

**Company Registration No. 1208441**

**Viglen Limited**

**Report and Financial Statements**

**30 September 2013**

SATURDAY



\*A3393LJ7\*

A10

08/03/2014

#201

COMPANIES HOUSE

# **Viglen Limited**

## **Report and financial statements 2012**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' report</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>7</b>
<b>Profit and loss account</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Cash flow statement</b>	<b>11</b>
<b>Notes to the accounts</b>	<b>12</b>

# **Viglen Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

Claude Littner  
Bordan Tkachuk  
Michael Ray BSc ACA

#### **Secretary**

Michael Ray

#### **Registered Office**

7 Handley Page Way  
Old Parkbury Lane  
Colney Street  
St Albans  
Hertfordshire  
AL2 2DQ

#### **Bankers**

Lloyds TSB Bank Plc  
72 Lombard Street  
London  
EC3P 3BT

#### **Auditor**

Deloitte LLP  
Chartered Accountants  
London

# Viglen Limited

## Strategic Report

The directors have pleasure in presenting their strategic report, director's report and the audited financial statements for the year ended 30 September 2013

### Principal activities

The company's main activity is the supply of IT solutions to the educational markets, the public sector and corporate markets within the United Kingdom. The solutions supplied incorporate the latest PC technology, networking, software and services.

### Business review

The company continues to focus its growth on public sector organisations. Principally education, local and central government and emergency services.

The group continues to grow its storage and high performance computing division and has seen strong orders in the first quarter of the new financial year.

Free schools opportunities have grown during 2013 and the pipeline for new business in 2014 is encouraging.

Viglen successfully re-tendered the National Desktop and Notebook Agreement (NDNA) in the summer of 2013, and were awarded first place on LOT1 (Desktops). This allows higher education establishments to place orders directly with only Viglen without the need for a further bidding process.

Although the market place within public sector remains challenging the company believes that the frameworks that it is on, together with the four ISO accreditations it now holds put it in a strong place to not only maintain its market share in its core activities but to grow due to strong performances in Academies and storage.

The board of directors monitor the company's performance in a number of ways including key performance indicators. The key performance indicators together with the information for the current year are as follows:

#### (1) Turnover

Turnover in the year increased by 11%. An indicator of the company's sales within its main markets. The company has shown good growth in its academy and free school division and continues to grow its storage division.

#### (2) Profitability

Operating profit increased from £2.7m to £3.1m in the year. This indicator measures the profitability of the business. This is a good indicator of the success of the business during the year. Despite the economy remaining difficult particularly in the public sector, the company has been able to keep its costs under control and maintain its loyal customer base as well as win new business. These together have helped grow the operating profit for the year.

#### (3) Stock

The stock holding at the year end increased from 4% to £4.9m. This indicator measures the level of stock held. The balance can be affected by the pattern of trade, the increase is principally due to a higher level of memory held at the year end due to anticipated price increase.

#### (4) Cash

The cash balance fell by £2.1m from £5.8m to £3.7m. The movement in cash during the year is detailed on page 11.

#### (5) Debtor days

The average number of debtors' days was 47, an increase of 2 days from last year's average of 45 days. This indicator is a measure of the company's ability to be paid its invoices promptly. The Board also have a number of non-financial performance measures which are reviewed monthly.

# Viglen Limited

## Strategic Report

These performance measures are also measured against budget, prior year and monthly forecasts

### Principal risks and uncertainties

Risk is present in all businesses and the Board regularly reviews the risks faced by the company

The directors consider that the major risks and uncertainties to the company at this point in time are

