

Company Registration No. 1208441

Viglen Limited

Report and Financial Statements

30 September 2010

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Viglen Limited

Report and financial statements 2010

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Viglen Limited

Report and financial statements 2010

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 2010

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 directors are pleased to report that despite the general economic conditions the company has shown exceptional growth in turnover of 26% during the year

The company has taken great steps forward in securing government contracts, which will ensure our ability to sell into the public sector and education market for the foreseeable future. In March 2010 the company was successful in being re-appointed to the new framework for Buying Solution (Government procurement framework agency) 'Commoditised IT Hardware and Software' for Lot 1 – Desktops and for Lot 2 – IT infrastructure, being only one of nine suppliers on both Lots

In November 2010, post year end, the company was also successful in being appointed by Becta (novated to the Department of Education) to the ICT services framework, one of only fifteen suppliers to be successful under both Lot 1 – Infrastructure Services and Lot 2 – Information Services. The framework will become the default route for most new Academies. It is also envisaged that federations of schools will use the framework. This is a 3 year framework with the option to extend for a further year and is fundamental to future success with the schools market, particularly in the academies and college sectors

During the year the company also achieved ISO 14001 accreditation (see page 4), and in November 2010 were successful in achieving ISO 27001 accreditation. These accreditations together with ISO 9001 and ISO 20000 provide our customers with the comfort that they are dealing with a strong, service led organisation

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 26.2%. An indicator of the company's continued success within its main markets

(2) Profitability

Operating profit fell from £1.0m to £0.5m in the year. This indicator measures the profitability of the business. Although profitability fell due to the pressure on margins and declining average selling prices, the company continued to grow within its markets, as indicated by both revenue and volume growth. The company focused on supplying a quality product and service to its growing customer base during the difficult trading conditions. This impacted on gross margins but resulted in a stronger customer base for the future

(3) Stock

The stock holding at the year end increased by 11.7% to £5.4m. This indicator measures the level of stock held. The balance can be affected by the pattern of trade but the increase is mainly due to the growth in the business

Viglen Limited

Directors' report (Continued)

(4) Cash

The cash balance increased by £0.7m to £3.5m. The movement in cash during the year is detailed on page 10.

(5) Debtor days

The average number of debtors' days was 42, a reduction of 4 days from last year's average of 46 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.

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.

Viglen Limited

Directors' report (Continued)

Uncertainties (continued)

- 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

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

Dividends

On 11 December 2009 a dividend of £850,000 was declared and paid (2009 £nil)

Directors

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

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 (2009 £nil). No political donations were made during the year (2009 £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

M. E. Ray
17th December 2010

Independent auditors' report to the members of Viglen Limited

We have audited the financial statements of Viglen Limited for the year ended 30 September 2010 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 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 2010 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

17 December 2010

Viglen Limited

Profit and loss account Year ended 30 September 2010

	Notes	2010 £	2009 £
Turnover	2	67,363,772	53,366,982
Operating costs	3	<u>(66,848,723)</u>	<u>(52,369,263)</u>
Operating profit		515,049	997,719
Interest receivable and similar income	5	3,360	43,302
Interest payable and similar charges	6	<u>(19,257)</u>	<u>(47,764)</u>
Profit on ordinary activities before taxation	7	499,152	993,257
Tax on profit on ordinary activities	8	<u>(107,964)</u>	<u>(245,118)</u>
Profit for the financial year		<u><u>391,188</u></u>	<u><u>748,139</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 for the current and prior year

