

**Company Registration No. 1208441**

**Viglen Limited**

**Report and Financial Statements**

**For the 15 month period ended**

**31 December 2014**

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# **Viglen Limited**

## **Report and financial statements 2014**

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# **Viglen Limited**

## **Report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

Sunil Madhani  
Leon Hemani  
Bordan Tkachuk  
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

#### **Independent auditors**

Pricewaterhouse Coopers LLP  
Chartered Accountants and Statutory Auditors  
One Reading Central  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

# Viglen Limited

## Strategic Report

The directors have pleasure in presenting their strategic report, directors' report and the audited financial statements for the 15 month period ended 31 December 2014. The comparative information presented is for the year from 1 October 2012 to 30 September 2013.

### Principal activities

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

### Business review

On 2 January 2014 the company's parent company, Viglen Technology Limited, 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 (another subsidiary of Westcoast (Holdings) Limited) would be combined during 2014 and 2015 creating a business with a combined turnover in the region of £300m.

This process continues and is on track to be completed in early 2015. The executive directors of Viglen Limited are all continuing with the new combined business and are also executive directors of XMA Limited.

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 period are as follows:

#### (1) Turnover

Turnover in the period increased to £90.7m from £73.2m. An indicator of the company's sales within its main markets.

#### (2) Profitability

Operating profit fell from £3.1m to £2.5m in the period. This indicator measures the profitability of the business.

#### (3) Stock

The stock holding at the period end reduced from £5.1m to £3.8m. This indicator measures the level of stock held. The balance can be affected by the pattern of trade; the reduction principally due to a change of year end.

#### (4) Cash

The cash balance fell by £3.0m from £3.7m to £0.7m. The movement in cash during the period is detailed on page 11.

#### (5) Debtor days

The average number of debtors' days was 40 an improvement of 7 days from last year's average of 47 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**

## **Strategic 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.
- Price risk. The company is exposed to commodity price risk. The company considers that volatility in certain component prices is a regular part of its business environment. The company accepts this price risk and does not use commodity price risk management instruments.
- Liquidity risk. The company regularly reviews its liquidity to ensure that sufficient funds are available for ongoing operation and future developments. The company currently has unused overdraft facilities.
- Credit risk. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### **Uncertainties**

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

The company regularly reviews the situation and adjusts its plan accordingly.

# **Viglen Limited**

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

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

Approved by the Board of Directors and signed by order of the Board.

  
M E Ray  
Secretary

27 February 2015

# **Viglen Limited**

## **Directors' Report**

### **Directors**

The names of the persons who were directors of the company during the period and up to the date of signing the financial statements are set out below:

Bordan Tkachuk

Michael Ray

Leon Hemani (appointed 2 January 2014)

Sunil Madhani (appointed 2 January 2014)

Claude Littner (resigned 2 January 2014)

### **Change of accounting period**

During the period the company changed its year end from 30 September to 31 December to align with its new parent company.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, the Director's 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 prepared 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.

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.

### **Research and development**

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

### **Going concern**

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

### **Dividends**

A dividend of £5,600,000 was paid on 28 February 2014 and a dividend of £1,500,000 was paid on 28 November 2014 (2013: £1,880,000).

# **Viglen Limited**

## **Directors' Report (continued)**

### **Financial risk management policies**

Financial risk management policies have been disclosed in the Strategic report.

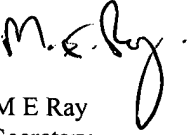
### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, who were appointed in the period, have indicated their willingness to continue in office and are deemed to be reappointed as under section 487(2) of the Companies Act 2006.

Approved by the Board of Directors and signed by order of the Board.



M E Ray  
Secretary

27 February 2015



# **Viglen Limited**

## **Independent auditors' report to the members of Viglen Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Viglen Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows for the 15 month period (the "period") 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.

