Telensa Limited

Annual report

for the year ended 31 December 2007

Registered Number 4498125

Telensa Limited

Annual report

for the year ended 31 December 2007

Contents

Telensa Limited

Directors and advisers

Directors
W Gibson
T Jackson
C R Smithers

Secretary and registered office
W Gibson
Plextek Building
London Road
Great Chesterford
Essex
CB10 1NY

Registered auditors
PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers
NatWest Bank plc
23 Market Street
Cambridge
CB2 3PA

Telensa Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activities

The company's business is the research, development, manufacture and marketing of wireless telemetry and metering products

Review of business and future developments

The company is currently engaged in the development of systems for the street lighting and electricity metering markets Initial trials of its systems are currently underway

Results and dividends

During the year the company made a loss for the financial year of £233,568 (2006 £40,404)

The directors have not declared a dividend in respect of the year ended 31 December 2007 (2006 £nil)

Directors

The directors who held office during the year are listed on page 1

Research and development

The company is currently undertaking research and development into systems for the street lighting and electricity metering markets

Charitable donations

During the year, the company made no charitable donations (2006 £nil)

Financial risk management

The directors have taken the exemption available to small companies not to disclose the financial risk management policies of the company

Disclosure of information to auditors

As required under the Companies Act 1985, section 234 ZA(2), the directors confirm that, to their knowledge, there is no relevant audit information of which the company's auditors are unaware

The directors have taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report for the year ended 31 December 2007 (continued)

Statement of directors' responsibilities in respect of the Annual Report and 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 Under that law the directors have 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 affairs of the company and of the profit or loss of the company for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

Auditors

An elective resolution has been passed to dispense with the need to hold Annual General Meetings and annually reappoint PricewaterhouseCoopers LLP as auditors

By order of the board

C R Smithers

C R Smithers
Director

Telensa Limited

Independent auditors' report to the members of Telensa Limited

We have audited the financial statements of Telensa Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 judgments 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

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 December 2007 and of its loss 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

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of preparation The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the company's parent company by providing adequate loan facilities This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include any adjustments that would result from a failure to obtain such continued support

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

28 October 2008

Telensa Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	**9,335**	-
Net operating expenses	3	**(242,924)**	(40,537)
Operating loss		**(233,589)**	(40,537)
Interest receivable		**21**	133
Loss on ordinary activities before taxation	6	**(233,568)**	(40,404)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial year	12	**(233,568)**	(40,404)

All revenue and expenses included in the profit and loss account relate to continuing operations

The company has no recognised gains and losses other than the loss above and therefore no statement of recognised gains and losses has been presented

Telensa Limited

Balance sheet as at 31 December 2007

	Note	2007 £	2006 £
Current assets			
Debtors	8	**100**	100
Cash at bank and in hand		**478**	2,118
		578	2,218
Creditors. amounts falling due within one year	9	**(304,435)**	(72,507)
Net liabilities		**(303,857)**	(70,289)
Capital and reserves			
Called up share capital, not paid	11	**100**	100
Profit and loss account	12	**(303,957)**	(70,389)
Shareholders' deficit	13	**(303,857)**	(70,289)

The financial statements on pages 5 to 12 were approved by the board on 24th October 2008 and were signed on its behalf by

T Jackson.

Timothy Jackson
Director

Telensa Limited

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom A summary of the more important accounting policies, which have been applied consistently, is set out below

Basis of preparation – going concern
During the year the company made a loss of £233,568 (2006 £40,404) The company meets its day to day working capital requirements through an interest-free loan from its parent company, Plextek Limited, which is repayable on demand At the balance sheet date the loan was £296,361 (2006 £62,817)

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future The validity of this assumption depends on the parent company continuing its support by providing adequate loan facilities Confirmation has been received from Plextek Limited, the company's parent undertaking, that financial support will be provided for a period of at least twelve months from the date of approval of the financial statements to enable the company to continue its trading activities

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets

Whilst the directors acknowledge that there is a material uncertainty as to the outcome of the matters mentioned above, which may cast significant doubt on the company's ability to continue as a going concern, they believe that it is appropriate for the financial statements to be prepared on a going concern basis

Turnover
Turnover, which excludes value-added tax, represents the invoiced value of consultancy services, materials and products supplied when the risk and rewards of ownership have transferred to the purchaser

Cash flow statement
The Company has taken advantage of the exemption available to small companies under Financial Reporting Standard ('FRS') 1 (revised 1996) 'Cash flow statements' not to prepare a cash flow statement

Research and development expenditure
Expenditure on research and development is written off as incurred

Pension costs
The company operates a defined contribution pension scheme for the benefit of the directors The assets of the scheme are held separately from those of the company in an independently administered fund In addition, the company makes contributions to the individual personal pension schemes of all employees The amount charged represents the contributions payable to participating individuals in respect of the accounting period The company provides no other post-retirement benefits to employees other than their pensions