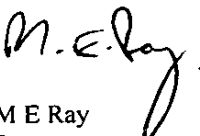
Viglen Limited

Balance sheet 30 September 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	10	<u>382,741</u>	<u>438,876</u>
Current assets			
Stocks	11	5,374,775	4,809,669
Debtors – amounts falling due within one year	12	12,389,575	11,701,407
Debtors – amounts falling due after one year	12	493,089	598,438
Cash at bank and in hand		<u>3,489,528</u>	<u>2,810,929</u>
		21,746,967	19,920,443
Creditors: amounts falling due within one year	13	<u>(14,183,922)</u>	<u>(12,029,517)</u>
Net current assets		<u>7,563,045</u>	<u>7,890,926</u>
Total assets less current liabilities		7,945,786	8,329,802
Creditors: amounts falling due after more than one year	14	(1,154,866)	(1,102,818)
Provision for liabilities	15	<u>(323,942)</u>	<u>(301,194)</u>
Net assets		<u>6,466,978</u>	<u>6,925,790</u>
Capital and reserves			
Called up share capital	17	10,067	10,067
Profit and loss account	18	<u>6,456,911</u>	<u>6,915,723</u>
Shareholders' funds	19	<u>6,466,978</u>	<u>6,925,790</u>

These financial statements of Viglen Limited, registered number 1208441, were approved and authorised for issue by the Board of Directors on 17th December 2010

Signed on behalf of the Board of Directors


M E Ray
Director

Viglen Limited

Cash flow statement Year ended 30 September 2010

	Notes	2010 £	2009 £
Net cash inflow from operating activities	20	1,810,528	653,054
Returns on investments and servicing of finance			
Interest received		3,360	43,302
Interest paid		(19,257)	(47,764)
Net outflow from returns on investments and servicing of finance		(15,897)	(4,462)
Taxation			
Corporation tax paid		(157,052)	(440,080)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(78,159)	(28,104)
Sale of tangible fixed assets		901	1,300
Net cash outflow from capital expenditure and financial investment		(77,258)	(26,804)
Equity dividends paid		(850,000)	-
Cash inflow before financing		710,321	181,708
Financing			
Repayment of debt		-	(750,000)
Capital element of finance lease rental payment		(31,722)	(29,741)
Net cash outflow from financing		(31,722)	(779,741)
Increase/(decrease) in cash in the year	21	<u>678,599</u>	<u>(598,033)</u>

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Notes to the accounts Year ended 30 September 2010

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.

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.

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 2010

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 group after deducting all of its liabilities.

Viglen Limited

Notes to the accounts Year ended 30 September 2010

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

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

	2010 £	2009 £
Other operating income	(30,512)	(5,952)
Changes in work in progress and finished goods	(759,653)	328,282
Raw materials and consumables	58,260,800	42,492,114
Other external charges	3,132,402	3,130,194
Staff costs	5,882,345	6,196,805
Depreciation	134,294	141,698
Profit on sale of fixed assets	(901)	(1,300)
Other operating charges	229,948	87,422
	<u>66,848,723</u>	<u>52,369,263</u>

Viglen Limited

Notes to the accounts Year ended 30 September 2010

4. Staff costs

Staff costs during the year were as follows

	2010 £	2009 £
Wages and salaries	5,235,892	5,543,704
Social security costs	570,934	599,762
Pension contributions	75,519	53,339
	<u>5,882,345</u>	<u>6,196,805</u>

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

	2010 Number	2009 Number
Production and warehouse	43	45
Sales and Administration	113	121
	<u>156</u>	<u>166</u>

Remuneration in respect of directors was as follows

	2010 £	2009 £
Directors' remuneration	306,051	405,884
Pension contributions	72,000	52,000
	<u>378,051</u>	<u>457,884</u>

The pension contributions were made in respect of two directors (2009 two)

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

	2010 £	2009 £
Highest paid director	<u>242,233</u>	<u>240,218</u>

Included in the highest paid directors remuneration is £36,000 (2009 £26,000) in respect of pension contributions

Viglen Limited

Notes to the accounts Year ended 30 September 2010

5 Interest receivable and similar income

	2010 £	2009 £
Interest receivable – bank interest	3,360	43,302

6 Interest payable and similar charges

	2010 £	2009 £
Interest payable - bank interest	17,958	44,484
Interest payable on finance leases	1,299	3,280
	19,257	47,764

7 Profit on ordinary activities before taxation

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

	2010 £	2009 £
Fees payable to the company's auditors for the audit of the company's annual accounts	27,750	26,750
	27,750	26,750

	2010 £	2009 £
Operating lease payments – land and buildings	608,750	608,750
Depreciation on owned assets	134,294	141,698
Profit on sale of fixed assets	(901)	(1,300)