#### Financial risks

- **Exchange rate risk** The company principally sells in sterling and buys in dollars. Therefore, there is a risk in terms of adverse exchange rate movements. The company mitigates this risk by hedging its exposure through the forward purchase of dollars. Additionally the company produces a new price list monthly. The forward exchange rate exposure, unhedged, is therefore limited to one month's sales. The company does not use other foreign exchange derivative instruments.
- **Price risk** The company is exposed to commodity price risk. The company considers that volatility in certain component prices is a regular part of its business environment. The company accepts this price risk and does not use commodity price risk management instruments.
- **Liquidity risk** The company regularly reviews its liquidity to ensure that sufficient funds are available for ongoing operation and future developments. The company currently has unused overdraft facilities.
- **Credit risk** The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### Uncertainties

- **Warranty** The company sells the majority of its products with between one and three years warranty support. A warranty provision is made on every product sold to cover the basic forecast cost of repairing the product. The amount that is provided is an estimate based on past experience, but by its nature does involve inherent risk and uncertainty. This risk is mitigated by ensuring that the majority of components are supported by the company's supply chain for three years of warranty. In addition, sales of enhanced warranty products also carry an inherent risk. Income on these sales is deferred over the period of cover with the costs of providing the service being taken as and when the cost is incurred.
- **Market uncertainties** The IT industry continues to go through rapid changes. This in itself presents opportunities and uncertainties. The margins on hardware continue to be under pressure with the future being focused on high margin solutions and value added services.
- **Supply of components** There are times where components are in short supply with long lead times. Viglen's offering to its customers is to supply tailor-made solutions with short lead times. This can cause problems during industry shortages. The company reduces this risk where possible by
  - multi-sourcing components,
  - strong, long-term supplier relationships, and
  - planning and forecasting component requirements

The company regularly reviews the situation and adjusts its plan accordingly

# Viglen Limited

## Strategic Report

### Employees

Detail of the number of employees and related costs can be found in note 4 to the financial statements

It is the company's policy to promote equal opportunities in employment for both existing employees and applicants for employment. Every effort is made to ensure that applications for employment from disabled persons are fully and fairly considered having regard to their particular aptitudes and abilities and that disabled employees have equal opportunities in career development. In the event of an existing employee becoming disabled, every effort is made to ensure that their employment by the company continues and that appropriate adjustments are made to their work environment.

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through regular announcements via the notice boards of the company's performance.

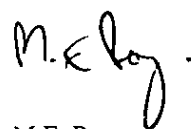
### Environment

The company seeks to minimise the environmental impact of its business and to operate in accordance with the standards required by law and codes of best practice.

During the year the company achieved BS EN ISO 14001 accreditation. The company continues to review its processes and their environmental impact. These include the launching of the Enviro Quiet range of products which has resulted in reduced energy requirement and lower noise emissions. The use of re-usable heavy duty boxes in delivery of our products saves raw materials in packaging by recycling the boxes. The company sets goals for its environmental performance and seeks to achieve this via a process of continued improvement in sustainable consumption and production, reducing its overall carbon footprint.

The company maintains an environmental web-site to share information with customers, partners and suppliers. This can be found at [www.enviroquiet.co.uk](http://www.enviroquiet.co.uk)

Approved by the Board of Directors and signed on behalf of the Board



M E Ray

Secretary

16 December 2013

# Viglen Limited

## Director's Report

### Directors

The current membership of the Board is set out on page 1

### Statement of directors' responsibilities

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). 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 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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 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.

### Political and charitable donations

No charitable donations were made during the year (2012: £nil). No political donations were made during the year (2012: £nil).

### Research and development

The company carries out research and development as part of its day-to-day activities in relation to its products according to the market in which it operates.

### Going concern

Having made appropriate enquiries, and based on the assumptions outlined in the Accounting Policies note, the directors consider it reasonable to assume that the company has adequate resources to continue to trade for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the accounts.

### Dividends

A dividend of £1,880,000 was paid on 4 January 2013 for the year (2012: £2,250,000).

### Auditor

To the best of the directors' knowledge and belief, and having made appropriate enquiries of other officers of the company, all information relevant to enabling the auditor to provide their opinion on the financial statements has been provided. The directors have taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the company's auditor is aware of such information.

