<u>(56,392)</u>

17. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
20 Ordinary shares of £1 each	<u>20</u>	<u>20</u>

18. Pension commitments

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £268,894 (2016: £233,946). There were no outstanding pension commitments at the year end.

DATAPATH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19. Commitments under operating leases

At 31 March 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
Not later than 1 year	170,000	170,000
Later than 1 year and not later than 5 years	680,000	680,000
Later than 5 years	198,333	386,278
Total	<u>1,048,333</u>	<u>1,236,278</u>

20. Related party transactions

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the FRS 102 Section 33.1a exemption from disclosing transactions with group undertakings.

During the year, an Investor Director fee of £24,187 (2016: £36,011) was paid to VCF Partners, a business connected with Foresight Group LLP, which acts as investment manager to Foresight Funds. An Investor Director of the Group Company is a member of Foresight Group LLP.

Two directors of Datapath Limited invoiced the company for their services which totalled £259,222 (2016: £49,248). Of this amount £43,865 (2016: £Nil) was included in creditors at the year end.

21. Ultimate parent undertaking and controlling party

Datapath Limited is a wholly owned subsidiary of Datapath Holdings Limited. The ultimate parent undertaking of Datapath Holdings Limited is Datapath Group Limited, a company incorporated in England and Wales.

Datapath Group Limited prepares group financial statements and copies can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the directors of Datapath Group Limited there is no ultimate controlling party.