Viglen Limited

Notes to the accounts Year ended 30 September 2010

8. Tax on profit on ordinary activities

	2010 £	2009 £
Current tax		
United Kingdom corporation tax		
Current tax on income for the year at 28% (2009 28%)	104,078	237,052
Prior year adjustment	(1,463)	-
Total current tax	<u>102,615</u>	<u>237,052</u>
Deferred tax		
Movement in short-term timing differences	1,901	8,066
Prior year adjustment	3,448	-
Total tax on profit on ordinary activities	<u>107,964</u>	<u>245,118</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 28%)
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

	2010 £	2009 £
Profit on ordinary activities before tax	<u>499,152</u>	<u>993,257</u>
Tax on profit on ordinary activities before tax at 28% (2009 28%)	<u>139,763</u>	<u>278,112</u>
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	(3,633)	(5,031)
Capital allowances in excess of depreciation	1,901	8,066
R & D tax credits	37,417	38,025
Current tax charge for the year	<u>104,078</u>	<u>237,052</u>

Factors affecting future tax charges

In his budget of 22 June 2010, the Chancellor of the Exchequer announced Budget tax changes, which, if enacted in the proposed manner, will have a significant effect on the company's future tax position
The budget proposed a decrease in the rate of UK corporation tax from 28% to 24% by 1% each year, from April 2011, which will be enacted annually. The first rate change to 27% has been substantively enacted at the date of signing the financial statements. This would reduce the company's recognised deferred tax asset. The rate change will also reduce the amount of the future UK cash tax payments to be made by the company.

9. Dividends

On 11 December 2009 a dividend £850,000 was declared and paid (2009 £nil). This represented a dividend of £85.00 per share (2009 £nil).

Viglen Limited

Notes to the accounts Year ended 30 September 2010

10. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2009	370,146	2,137,607	113,177	2,620,930
Additions	-	78,159	-	78,159
Disposals	-	-	(13,735)	(13,735)
At 30 September 2010	370,146	2,215,766	99,442	2,685,354
Depreciation				
At 1 October 2009	150,563	1,928,159	103,332	2,182,054
Disposals	-	-	(13,735)	(13,735)
Charged in the year	35,615	94,135	4,544	134,294
At 30 September 2010	186,178	2,022,294	94,141	2,302,613
Net book value				
At 30 September 2010	183,968	193,472	5,301	382,741
At 30 September 2009	219,583	209,448	9,845	438,876

Included within the net book value of £382,741 is £16,333 relating to assets held on finance leases (2009 £44,333) The depreciation charged in the year on these assets was £28,000 (2009 £28,000)

11. Stocks

	2010 £	2009 £
Raw materials, consumables and bought in products	4,074,016	4,268,563
Work in progress and finished goods	1,300,759	541,106
	<u>5,374,775</u>	<u>4,809,669</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 2010

12. Debtors

	2010 £	2009 £
Trade debtors	11,960,184	11,321,281
Other debtors	101,737	106,637
Prepayments and accrued income	327,654	273,489
	<u>12,389,575</u>	<u>11,701,407</u>
Amounts falling due within one year		
Other debtors	400,000	500,000
Deferred tax asset (see note 16)	93,089	98,438
	<u>493,089</u>	<u>598,438</u>
Amounts falling due after more than one year		

13. Creditors: amounts falling due within one year

	2010 £	2009 £
Obligations under finance lease	-	31,722
Trade creditors	9,689,211	7,772,657
Amounts owed to group undertakings	398,494	500,642
Corporation tax	32,615	87,052
Other taxes and social security costs	2,435,529	2,037,054
Accruals	516,869	355,773
Deferred income	1,111,204	1,244,617
	<u>14,183,922</u>	<u>12,029,517</u>

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

	2010 £	2009 £
Falling due between 1 and 2 years		
Deferred income	613,625	651,726
Falling due between 2 and 5 years		
Deferred income	541,241	451,092
	<u>1,154,866</u>	<u>1,102,818</u>

