Telensa Limited

Annual report

for the fifteen month period ended

31 March 2009

Registered Number 4498125

Telensa Limited

Annual report

for the period ended 31 March 2009

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 period ended 31 March 2009

The directors present their report and the audited financial statements of the company for the fifteen month period ended 31 March 2009.

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 and marketing of systems for the management of street lighting. Trials and initial deployments of its systems are currently underway.

Results and dividends

During the year the company made a loss for the fifteen month financial period of £ 1,292,878 (year ended 31 December 2007: £233,568).

The directors have declared no dividend in respect of the period ended 31 March 2009 (year ended 31 December 2007: £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.

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 period ended 31 March 2009 (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.

Small Company

This report has been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

William Gibson

W Gibson
Company secretary

Independent auditors' report to the members of Telensa Limited

We have audited the financial statements of Telensa Limited for the fifteen month period ended 31 March 2009 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 March 2009 and of its loss for the period 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge
Date: 14 January 2010

Telensa Limited

Profit and loss account for the fifteen month period ended 31 March 2009

	Note	Fifteen months ended 31 March 2009 £	Year ended 31 December 2007 £
Turnover	2	**6,000**	9,335
Cost of sales		**(21,307)**	-
Gross (loss)/profit		**(15,307)**	9,335
Net operating expenses	3	**(1,277,612)**	(242,924)
Operating loss		**(1,292,919)**	(233,589)
Interest receivable		**41**	21
Loss on ordinary activities before taxation	6	**(1,292,878)**	(233,568)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial period/year	14	**(1,292,878)**	(233,568)

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.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalent.

Telensa Limited

Balance sheet as at 31 March 2009

	Note	At 31 March 2009 £	At 31 December 2007 £
Fixed assets			
Tangible assets	8	**67,536**	-
		67,536	-
Current assets			
Stocks	9	**44,346**	-
Debtors	10	**22,349**	100
Cash at bank and in hand		**1,860**	478
		68,555	578
Creditors: amounts falling due within one year	11	**(1,732,826)**	(304,435)
Net current liabilities		**(1,664,271)**	(303,857)
Net liabilities		**(1,596,735)**	(303,857)
Capital and reserves			
Called up share capital fully paid	13	**75**	-
Called up share capital, not paid	13	**25**	100
Profit and loss account	14	**(1,596,835)**	(303,957)
Shareholders' deficit	15	**(1,596,735)**	(303,857)

The financial statements on pages 5 to 13 were approved by the board on 12th January 2010 and were signed on its behalf by:

T Jackson

Timothy Jackson
Director

Telensa Limited

Notes to the financial statements for the period ended 31 March 2009

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 period the company made a loss of £1,292,878 (year ended 31December 2007: £233,568). 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 £1,695,180 (year ended 31 December 2007: £296,361).

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 and the company securing the anticipated future sales orders. Confirmation has been received from Plextek Limited, the company's parent undertaking, that amounts due to the Company's parent undertaking, Plextek Limited, will not have to be repaid within a period of at least twelve months from the date of signing the financial statements unless within that time there is a sale of Telensa Limited enabling the loan to be settled out of the proceeds and that Plextek Limited will continue to support the Company's operations as required.

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, and to provide for further liabilities that might arise, and to reclassify fixed assets as current assets.

Tangible fixed assets
Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer and electronic equipment	$33^1/_3$ % per annum

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.

Stock
Stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. In the case of manufactured products, cost includes all direct expenditure. Where necessary, provision is made for obsolete, slow moving and defective stock. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs

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.

Notes to the financial statements for the period ended 31 March 2009

1 Principal accounting policies (continued)

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 18). There was no grant income receivable in the period. (year ended 31 December 2007: £nil).

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.

The analysis of turnover by geographical destination is set out below:

	Fifteen months ended 31 March 2009 £	Year ended 31 December 2007 £
By geographical area		
UK	-	9,335
Rest of Europe	6,000	-
	6,000	9,335

3 Net operating expenses

	Fifteen months ended 31 March 2009 £	Year ended 31 December 2007 £
Administrative expenses	**(34,036)**	(6,085)
Research and development	**(1,243,576)**	(236,839)
	(1,277,612)	(242,924)

Telensa Limited

Notes to the financial statements for the period ended 31 March 2009

4 Directors' emoluments

	Fifteen months ended 31 March 2009 £	Year ended 31 December 2007 £
Aggregate emoluments	63,875	50,000

