

Company Registration No. 1208441

Viglen Limited

Report and Financial Statements

30 September 2009

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Viglen Limited

Report and financial statements 2009

| Contents | Page |
|---|-------------|
| Officers and professional advisers | 1 |
| Directors' report | 2 |
| Independent auditors' report | 6 |
| Profit and loss account | 8 |
| Balance sheet | 9 |
| Cash flow statement | 10 |
| Notes to the accounts | 11 |

Viglen Limited

Report and financial statements 2009

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

Auditors

Deloitte LLP
Chartered Accountants
London

Viglen Limited

Directors' report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2009

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 emerging services. The company also supplies many UK based corporate customers. In addition, the company continues to invest in storage product and high performance computing

The company had an excellent year, winning many new customers. The company also won the OGC10 and OGC11 contracts via Buying Solutions. OGC10 is a two year framework contract for sole supply to 48 councils and NHS trusts worth an estimated £26m. OGC11 is a similar contract for sole supply to 24 councils in the North of England worth an estimated £7.5m

These two contracts have given the company in excess of 70 new customers. With the bulk of the business likely to fall outside the typical seasonal summer peak of the education business, the company has been able to absorb these contracts without a significant increase in its cost base

The board of directors monitors 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 9.2%

(2) Profitability

Operating profit fell from £2.2m to £1.0m in the year. This indicator measures the profitability of the business. Although profitability fell the company's results in the prior year benefited from the release of deferred income from prior year sales. On a like for like basis the company continues to show growth in both turnover and profitability

(3) Stock

The stock holding at the year end increased by 16.6% to £4.8m. This indicator measures the level of stock held. The balance can be affected by the pattern of trade but the increase is mainly due additional stock in transit due to the growth in business coupled with £0.5m of laptops held in stock for the new OGC10 contract

(4) Cash

The cash balance fell by £0.6m to £2.8m. However during the year the bank loan was fully repaid (£750,000). Net funds increased by £0.2m. The movement in cash during the year is detailed on page 10

(5) Debtor days

The average number of debtors' days was 46, a reduction of four days from last year's average of 50 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

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

Viglen Limited

Directors' report (continued)

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. There were no forward contracts in place at the year end.
- **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. 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

Directors' report (continued)

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.

The Waste Electrical and Electronic Equipment ("WEEE") Directive was adopted in the UK on 1 July 2007. This directive sets goals for the recycling of electrical goods. The company currently has the ability to offer all the services required under this directive.

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 maintains an environmental web-site to share information with customers, partners and suppliers. This can be found at www.enviroquiet.co.uk

Dividends

No dividend (2008 £nil) was declared or paid during the year.

Directors

The current membership of the Board is set out on page 1. On 1 July 2009 Lord Sugar resigned as a director. On 1 July 2009 Claude Littner was appointed as a director.

Viglen Limited

Directors' report (continued)

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, subject to any material departures disclosed and explained in the financial statements, 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 (2008: £nil). No political donations were made during the year (2008: £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.

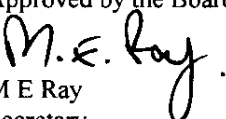
Auditors

To the best of the directors' knowledge and belief, and having made appropriate enquires of other officers of the company, all information relevant to enabling the auditors 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 auditors are aware of such information.

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 in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

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


M E Ray
Secretary

27th November 2009

Independent auditors' report to the members of Viglen Limited

We have audited the financial statements of Viglen Limited for the year ended 30 September 2009 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 sections 495 and 496 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, 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 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 (APB'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.

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 2009 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 auditors' 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 Auditors
London, UK

27 November 2009

Viglen Limited

Profit and loss account Year ended 30 September 2009

| | Notes | 2009 £ | 2008 £ |
|--|-------|-----------------------|-------------------------|
| Turnover | 2 | 53,366,982 | 48,875,462 |
| Operating costs | 3 | (52,369,263) | (46,634,685) |
| Operating profit | | <u>997,719</u> | <u>2,240,777</u> |
| Interest receivable and similar income | 5 | 43,302 | 206,204 |
| Interest payable and similar charges | 6 | (47,764) | (73,541) |
| Profit on ordinary activities before taxation | 7 | <u>993,257</u> | <u>2,373,440</u> |
| Tax on profit on ordinary activities | 8 | (245,118) | (222,315) |
| Profit for the financial year | | <u><u>748,139</u></u> | <u><u>2,151,125</u></u> |