Viglen Limited

Notes to the accounts Year ended 30 September 2010

15. Provision for liabilities

	Total £
At 1 October 2009	301,194
Utilised during the year	(290,125)
Provided during the year	312,873
	<hr/>
At 30 September 2010	<u>323,942</u>

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

	2010 £	2009 £
Movement on deferred taxation balance in year		
Opening balance	(98,438)	(106,504)
Charge to profit and loss account	1,901	8,066
Prior year adjustment	3,448	-
	<hr/>	<hr/>
	<u>(93,089)</u>	<u>(98,438)</u>

	2010 £	2009 £
Fixed asset timing differences	(93,089)	(98,438)
Deferred tax asset	<hr/>	<hr/>
	<u>(93,089)</u>	<u>(98,438)</u>

17. Called up share capital

	2010 £	2009 £
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
	<hr/>	<hr/>
	<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.

Viglen Limited

Notes to the accounts Year ended 30 September 2010

18. Profit and loss account

	2010 £	2009 £
At 1 October	6,915,723	6,167,584
Profit for the financial year	391,188	748,139
Dividend	(850,000)	-
At 30 September	<u>6,456,911</u>	<u>6,915,723</u>

19. Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	391,188	748,139
Dividends paid	(850,000)	-
Net (decrease)/increase in shareholders' funds	(458,812)	748,139
Shareholders' funds at 1 October	<u>6,925,790</u>	<u>6,177,651</u>
Shareholders' funds at 30 September	<u>6,466,978</u>	<u>6,925,790</u>

20. Reconciliation of operating profit to operating cash flows

	2010 £	2009 £
Operating profit	515,049	997,719
Depreciation	134,294	141,698
Profit on sale of fixed assets	(901)	(1,300)
Increase in stocks	(565,106)	(684,417)
Increase in debtors	(588,168)	(2,275,555)
Increase in creditors	2,373,977	2,743,857
Decrease in deferred income	(81,365)	(342,347)
Increase in provisions	22,748	73,399
Net cash inflow from continuing operating activities	<u>1,810,528</u>	<u>653,054</u>

Viglen Limited

Notes to the accounts Year ended 30 September 2010

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

	2010 £	2009 £
Increase/(decrease) in cash in the year	678,599	(598,033)
Cash outflow from change in debt and lease financing	31,722	779,741
Change in net funds	<u>710,321</u>	<u>181,708</u>
Opening net funds	2,779,207	2,597,499
Closing net funds	<u>3,489,528</u>	<u>2,779,207</u>

22. Analysis of changes in net funds

	2009 £	Cash flow £	2010 £
Cash at bank and in hand	2,810,929	678,599	3,489,528
Finance leases	(31,722)	31,722	-
Total	<u>2,779,207</u>	<u>710,321</u>	<u>3,489,528</u>

23. Contingent liabilities

There were no contingent liabilities at 30 September 2010 (2009 £nil)

At 30 September 2010 the company had a commitment to purchase US Dollars under the terms of foreign exchange contracts to the value of £950,047 (2009 £nil) The fair value of these contracts at the year end was £954,745

24. Leasing commitments

At 30 September 2010 the company had an annual operating lease commitment of £610,500 (2009 £610,500) The operating leases to which these amounts relate expire as follows

	2010 £	2009 £
Over five years	<u>610,500</u>	<u>610,500</u>

Viglen Limited

Notes to the accounts

Year ended 30 September 2010

25. Related party transactions

During the year Viglen Limited sold services worth £nil (2009 £107,467) to Amsprop Limited At 30 September 2010 there was an amount receivable of £nil (2009 £2,294)

During the year Viglen Limited sold services worth £nil (2009 £207) to Amsair Limited At 30 September 2010 the amount receivable was £nil (2009 £nil)

During the year Viglen Limited sold services worth £7,850 (2009 £14,188) to Amshold Group Limited At 30 September 2010 the amount receivable was £2,391(2009 £1,137)

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

During the year Viglen Limited made sales of £nil (2009 £955) to Amscreen Limited At 30 September 2010 the amount receivable was £nil (2009 £661) 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 2010, the company was indirectly owned by Lord Sugar