# **Viglen Limited**

## **Director's Report**

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

Deloitte LLP are deemed to be reappointed as auditor in accordance with section 487(2) of the Companies Act 2006

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'M E Ray' with a stylized flourish at the end.

M E Ray  
Secretary

16 December 2013



## **Independent auditor's report to the members of Viglen Limited**

We have audited the financial statements of Viglen Limited for the year ended 30 September 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 annual 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 30 September 2013 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Viglen 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 Clark FCA*

Andrew Clark (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, UK

16 December 2013

## Viglen Limited

### Profit and loss account Year ended 30 September 2013

	Notes	2013 £	2012 £
Turnover	2	73,182,293	66,222,589
Operating costs	3	(70,084,193)	(63,481,576)
<b>Operating profit</b>		<b>3,098,100</b>	<b>2,741,013</b>
Interest receivable and similar income	5	19,623	8,421
Interest payable and similar charges	6	(198)	(134)
<b>Profit on ordinary activities before taxation</b>	7	<b>3,117,525</b>	<b>2,749,300</b>
Tax on profit on ordinary activities	8	(705,027)	(661,227)
<b>Profit for the financial year</b>		<b><u>2,412,498</u></b>	<b><u>2,088,073</u></b>

All results are derived from continuing operations

No statement of recognised gains and losses has been prepared because there have been no recognised gains or losses other than the profit for the current and prior year

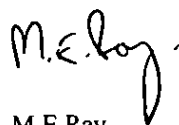
# Viglen Limited

## Balance sheet 30 September 2013

	Notes	2013 £	2012 £
<b>Fixed assets</b>			
Tangible assets	10	<u>353,806</u>	<u>411,822</u>
<b>Current assets</b>			
Stocks	11	5,106,592	4,911,522
Debtors – amounts falling due within one year	12	16,141,686	14,223,116
Debtors – amounts falling due after one year	12	146,343	257,536
Cash at bank and in hand		<u>3,702,234</u>	<u>5,765,589</u>
		25,096,855	25,157,763
<b>Creditors: amounts falling due within one year</b>	13	<u>(15,260,154)</u>	<u>(16,025,360)</u>
<b>Net current assets</b>		<u>9,836,701</u>	<u>9,132,403</u>
<b>Total assets less current liabilities</b>		10,190,507	9,544,225
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(1,572,108)</u>	<u>(1,501,086)</u>
<b>Provision for liabilities</b>	15	<u>(331,166)</u>	<u>(288,404)</u>
<b>Net assets</b>		<u><u>8,287,233</u></u>	<u><u>7,754,735</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	10,067	10,067
Profit and loss account	18	<u>8,277,166</u>	<u>7,744,668</u>
<b>Shareholders' funds</b>	19	<u><u>8,287,233</u></u>	<u><u>7,754,735</u></u>

These financial statements of Viglen Limited, registered number 1208441, were approved and authorised for issue by the Board of Directors on 16 December 2013

Signed on behalf of the Board of Directors



M E Ray  
Director

# Viglen Limited

## Cash flow statement Year ended 30 September 2013

	Notes	2013 £	2012 £
<b>Net cash inflow from operating activities</b>	20	252,696	2,807,000
<b>Returns on investments and servicing of finance</b>			
Interest received		19,623	8,421
Interest paid		(198)	(134)
		<u>19,425</u>	<u>8,287</u>
<b>Net inflow from returns on investments and servicing of finance</b>		19,425	8,287
<b>Taxation</b>			
Corporation tax paid		(341,252)	(841,536)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(114,604)	(204,974)
Sale of tangible fixed assets		380	1,166
		<u>(114,224)</u>	<u>(203,808)</u>
<b>Net cash outflow from capital expenditure and financial investment</b>		(114,224)	(203,808)
<b>Equity dividends paid</b>		<u>(1,880,000)</u>	<u>(2,250,000)</u>
<b>Decrease in cash in the year</b>	21	<u>(2,063,355)</u>	<u>(480,057)</u>

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

#### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and financial position, including principal risks and uncertainties, are set out in the Directors' Report on pages 2 to 5.