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 or loss for the current and prior year

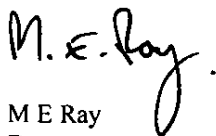
Viglen Limited

Balance sheet 30 September 2009

| | Notes | 2009 £ | 2008 £ |
|--|-------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 10 | <u>438,876</u> | <u>552,470</u> |
| Current assets | | | |
| Stocks | 11 | 4,809,669 | 4,125,252 |
| Debtors – amounts falling due within one year | 12 | 11,701,407 | 9,325,852 |
| Debtors – amounts falling due after one year | 12 | 598,438 | 706,504 |
| Cash at bank and in hand | | <u>2,810,929</u> | <u>3,408,962</u> |
| | | 19,920,443 | 17,566,570 |
| Creditors: amounts falling due within one year | 13 | <u>(12,029,517)</u> | <u>(10,043,147)</u> |
| Net current assets | | <u>7,890,926</u> | <u>7,523,423</u> |
| Total assets less current liabilities | | 8,329,802 | 8,075,893 |
| Creditors: amounts falling due after more than one year | 14 | (1,102,818) | (1,670,447) |
| Provision for liabilities | 15 | <u>(301,194)</u> | <u>(227,795)</u> |
| Net assets | | <u>6,925,790</u> | <u>6,177,651</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 10,067 | 10,067 |
| Profit and loss account | 18 | <u>6,915,723</u> | <u>6,167,584</u> |
| Shareholders' funds | 19 | <u>6,925,790</u> | <u>6,177,651</u> |

These financial statements of Viglen Limited, registered number 1208441, were approved and authorised for issue by the Board of Directors on ~~27th~~ 27th NOVEMBER 2009

Signed on behalf of the Board of Directors


M E Ray
Director

Viglen Limited

Cash flow statement

Year ended 30 September 2009

| | Notes | 2009 £ | 2008 £ |
|--|-------|-----------|-----------|
| Net cash inflow from operating activities | 20 | 653,054 | 1,875,694 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 43,302 | 206,204 |
| Interest paid | | (47,764) | (73,541) |
| Net cash (outflow)/inflow from returns on investments and servicing of finance | | (4,462) | 132,663 |
| Taxation | | | |
| Corporation tax (paid)/received | | (440,080) | 376,015 |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (28,104) | (90,432) |
| Sale of tangible fixed assets | | 1,300 | 900 |
| Net cash outflow from capital expenditure and financial investment | | (26,804) | (89,532) |
| Equity dividends paid | | - | - |
| Cash inflow before financing | | 181,708 | 2,294,840 |
| Financing | | | |
| Repayment of debt | | (750,000) | (300,000) |
| Capital element of finance lease rental payment | | (29,741) | (27,884) |
| Net cash outflow from financing | | (779,741) | (327,884) |
| (Decrease)/increase in cash in the year | 21 | (598,033) | 1,966,956 |

Viglen Limited

Notes to the accounts Year ended 30 September 2009

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.

Turnover

Turnover comprises the invoiced value of goods sold and services supplied by the company, excluding value added tax and trade discounts. Revenue is recognised on the sale of physical product when the goods are despatched, revenue is recognised on a service contract over the life of the service.

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.

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.

Viglen Limited

Notes to the accounts Year ended 30 September 2009

1. Accounting policies (continued)

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

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

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 group after deducting all of its liabilities

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. There are no material open forward contracts at the balance sheet date

Viglen Limited

Notes to the accounts Year ended 30 September 2009

1. Accounting policies (continued)

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, which are due to be renewed in March 2010. The company did not use these borrowing facilities in the last twelve months and does not have any external debt.

As the company continues to grow there will be additional working capital requirements during the summer 2010 period. Although not currently anticipated, if the requirement was in excess of the current facilities then the company could take several actions to mitigate the effects. In particular the directors are confident that the facilities could be renegotiated were there a need to do so.

Therefore, after making enquiries, and considering the uncertainties described above, 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.