5 Employee information

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

	Fifteen months ended 31 March 2009 Number	Year ended 31 December 2007 Number
By activity		
Consultancy and management	2	2

	Fifteen months ended 31 March 2009 £	Year ended 31 December 2007 £
Staff costs		
Wages and salaries	111,373	71,404
Social security costs	12,356	7,922
Pension costs (see note 17)	1,820	1,044
	125,549	80,370

6 Loss on ordinary activities before taxation

	Fifteen months ended 31 March 2009 £	Year ended 31 December 2007 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	5,265	-
Services provided by the company's auditors:		
- Fees payable for the audit	2,500	2,350
- Fees payable for tax compliance	2,600	-

Notes to the financial statements for the period ended 31 March 2009

7 Tax on loss on ordinary activities

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

At 31 March 2009, there were tax losses available for carry forward of approximately £1,596,135 (year ended 31 December 2007: £303,957) subject to agreement with HM Revenue & Customs.

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 22% (year ended 31 December 2007: 20%). The differences are explained below:

	Fifteen months ended 31 March 2009 £	Year ended 31 December 2007 £
Loss on ordinary activities before tax	**(1,292,878)**	(233,568)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22% (year ended 31 December 2007: 20%)	**(284,433)**	(46,714)
Effects of:		
Losses carried forward	**284,433**	46,714
Current tax credit for period/year	**-**	-

8 Tangible fixed assets

	Computer and electronic equipment £
Cost	
At 1 January 2008	-
Additions	72,801
At 31 March 2009	**72,801**
Depreciation	
At 1 January 2008	-
Charge for the year	(5,265)
At 31 March 2009	**(5,265)**
Net book value	
At 31 March 2009	**67,536**
At 31 December 2007	-

Notes to the financial statements for the period ended 31 March 2009

9 Stocks

	At 31 March 2009 £	At 31 December 2007 £
Raw materials	**44,346**	-

10 Debtors

	At 31 March 2009 £	At 31 December 2007 £
Called up share capital not paid	25	100
Prepayments and accrued income	**20,700**	-
Other debtors	**1,624**	-
	22,349	100

11 Creditors: amounts falling due within one year

	At 31 March 2009 £	At 31 December 2007 £
Amounts due to group undertakings	**1,695,180**	296,361
Trade creditors	**14,070**	-
Other taxation and social security	**4,499**	2,757
Other creditors	**1,077**	-
Accruals and deferred income	**18,000**	5,317
	1,732,826	304,435

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

Notes to the financial statements for the period ended 31 March 2009

12 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	
	At 31 March 2009 £	At 31 December 2007 £	**At 31 March 2009 £**	At 31 December 2007 £
Tax effect of timing differences because of:				
Tax losses	-	-	**351,304**	66,871

13 Called up share capital

	At 31 March 2009 £	At 31 December 2007 £
Authorised		
100,000 (31 December 2007: 100,000) ordinary shares of £0.01 each	**1,000**	1,000
Allotted, called up and fully paid		
7,551 (31 December 2007: Nil) ordinary shares of £0.01 each	75	-
Allotted, called up but not paid		
2,449 (31 December 2007: 10,000) ordinary shares of £0.01 each	25	100

14 Reserves

	Profit and loss account £
At 31 December 2007	(303,957)
Loss for the financial year	(1,292,878)
At 31 March 2009	**(1,596,835)**

Notes to the financial statements for the period ended 31 March 2009

15 Reconciliation of movements in shareholders' deficit

	At 31 March 2009 £	At 31 December 2007 £
Opening shareholders' deficit	**(303,857)**	(70,289)
Loss for the financial period/year	**(1,292,878)**	(233,568)
Closing shareholders' deficit	**(1,596,735)**	(303,857)

16 Capital and financial commitments

The company had no capital expenditure (year ended 31 December 2007: £nil) that had been contracted for but not provided for in the financial statements.

At 31 March 2009, the company had no commitments under non-cancellable operating leases (31 December 2007: £nil).

17 Pension obligations

The total cost for the period was £1,820 (31 December 2007: £1,044). At the balance sheet date there was £220 (31 December 2007: £nil) payable to the pension scheme.

18 Contingent liabilities

In prior years, 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.

19 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 period, Plextek funded operating expenses and capital additions of Telensa amounting to £1,398,819 (31 December 2007: £240,173). At the period end, Telensa owed Plextek £1,695,180 (31 December 2007: £296,361).

20 Ultimate controlling party

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