The company regularly updates its trading and financial projections, which make allowance for anticipated market conditions. These show that the company should be able to work within the terms of its committed overdraft facilities. The company currently has no external debt.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and accounts.

#### Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are despatched to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

#### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	over the shorter of the life of the lease and the useful life
Motor vehicles	25% on cost
Fixtures and fittings	10% - 33% on cost

Equipment held at third parties as part of a managed service is depreciated over the life of the contract.

#### Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 1. Accounting policies (continued)

#### Research and development

Expenditure on research and development is charged against profits in the period in which it is incurred

#### Foreign currencies

Transactions in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

#### Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

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

#### Contributions to pension funds

The company operates a defined contribution pension scheme in respect of certain employees and pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 1. Accounting policies (continued)

#### Borrowings

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

#### Derivative financial instruments

The company uses forward contracts to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes. Gains and losses on contracts hedging forecast transactional cash flows hedging the sterling value of foreign currency denominated costs are recognised in the hedged periods.

#### Extended warranties

Income from extended warranties is held as deferred income and released over the length of the extended warranty. Costs associated with the extended warranty are taken to profit and loss account as and when the costs are incurred.

#### Warranties

A provision is recognised when the company has a warranty obligation that is part of the basic solution offered to a customer.

### 2. Turnover

Turnover and profit on ordinary activities before taxation are attributable to the manufacturing and marketing of computers, peripherals and software. The company operates in one class of business activity. Turnover and operations arise predominantly in the UK.

### 3. Operating costs

	2013 £	2012 £
Other operating income	(182,157)	(279,083)
Changes in work in progress and finished goods	474,028	(804,562)
Raw materials and consumables	60,156,459	55,237,124
Other income	(935,054)	(767,384)
Other external charges	2,810,125	3,003,710
Staff costs	7,353,746	6,761,649
Depreciation	172,620	153,696
Profit on sale of fixed assets	(380)	(1,166)
Other operating charges	234,806	177,592
	<u>70,084,193</u>	<u>63,481,576</u>



# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 4. Staff costs

Staff costs during the year were as follows

	2013 £	2012 £
Wages and salaries	6,541,538	6,003,126
Social security costs	701,251	658,593
Pension contributions	110,957	99,930
	<u>7,353,746</u>	<u>6,761,649</u>

The average number of employees of the company during the year, including directors, was

	2013 Number	2012 Number
Production and warehouse	44	44
Sales and Administration	143	132
	<u>187</u>	<u>176</u>

Remuneration in respect of directors was as follows

	2013 £	2012 £
Directors' remuneration	294,815	315,091
Pension contributions	100,000	100,000
	<u>394,815</u>	<u>415,091</u>

The pension contributions were made in respect of two directors (2012 two)

The amounts set out above include remuneration in respect of the highest paid director as follows

	2013 £	2012 £
Highest paid director	<u>245,749</u>	<u>246,045</u>

Included in the highest paid directors remuneration is £50,000 (2012 £50,000) in respect of pension contributions

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 5 Interest receivable and similar income

	2013 £	2012 £
Interest receivable - bank interest	19,623	8,421

### 6. Interest payable and similar charges

	2013 £	2012 £
Interest payable - bank interest	198	134

### 7. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2013 £	2012 £
Fees payable to the company's auditor for the audit of the company's annual accounts	30,550	29,140
	30,550	29,140
	2013 £	2012 £
Operating lease payments – land and buildings	710,500	710,500
Depreciation on owned assets	172,620	153,696
Profit on sale of fixed assets	(380)	(1,166)
Research and development	405,056	454,089

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 8. Tax on profit on ordinary activities

