

Company Registration No. 1208441

Viglen Limited

Report and Unaudited Financial Statements

31 December 2015

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Viglen Limited

Report and financial statements 2015

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Viglen Limited

Report and financial statements 2015

Officers and professional advisers

Directors

Sunil Madhani
Leon Hemani
Michael Ray

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

Viglen Limited

Strategic Report

The directors have pleasure in presenting their strategic report, director's report and the unaudited financial statements for the year ended 31 December 2015

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

On 2 January 2014 the company was acquired by Westcoast (Holdings) Limited. This has created the opportunity to sell the Viglen product range into a wider customer base and to offer a much wider selection of product into the Viglen customer base.

As a result of this change of ownership it was agreed that the operation of Viglen Limited and XMA Limited would be combined during 2014 and 2015 creating a business with a combined turnover in the region of £300m.

On 1 January 2015 the company transferred its trade and assets to XMA Limited. During the year the company acquired the share capital of XMA Limited from Westcoast (holdings) Limited and is now an intermediate non-trading holding company.

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.

Viglen Limited

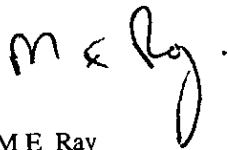
Strategic Report

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.

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



M E Ray

Secretary

18 March 2016

Viglen Limited

Director's Report

Directors

The current membership of the Board is set out on page 1 Bordan Tkachuk resigned on 31 December 2015, all other directors served throughout the year

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 period (2013 £nil) No political donations were made during the period (2013 £nil)

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 £3,826,228.39 was paid on 28 October 2015 (2014 £7,100,000)

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

M E Ray
Secretary

18 March 2016

Viglen Limited

Profit and loss account Year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	2	-	90,659,159
Operating costs	3	-	(88,199,171)
Operating profit		-	2,459,988
Interest receivable and similar income	5	682,825	7,645
Interest payable and similar charges	6	-	(80)
Profit on ordinary activities before taxation	7	682,825	2,467,553
Tax on profit on ordinary activities	8	-	(501,316)
Profit for the financial year		<u>682,825</u>	<u>1,966,237</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 period and prior year

Viglen Limited

Balance sheet 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	10	15,177,000	178,311
Current assets			
Stocks	11	-	4,250,419
Debtors – amounts falling due within one year	12	10,067	8,125,231
Debtors – amounts falling due after one year	12	-	76,567
Cash at bank and in hand		-	747,222
		10,067	13,199,439
Creditors: amounts falling due within one year	13	(15,177,000)	(8,441,720)
Net current assets		(15,166,933)	4,757,719
Total assets less current liabilities		10,067	4,936,030
Creditors: amounts falling due after more than one year	14	-	(1485,803)
Provision for liabilities	15	-	(296,575)
Net assets		10,067	3,153,470
Capital and reserves			
Called up share capital	17	10,067	10,067
Profit and loss account	18	-	3,143,403
Shareholders' funds	19	10,067	3,153,470

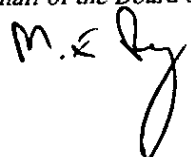
For the year ending 31 December 2015 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies Directors' responsibilities

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparations of accounts

These financial statements of Viglen Limited, registered number 1208441, were approved and authorised for issue by the Board of Directors on 18 March 2016

Signed on behalf of the Board of Directors

M E Ray
Director



Viglen Limited

Statement of changes in equity 31 December 2015

	Called up share capital	Profit and loss account	Shareholders funds'
	£	£	£
As at 1 January 2014	10,067	8,277,166	8,287,233
Profit for the financial year	-	1,966,237	1,966,237
Dividend	-	(7,100,000)	(7,100,000)
	<hr/>	<hr/>	<hr/>
As at 31 December 2014	10,067	3,143,403	3,153,470
Profit for the financial year	-	682,825	682,825
Dividend	-	(3,826,228)	(3,826,228)
	<hr/>	<hr/>	<hr/>
As at 31 December 2015	<u>10,067</u>	<u>-</u>	<u>10,067</u>

Viglen Limited

Notes to the accounts Year ended 31 December 2015

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102 and the Companies Act 2006. The principal accounting policies are summarised below. They have all been applied consistently throughout the current period and preceding year.

Cash flows

As the Company is a wholly-owned subsidiary, the cash flows of the Company are included in the consolidated accounts of Westcoast (Holdings) Limited which are publicly available (note 26). Consequently the Company is exempt under the provisions of Financial Reporting Standard 1 (Revised) – “Cash Flow Statements”, from publishing a separate cash flow statement.