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

| | 2009 £ | 2008 £ |
|---|-------------------|-------------------|
| Other operating income | (5,952) | (833,173) |
| Changes in work in progress and finished goods | 328,282 | 19,346 |
| Raw materials and consumables | 42,492,114 | 37,854,102 |
| Other external charges | 3,130,194 | 2,958,080 |
| Staff costs | 6,196,805 | 6,450,737 |
| Depreciation | 141,698 | 152,772 |
| Profit on sale of fixed assets (excluding managed services) | (1,300) | (900) |
| Other operating charges | 87,422 | 33,721 |
| | <u>52,369,263</u> | <u>46,634,685</u> |

Viglen Limited

Notes to the accounts Year ended 30 September 2009

4. Staff costs

Staff costs during the year were as follows

| | 2009 £ | 2008 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 5,543,704 | 5,734,779 |
| Social security costs | 599,762 | 631,404 |
| Pension contributions | 53,339 | 84,554 |
| | <u>6,196,805</u> | <u>6,450,737</u> |

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

| | 2009 Number | 2008 Number |
|--------------------------|----------------|----------------|
| Production and warehouse | 45 | 41 |
| Sales and Administration | 121 | 129 |
| | <u>166</u> | <u>170</u> |

Remuneration in respect of directors was as follows

| | 2009 £ | 2008 £ |
|-------------------------|----------------|----------------|
| Directors' remuneration | 405,884 | 403,607 |
| Pension contributions | 52,000 | 84,000 |
| | <u>457,884</u> | <u>487,607</u> |

The pension contributions were made in respect of two directors (2008 two)

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

| | 2009 £ | 2008 £ |
|-----------------------|----------------|----------------|
| Highest paid director | <u>240,218</u> | <u>242,139</u> |

Included in the highest paid directors remuneration is £26,000 (2008 £44,000) in respect of pension contributions

Viglen Limited

Notes to the accounts Year ended 30 September 2009

5. Interest receivable and similar income

| | 2009 £ | 2008 £ |
|-------------------------------------|-----------|-----------|
| Interest receivable – bank interest | 43,302 | 206,204 |

6. Interest payable and similar charges

| | 2009 £ | 2008 £ |
|------------------------------------|-----------|-----------|
| Interest payable - bank interest | 44,484 | 68,404 |
| Interest payable on finance leases | 3,280 | 5,137 |
| | 47,764 | 73,541 |

7. Profit on ordinary activities before taxation

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

| | 2009 £ | 2008 £ |
|--|-----------|-----------|
| Auditors' remuneration | | |
| Audit of the company's annual accounts | 26,750 | 28,750 |
| | 26,750 | 28,750 |

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| Operating lease payments – land and buildings | 608,750 | 608,750 |
| Depreciation on owned assets | 141,698 | 152,772 |
| Profit on sale of fixed assets | (1,300) | (900) |

Viglen Limited

Notes to the accounts Year ended 30 September 2009

8. Tax on profit on ordinary activities

| | 2009 £ | 2008 £ |
|--|----------------|----------------|
| Current tax | | |
| United Kingdom corporation tax | | |
| Current tax on income for the year at 28% (2008 29%) | 237,052 | 410,062 |
| Prior year adjustment | - | (220,733) |
| Total current tax | <u>237,052</u> | <u>189,329</u> |
| Deferred tax | | |
| Movement in short-term timing differences | 8,066 | 24,532 |
| Prior year adjustment | - | 8,454 |
| Total tax on profit on ordinary activities | <u>245,118</u> | <u>222,315</u> |

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008 29%)
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

| | 2009 £ | 2008 £ |
|---|------------------|------------------|
| Profit on ordinary activities before tax | <u>993,257</u> | <u>2,373,440</u> |
| Tax on profit on ordinary activities before tax at 28% (2008 29%) | (278,112) | (688,298) |
| Factors affecting charge for the year: | | |
| Income not taxable | - | 221,858 |
| Expenses not deductible for tax purposes | (5,031) | (5,013) |
| Capital allowances in excess of depreciation | 8,066 | 24,532 |
| R & D tax credits | 38,025 | 36,859 |
| Current tax charge for the year | <u>(237,052)</u> | <u>(410,062)</u> |

9 Dividends

No dividend was declared and paid during the year (2008 £nil)