	2013 £	2012 £
<b>Current tax</b>		
United Kingdom corporation tax		
Current tax on income for the year at 23.5% (2012: 25%)	(698,911)	(651,896)
Prior year adjustment	5,077	-
<b>Total current tax</b>	<b>(693,834)</b>	<b>(651,896)</b>
<b>Deferred tax</b>		
Movement in short-term timing differences	(6,814)	(4,349)
Prior year adjustment	(4,379)	(4,982)
<b>Total tax on profit on ordinary activities</b>	<b>(705,027)</b>	<b>(661,227)</b>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.5% (2012: 25%). The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2013 £	2012 £
Profit on ordinary activities before tax	3,117,525	2,749,300
Tax on profit on ordinary activities before tax at 23.5% (2012: 25%)	(732,577)	(687,325)
<b>Factors affecting charge for the year:</b>		
Utilisation of losses brought forward	266	-
Expenses not deductible for tax purposes	(1,970)	(2,977)
Capital allowances in excess of depreciation	6,814	4,349
Research and development tax credits	28,556	34,057
<b>Current tax charge for the year</b>	<b>(698,911)</b>	<b>(651,896)</b>

Factors affecting future tax charges:

Deferred tax has been calculated based on a rate of 22% which reflects the future approved corporation tax rate.

### 9. Dividends

A dividend of £1,880,000 was paid on 18 December 2012 (2012: £2,250,000). This represents a dividend of £188.00 per share (2012: £225.00).

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 10. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 30 September 2012	370,146	1,906,354	128,739	2,405,239
Additions	-	76,802	37,802	114,604
Disposals	-	-	(24,900)	(24,900)
At 30 September 2013	370,146	1,983,156	141,642	2,494,943
<b>Depreciation</b>				
At 30 September 2012	257,408	1,658,007	78,002	1,993,417
Disposals	-	-	(24,900)	(24,900)
Charged in the year	35,615	114,111	22,894	172,620
At 30 September 2013	293,023	1,772,118	75,996	2,141,137
<b>Net book value</b>				
At 30 September 2013	77,123	211,038	65,645	353,806
At 30 September 2012	112,738	248,347	50,737	411,822

### 11. Stocks

	2013 £	2012 £
Raw materials, consumables and bought in products	4,108,567	3,439,469
Work in progress and finished goods	998,025	1,472,053
	5,106,592	4,911,522

There is no material difference between the balance sheet value of stocks and their replacement cost

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 12. Debtors

	2013 £	2012 £
Trade debtors	15,711,397	13,750,804
Other debtors	101,889	104,017
Prepayments and accrued income	328,400	368,295
Corporation Tax	-	-
	<u>16,141,686</u>	<u>14,223,116</u>
Amounts falling due within one year		
Other debtors	100,000	200,000
Deferred tax asset (see note 16)	46,343	57,536
	<u>146,343</u>	<u>257,536</u>
Amounts falling due after more than one year		

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

	2013 £	2012 £
Trade creditors	10,135,080	11,336,578
Amounts owed to group undertakings	316,065	452,586
Corporation tax	353,115	533
Other taxes and social security costs	2,477,155	2,626,475
Accruals	647,611	485,669
Deferred income	1,331,128	1,123,518
	<u>15,260,154</u>	<u>16,025,360</u>

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

	2013 £	2012 £
Falling due between 1 and 2 years		
Deferred income	800,807	734,041
Falling due between 2 and 5 years		
Deferred income	771,301	767,045
	<u>1,572,108</u>	<u>1,501,086</u>

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 15. Provision for liabilities

	Total £
At 30 September 2012	288,404
Utilised during the year	(188,040)
Provided during the year	230,802
	<hr/>
At 30 September 2013	331,166
	<hr/>

The provision relates to the expected future cost of providing warranty support. It is expected that the majority of the provision will be utilised within one year.