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 period 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 Strategic and Directors' Reports on pages 2 to 4.

The company is currently dormant acting as an intermediate holding company. It has no external debt. The Directors therefore 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:

Tangible fixed assets

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.

Viglen Limited

Notes to the accounts Year ended 31 December 2015

1. Accounting policies (continued)

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.

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 31 December 2015

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

	2015 £	2014 £
Other operating income	-	(345,011)
Changes in work in progress and finished goods	-	(552,010)
Raw materials and consumables	-	73,633,605
Other income	-	(241,108)
Other external charges	-	3,189,572
Staff costs	-	11,871,986
Depreciation	-	267,095
Profit on sale of fixed assets	-	(101)
Other operating charges	-	375,143
	<u>-</u>	<u>88,199,171</u>

Viglen Limited

Notes to the accounts Year ended 31 December 2015

4. Staff costs

Staff costs during the period/year were as follows

	2015 £	2014 £
Wages and salaries	-	10,610,918
Social security costs	-	1,090,765
Pension contributions	-	170,303
	<u>-</u>	<u>11,871,986</u>

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

	2015 Number	2014 Number
Production and warehouse	-	48
Sales and Administration	-	192
	<u>-</u>	<u>240</u>

Remuneration in respect of directors was as follows

	2015 £	2014 £
Directors' remuneration	-	809,467
Pension contributions	-	110,000
	<u>-</u>	<u>919,467</u>

The pension contributions were made in respect of two directors (2014 two)

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

	2015 £	2014 £
Highest paid director	-	657,721

Included in the highest paid directors remuneration is £nil (2014 £55,000) in respect of pension contributions

Viglen Limited

Notes to the accounts Year ended 31 December 2015

5. Interest receivable and similar income

	2015 £	2014 £
Interest receivable - bank interest	-	7,645
Dividends receivable	682,825	-
	<u>682,825</u>	<u>7,645</u>

6. Interest payable and similar charges

	2015 £	2014 £
Interest payable - bank interest	-	80
	<u>-</u>	<u>80</u>

7. Profit on ordinary activities before taxation

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

	2015 £	2014 £
Fees payable to the company's auditors	-	37,500
-Audit	-	2,650
-Tax service	-	-
	<u>-</u>	<u>40,150</u>
	<u>-</u>	<u>40,150</u>
	2015 £	2014 £
Operating lease payments – land and buildings	-	643,750
Depreciation on owned assets	-	267,095
Profit on sale of fixed assets	-	(101)
Research and development	-	551,185
	<u>-</u>	<u>1,461,929</u>

Viglen Limited

Notes to the accounts Year ended 31 December 2015

8. Tax on profit on ordinary activities

	2015 £	2014 £
Current tax		
United Kingdom corporation tax		
Current tax on income for the period at 21.8% (2013: 23.5%)	-	(537,478)
Prior year adjustment	-	5,938
	<u>-</u>	<u>(531,540)</u>
Total current tax	-	(531,540)
Deferred tax		
Movement in short-term timing differences	-	33,522
Prior year adjustment	-	(3,298)
	<u>-</u>	<u>(501,316)</u>
Total tax on profit on ordinary activities	<u>-</u>	<u>(501,316)</u>

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 20.25% (2014: 21.8%). The actual tax charge of the current period and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>682,825</u>	<u>2,467,533</u>
Tax on profit on ordinary activities before tax at 21.8% (2013: 23.5%)	(148,856)	(537,830)
Factors affecting charge for the period/year:		
Permanent timing differences	148,856	-
Expenses not deductible for tax purposes	-	(2,164)
Capital allowances in excess of depreciation	-	(33,522)
Research and development tax credits	-	36,038
	<u>-</u>	<u>(537,478)</u>
Current tax charge for the period/year	<u>-</u>	<u>(537,478)</u>

Factors affecting future tax charges

Deferred tax has been calculated based on a rate of 21% which reflects the future approved corporation tax rate.

9. Dividends

A dividend of £3,826,228.39 was paid on 28 October 2015 (2014: £7,100,000). This represents a dividend of £382.62 per share (2014: £710.00).