Government grants
Government grants are credited to the profit and loss account (as other operating income) on a case-by-case basis, assessed by the level of expenditure incurred on the specific grant project, when receipt of the grant is reasonably certain Government grants are repayable on a change in control of the company, if the intellectual property to which they relate is disposed of or if revenue is generated from the intellectual property established under the grant agreement If revenue is generated from the intellectual property created under the grant agreement, the grant is repayable at a rate of 5% of revenue, capped at the original amount of the grant, being £18,900 (see note 16) There was no grant income receivable in the year (2006 £18,900)

Telensa Limited

1 Principal accounting policies (continued)

Deferred taxation
Provision is made for deferred taxation in accordance with FRS 19, "Deferred tax", on all material timing differences Deferred tax assets are recognised to the extent that they are regarded as recoverable Deferred tax assets and liabilities are not discounted

2 Turnover

In the opinion of the directors, there is only one class of business

Turnover comprises only sales made in the United Kingdom

3 Net operating expenses

	2007 £	2006 £
Administrative expenses	**(242,924)**	(59,437)
Other operating income	-	18,900
	(242,924)	(40,537)

4 Directors' emoluments

	2007 £	2006 £
Aggregate emoluments	**50,000**	50,000

5 Employee information

The average monthly number of persons employed by the company (including executive directors) during the year was

	2007 Number	2006 Number
By activity		
Consultancy and management	**2**	1

	2007 £	2006 £
Staff costs (for the above persons)		
Wages and salaries	**71,404**	50,000
Social security costs	**7,922**	5,759
Pension costs (see note 15)	**1,044**	-
	80,370	55,759

6 Loss on ordinary activities before taxation

	2007 £	2006 £
Loss on ordinary activities before taxation is stated after charging		
Services provided by the company's auditors		
- fees payable for the audit	**2,350**	-

7 Tax on loss on ordinary activities

There is no tax liability or credit arising on the losses in the year

At 31 December 2007, there were tax losses available for carry forward of approximately £303,957 (2006 £70,389) subject to agreement with HM Revenue & Customs

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 20% The differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	**(233,568)**	(40,404)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2006 19%)	**(46,714)**	(7,677)
Effects of		
Losses	**46,714**	7,677
Current tax credit for year	**-**	-

8 Debtors

	2007 £	2006 £
Called up share capital not paid	**100**	100

9 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts due to group undertakings	**296,361**	62,817
Trade creditors	-	2,644
Other taxation and social security	**2,757**	1,698
Other creditors	-	2,948
Accruals and deferred income	**5,317**	2,400
	304,435	72,507

The amounts due to group undertakings represents a loan from the parent company which is unsecured, interest free and repayable on demand

10 Deferred taxation

The potential deferred tax asset in respect of cumulative losses has not been recognised in these financial statements as there is no immediate prospect of these being utilised The losses are available to be carried forward indefinitely under current law

The Company had a potential deferred tax asset as follows

	Amount provided		Amount unprovided	
	2007 £	2006 £	2007 £	2006 £
Tax effect of timing differences because of				
Tax losses	-	-	**66,871**	13,374

11 Called up share capital

	2007 £	2006 £
Authorised		
100,000 ordinary shares of £0 01 each (2006 100,000 ordinary shares of £0 01 each)	**1,000**	1,000
Allotted, called up but not paid		
10,000 ordinary shares of £0 01 each (2006 10,000 ordinary shares of £0 01 each)	**100**	100

12 Reserves

	Profit and loss account £
At 1 January 2007	(70,389)
Loss for the financial year	(233,568)
At 31 December 2007	**(303,957)**

13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Opening shareholders' deficit	**(70,289)**	(29,885)
Loss for the financial year	**(233,568)**	(40,404)
Closing shareholders' deficit	**(303,857)**	(70,289)

14 Capital and financial commitments

The company had no capital expenditure (2006 £nil) that had been contracted for but not provided for in the financial statements

At 31 December 2007, the company did not have any commitments under non-cancellable operating leases (2006 £nil)

15 Pension obligations

The company operates a defined contribution pension scheme for employees Contributions in the year amounted to £1,044 (2006 £nil) No amounts were outstanding at 31 December 2007 (2006 £nil)

16 Contingent liabilities

During the prior year, the company received grant income of £18,900 This, or an element of this, may require repayment if the company generates revenue (net of expenses and reasonable overheads) from the intellectual property created with a contribution from the grant In such a case, the company may be liable to pay back the grant at a rate of 5% of the net revenue generated in any one year The directors of the company believe that it is unlikely that any material portion of the grant received will need to be repaid in the foreseeable future

17 Related party disclosures

Plextek owns in excess of 75% of the issued share capital of Telensa Limited Colin Smithers, director, is an executive director of Plextek Limited ("Plextek") and Tim Jackson, director, is a non-executive director of Plextek During the year, Plextek funded operating expenses of Telensa amounting to £240,173 (2006 £50,348) At the year end, Telensa owed Plextek £296,361 (2006 £62,817)

18 Ultimate controlling party

The ultimate controlling party is Plextek Limited of London Road, Great Chesterford, Essex, CB10 1NY