### 16. Deferred taxation

	2013 £	2012 £
<b>Movement on deferred taxation balance in year</b>		
Opening balance	(57,536)	(66,867)
Charge to profit and loss account	6,814	4,349
Prior year adjustment	4,379	4,982
	<hr/>	<hr/>
	(46,343)	(57,536)
	<hr/>	<hr/>
	2013 £	2012 £
Fixed asset timing differences	(46,343)	(57,536)
	<hr/>	<hr/>
Deferred tax asset	(46,343)	(57,536)
	<hr/>	<hr/>

### 17. Called up share capital

	2013 £	2012 £
<b>Authorised, allotted, called up and fully paid</b>		
10,000 deferred shares of £1 each	10,000	10,000
10,000 ordinary shares of \$0.01 each	67	67
	<hr/>	<hr/>
	10,067	10,067
	<hr/>	<hr/>

The deferred shares do not have voting rights attached to them and are not entitled to receive a dividend. On winding up of the company they would be redeemable at par, and they rank below ordinary shares.

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 18. Profit and loss account

	2013 £	2012 £
At 1 October	7,744,668	7,906,595
Profit for the financial year	2,412,498	2,088,073
Dividend	(1,880,000)	(2,250,000)
At 30 September	<u>8,277,166</u>	<u>7,744,668</u>

### 19. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	2,412,498	2,088,073
Dividends paid	(1,880,000)	(2,250,000)
Net increase/(decrease) in shareholders' funds	<u>532,498</u>	<u>(161,927)</u>
Shareholders' funds at 1 October	7,754,735	7,916,927
Shareholders' funds at 30 September	<u>8,287,233</u>	<u>7,754,735</u>

### 20. Reconciliation of operating profit to operating cash flows

	2013 £	2012 £
Operating profit	3,098,100	2,741,013
Depreciation	172,620	153,696
Profit on sale of fixed assets	(380)	(1,166)
Increase in stock	(195,070)	(1,317,450)
Increase in debtors	(1,816,030)	(2,422,048)
(Decrease)/Increase in creditors	(1,327,938)	3,767,733
Increase/(Decrease) in deferred income	278,632	(45,989)
Increase/(Decrease) in provisions	42,762	(68,789)
Net cash inflow from continuing operating activities	<u>252,696</u>	<u>2,807,000</u>

# Viglen Limited

## Notes to the accounts Year ended 30 September 2013

### 21. Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Decrease in cash in the year	<u>(2,063,355)</u>	<u>(480,057)</u>
Opening net funds	5,765,589	6,245,646
Closing net funds	<u>3,702,234</u>	<u>5,765,589</u>

### 22. Analysis of changes in net funds

	2012 £	Cash flow £	2013 £
Cash at bank and in hand	<u>5,765,589</u>	<u>(2,063,355)</u>	<u>3,702,234</u>

### 23. Contingent liabilities and Commitments

There were no contingent liabilities at 30 September 2013 (2012 £nil)

### 24. Leasing commitments

At 30 September 2013 the company had an annual operating lease commitment of £610,500 (2012 £610,500) The operating leases to which these amounts relate expire as follows

	2013 £	2012 £
Over five years – Land and building	<u>610,500</u>	<u>610,500</u>

### 25. Related party transactions

During the year Viglen Limited sold services worth £13,197 (2012 £41,313) to Amshold Group Limited At 30 September 2013 the amount receivable was £932 (2012 £5,667) During the year Viglen Limited purchased services worth £114,750 (2012 £135,000) from Amshold Group Limited Amshold Group Limited is 100% owned by Lord Sugar

The company has taken advantage of the exemptions conferred by Financial Reporting Standard Number 8 "Related Party Disclosures", in respect of transactions with other group undertakings



## **Viglen Limited**

### **Notes to the accounts**

#### **Year ended 30 September 2013**

**26. Parent company and controlling party**

Viglen Technology Limited, incorporated in Great Britain, is the company's parent company. The ultimate parent company is Amshold Trading Limited, a company incorporated in Great Britain. Consolidated accounts are prepared by both companies. Copies of the accounts for both of these companies can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ. At 30 September 2013, the company was indirectly owned by Lord Sugar.