Viglen Limited

Notes to the accounts Year ended 30 September 2009

10. Tangible fixed assets

| | Leasehold improvements £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|--------------------------|--------------------------------|---|------------------------|------------|
| Cost or valuation | | | | |
| At 1 October 2008 | 358,510 | 2,127,678 | 153,266 | 2,639,454 |
| Additions | 11,636 | 16,468 | - | 28,104 |
| Disposals | - | (6,539) | (40,089) | (46,628) |
| At 30 September 2009 | 370,146 | 2,137,607 | 113,177 | 2,620,930 |
| Depreciation | | | | |
| At 1 October 2008 | 111,458 | 1,837,677 | 137,849 | 2,086,984 |
| Disposals | - | (6,539) | (40,089) | (46,628) |
| Charged in the year | 39,105 | 97,021 | 5,572 | 141,698 |
| At 30 September 2009 | 150,563 | 1,928,159 | 103,332 | 2,182,054 |
| Net book value | | | | |
| At 30 September 2009 | 219,583 | 209,448 | 9,845 | 438,876 |
| At 30 September 2008 | 247,052 | 290,001 | 15,417 | 552,470 |

Included within the net book value of £438,876 is £44,333 relating to assets held on finance leases (2008 £72,333) The depreciation charged in the year on these assets was £28,000 (2008 £28,000)

11. Stocks

| | 2009 £ | 2008 £ |
|---|------------------|------------------|
| Raw materials, consumables and bought in products | 4,268,563 | 3,255,864 |
| Work in progress and finished goods | 541,106 | 869,388 |
| | <u>4,809,669</u> | <u>4,125,252</u> |

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 2009

12. Debtors

| | 2009 £ | 2008 £ |
|--|-------------------|------------------|
| Trade debtors | 11,321,281 | 9,017,839 |
| Other debtors | 106,637 | 100,000 |
| Prepayments and accrued income | 273,489 | 208,013 |
| | <u>11,701,407</u> | <u>9,325,852</u> |
| Amounts falling due within one year | | |
| Other debtors | 500,000 | 600,000 |
| Deferred tax asset (see note 16) | 98,438 | 106,504 |
| | <u>598,438</u> | <u>706,504</u> |
| Amounts falling due after more than one year | | |

13. Creditors: amounts falling due within one year

| | 2009 £ | 2008 £ |
|---------------------------------------|-------------------|-------------------|
| Bank loan | - | 300,000 |
| Obligations under finance lease | 31,722 | 33,021 |
| Trade creditors | 7,772,657 | 5,669,056 |
| Amounts owed to group undertakings | 500,642 | 288,799 |
| Corporation tax | 87,052 | 290,080 |
| Other taxes and social security costs | 2,037,054 | 1,509,832 |
| Accruals | 355,773 | 454,582 |
| Deferred income | 1,244,617 | 1,497,777 |
| | <u>12,029,517</u> | <u>10,043,147</u> |

Viglen Limited

Notes to the accounts Year ended 30 September 2009

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

| | 2009 £ | 2008 £ |
|-----------------------------------|------------------|------------------|
| Falling due between 1 and 2 years | | |
| Bank loan | - | 300,000 |
| Deferred income | 651,726 | 780,642 |
| Obligations under finance lease | - | 28,442 |
| Falling due between 2 and 5 years | | |
| Bank loan | - | 150,000 |
| Deferred income | 451,092 | 411,363 |
| | <u>1,102,818</u> | <u>1,670,447</u> |

15. Provision for liabilities

| | Total £ |
|--------------------------|----------------|
| At 1 October 2008 | 227,795 |
| Utilised during the year | (216,119) |
| Provided during the year | 289,518 |
| | <u>301,194</u> |
| At 30 September 2009 | |

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.

Viglen Limited

Notes to the accounts Year ended 30 September 2009

16. Deferred taxation

| | 2009 £ | 2008 £ |
|--|-----------------|------------------|
| Movement on deferred taxation balance in year | | |
| Opening balance | (106,504) | (139,490) |
| Charge to profit and loss account | 8,066 | 32,986 |
| | <u>(98,438)</u> | <u>(106,504)</u> |
| | 2009 £ | 2008 £ |
| Fixed asset timing differences | <u>(98,438)</u> | <u>(106,504)</u> |
| Deferred tax asset | <u>(98,438)</u> | <u>(106,504)</u> |

17. Called up share capital

| | 2009 £ | 2008 £ |
|---|---------------|---------------|
| Authorised, allotted, called up and fully paid | | |
| 10,000 deferred shares of £1 each | 10,000 | 10,000 |
| 10,000 ordinary shares of \$0 01 each | 67 | 67 |
| | <u>10,067</u> | <u>10,067</u> |

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.