Viglen Limited

Notes to the accounts Year ended 31 December 2015

10. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2014	370,146	1,808,627	169,352	2,348,125
Additions	-	-	-	-
Disposals	(370,146)	(1,808,627)	(169,352)	(2,348,125)
At 31 December 2015	-	-	-	-
Depreciation				
At 1 January 2015	337,541	1,732,342	99,931	2,169,814
Disposals	(337,541)	(1,732,342)	(99,931)	(2,169,814)
Charged in the period	-	-	-	-
At 31 December 2015	-	-	-	-
Net book value				
At 31 December 2015	-	-	-	-
At 31 December 2014	32,608	76,285	69,421	178,311

11. Stocks

	2015 £	2014 £
Raw materials, consumables and bought in products	-	2,700,383
Work in progress and finished goods	-	1,550,036
	-	4,250,419

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

Viglen Limited

Notes to the accounts Year ended 31 December 2015

12. Debtors

	2015 £	2014 £
Trade debtors	-	6,177,733
Other debtors	-	100,000
Prepayments and accrued income	-	222,583
Amounts owed by group undertakings	10,067	1,624,915
	<u>10,067</u>	<u>8,125,231</u>
Amounts falling due within one year		
Other debtors	-	-
Deferred tax asset (see note 16)	-	76,567
	<u>-</u>	<u>76,567</u>
Amounts falling due after more than one year		

13. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	-	4,568,074
Amounts owed to group undertakings	-	410,564
Corporation tax	-	82,781
Other taxes and social security costs	-	921,858
Accruals	-	953,287
Deferred income	-	1,448,740
Bank Overdraft	-	56,416
	<u>-</u>	<u>8,441,720</u>

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

	2015 £	2014 £
Falling due between 1 and 2 years		
Deferred income	-	731,701
Falling due between 2 and 5 years		
Deferred income	-	754,102
	<u>-</u>	<u>1,572,108</u>

Viglen Limited

Notes to the accounts Year ended 31 December 2015

15. Provision for liabilities

	Total £
At 1 January 2015	296,757
Utilised during the period	(296,757)
Provided during the period	-
	<u>-</u>
At 31 December 2015	<u>-</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

	2015 £	2014 £
Movement on deferred taxation balance in period		
Opening balance	(76,567)	(46,343)
Charge to profit and loss account	-	(33,522)
Transfer	76,567	-
Prior year adjustment	-	3,298
	<u>-</u>	<u>(76,567)</u>
	<u>-</u>	<u>(76,567)</u>
	2015 £	2014 £
Fixed asset timing differences	-	(76,567)
Deferred tax asset	<u>-</u>	<u>(76,567)</u>

17. Called up share capital

	2015 £	2014 £
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.

Viglen Limited

Notes to the accounts Year ended 31 December 2015

18. Profit and loss account

	2015 £	2014 £
At 1 January	3,143,403	8,277,166
Profit for the financial period/year	682,825	1,966,237
Dividend	(3,826,228)	(7,100,000)
	<u>-</u>	<u>3,143,403</u>
At 31 December	<u>-</u>	<u>3,143,403</u>

19. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit for the financial period/year	682,825	1,966,237
Dividends paid	(3,826,228)	(7,100,000)
	<u>(3,143,403)</u>	<u>(5,133,763)</u>
Net (Decrease/Increase) in shareholders' funds	<u>(3,143,403)</u>	<u>(5,133,763)</u>
Shareholders' funds at 1 October	3,153,470	8,287,233
	<u>10,067</u>	<u>3,153,470</u>
Shareholders' funds at 31 December	<u>10,067</u>	<u>3,153,470</u>

23. Contingent liabilities and Commitments

There were no contingent liabilities at 31 December 2015 (2014 £nil)

24. Leasing commitments

At 31 December 2015 the company had an annual operating lease commitment of £nil (2014 £643,750)
The operating leases to which these amounts relate expire as follows

	2015 £	2014 £
Land and Building	-	33,250
Two to five years	-	610,500
	<u>-</u>	<u>643,750</u>
Over five years – Land and building	<u>-</u>	<u>643,750</u>

Viglen Limited

Notes to the accounts Year ended 31 December 2015

25. Related party transactions

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

26. Parent company and controlling party

Viglen Technology Limited, incorporated in Great Britain, is the company's parent company. The ultimate parent company is Westcoast (Holdings) Limited, a company incorporated in Great Britain. Consolidated accounts are prepared by Westcoast (Holdings) Limited. 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 31 December 2014, the company was indirectly owned by Mr A Hemani.