18. Profit and loss account

| | 2009 £ | 2008 £ |
|-------------------------------|------------------|------------------|
| At 1 October | 6,167,584 | 4,016,459 |
| Profit for the financial year | <u>748,139</u> | <u>2,151,125</u> |
| At 30 September | <u>6,915,723</u> | <u>6,167,584</u> |

Viglen Limited

Notes to the accounts Year ended 30 September 2009

19. Reconciliation of movements in shareholders' funds

| | 2009 £ | 2008 £ |
|-------------------------------------|------------------|------------------|
| Profit for the financial year | 748,139 | 2,151,125 |
| Dividends paid | - | - |
| Net increase in shareholders' funds | 748,139 | 2,151,125 |
| Shareholders' funds at 1 October | 6,177,651 | 4,026,526 |
| Shareholders' funds at 30 September | <u>6,925,790</u> | <u>6,177,651</u> |

20. Reconciliation of operating profit to operating cash flows

| | 2009 £ | 2008 £ |
|--|----------------|------------------|
| Operating profit | 997,719 | 2,240,777 |
| Depreciation | 141,698 | 152,772 |
| Profit on sale of fixed assets | (1,300) | (900) |
| Increase in stocks | (684,417) | (75,564) |
| (Increase)/decrease in debtors | (2,275,555) | 911,954 |
| Increase in creditors | 2,743,857 | 182,139 |
| Decrease in deferred income | (342,347) | (1,273,125) |
| Increase/(decrease) in provisions | 73,399 | (262,359) |
| Net cash inflow from continuing operating activities | <u>653,054</u> | <u>1,875,694</u> |

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

| | 2009 £ | 2008 £ |
|--|------------------|------------------|
| (Decrease)/increase in cash in the year | (598,033) | 1,966,956 |
| Cash outflow from change in debt and lease financing | 779,741 | 327,884 |
| Change in net funds | <u>181,708</u> | <u>2,294,840</u> |
| Opening net funds | 2,597,499 | 302,659 |
| Closing net funds | <u>2,779,207</u> | <u>2,597,499</u> |

Viglen Limited

Notes to the accounts

Year ended 30 September 2009

22 Analysis of changes in net funds

| | 2008 £ | Cash flow £ | 2009 £ |
|-----------------------------------|------------------|----------------|------------------|
| Cash at bank and in hand | 3,408,962 | (598,033) | 2,810,929 |
| Debt due within one year | (300,000) | 300,000 | - |
| Debt due after more than one year | (450,000) | 450,000 | - |
| Finance leases | (61,463) | 29,741 | (31,722) |
| Total | <u>2,597,499</u> | <u>181,708</u> | <u>2,779,207</u> |

23. Contingent liabilities

There were no contingent liabilities at 30 September 2009 (2008 £nil)

24. Leasing commitments

At 30 September 2009 the company had an annual operating lease commitment of £610,500 (2008 £610,500) The operating leases to which these amounts relate expire as follows

| | 2009 £ | 2008 £ |
|-----------------|----------------|----------------|
| Over five years | <u>610,500</u> | <u>610,500</u> |

25. Related party transactions

During the year Viglen Limited sold services worth £107,467 (2008 £14,451) to Amsprop Limited At 30 September 2009 there was an amount receivable of £2,294 (2008 £10,151)

During the year Viglen Limited sold services worth £207 (2008 £nil) to Amsair Limited At 30 September 2009 the amount receivable was £nil (2008 £nil)

During the year Viglen Limited sold services worth £14,188 (2008 £nil) to Amshold Group Limited At 30 September 2009 the amount receivable was £1,137 (2008 £nil)

Amsprop Limited, Amsair Limited and Amshold Group Limited are all companies 100% owned by Lord Sugar

During the year Viglen Limited made sales of £955 (2008 £nil) to Amscreen Limited At 30 September 2009 the amount receivable was £661 (2008 £nil) Amscreen Limited is 60% owned by Amsprop London Limited the ultimate parent company of Viglen Limited

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

26. Parent company and controlling party

Viglen Technology Limited, incorporated in Great Britain, is the company's parent company The ultimate parent company is Amsprop London 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 2009, the company was indirectly owned by Lord Sugar Following his appointment as a Government advisor, Lord Sugar resigned as a director of the company on 1 July 2009