#### **What we have audited**

Viglen Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss for the period then ended;
- the cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Viglen Limited**

### **Independent auditors' report to the members of Viglen Limited (continued)**

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and *International Standards on Auditing (UK and Ireland)* ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**


We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Strategic and Directors' Reports and Financial Statements for the 15 month period ended 31 December 2014 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sam Taylor (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
27 February 2015

## Viglen Limited

### Profit and loss account for 15 month period ended 31 December 2014

	Notes	15 month period ended 31 December 2014 £	2013 £
Turnover	2	90,659,159	73,182,293
Operating costs	3	(88,199,171)	(70,084,193)
<b>Operating profit</b>		<b>2,459,988</b>	<b>3,098,100</b>
Interest receivable and similar income	5	7,645	19,623
Interest payable and similar charges	6	(80)	(198)
<b>Profit on ordinary activities before taxation</b>	7	<b>2,467,553</b>	<b>3,117,525</b>
Tax on profit on ordinary activities	8	(501,316)	(705,027)
<b>Profit for the financial period/year</b>	18, 19	<b>1,966,237</b>	<b>2,412,498</b>

All results are derived from continuing operations.

There were no recognised gains and losses in the period/year other than the profit for the period/year as shown above.

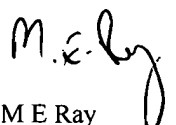
There is no difference between the profit on ordinary activities and profit for the financial period/year stated above and their historical cost equivalent.

# Viglen Limited

## Balance sheet 31 December 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	10	178,311	353,806
<b>Current assets</b>			
Stocks	11	3,811,145	5,106,592
Debtors – amounts falling due within one year	12	8,641,072	16,188,029
Debtors – amounts falling due after one year	12	-	100,000
Cash at bank and in hand		747,222	3,702,234
		13,199,439	25,096,855
<b>Creditors: amounts falling due within one year</b>	13	(8,441,720)	(15,260,154)
<b>Net current assets</b>		4,757,719	9,836,701
<b>Total assets less current liabilities</b>		4,936,030	10,190,507
<b>Creditors: amounts falling due after more than one year</b>	14	(1,485,803)	(1,572,108)
<b>Provisions for liabilities</b>	15	(296,757)	(331,166)
<b>Net assets</b>		3,153,470	8,287,233
<b>Capital and reserves</b>			
Called up share capital	17	10,067	10,067
Profit and loss account	18	3,143,403	8,277,166
<b>Total shareholders' funds</b>	19	3,153,470	8,287,233

These financial statements on pages 9 to 23 were approved by the Board of Directors on 27 February 2015 and were signed on its behalf by

  
 M E Ray  
 Director  
 Viglen Limited  
 Registered number 1208441

# Viglen Limited

## Cash flow statement 31 December 2014

	Notes	2014 £	2013 £
<b>Net cash inflow from operating activities</b>	20	4,974,380	252,696
<b>Returns on investments and servicing of finance</b>			
Interest received		7,645	19,623
Interest paid		(80)	(198)
		<u>7,565</u>	<u>19,425</u>
<b>Net inflow from returns on investments and servicing of finance</b>		7,565	19,425
<b>Taxation</b>			
Corporation tax paid		(801,874)	(341,252)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(91,600)	(114,604)
Sale of tangible fixed assets		101	380
		<u>(91,499)</u>	<u>(114,224)</u>
<b>Net cash outflow from capital expenditure and financial investment</b>		(91,499)	(114,224)
<b>Equity dividends paid</b>		<u>(7,100,000)</u>	<u>(1,880,000)</u>
<b>Decrease in cash in the period/year</b>	21	<u><u>(3,011,428)</u></u>	<u><u>(2,063,355)</u></u>

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014

### 1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### 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 6.

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 financial statements.

#### Turnover

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

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

#### Tangible fixed assets

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

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

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

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

#### Stocks and work in progress

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

# **Viglen Limited**

## **Notes to the financial statements for 15 month period ended 31 December 2014 (continued)**

### **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**

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 financial statements for 15 month period ended 31 December 2014 (continued)

### 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

	2014 £	2013 £
Changes in work in progress and finished goods	(112,736)	474,028
Other operating income	(586,119)	(1,117,211)
Raw materials and consumables	73,194,331	60,156,459
Other external charges	3,189,572	2,810,125
Staff costs	11,871,986	7,353,746
Depreciation	267,095	172,620
Profit on sale of fixed assets	(101)	(380)
Other operating charges	375,143	234,806
	<u>88,199,171</u>	<u>70,084,193</u>



# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

### 4. Staff costs

Staff costs during the period/year were as follows:

	2014 £	2013 £
Wages and salaries	10,610,918	6,541,538
Social security costs	1,090,765	701,251
Other pension costs	170,303	110,957
	<u>11,871,986</u>	<u>7,353,746</u>

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

	2014 Number	2013 Number
Production and warehouse	48	44
Sales and Administration	192	143
	<u>240</u>	<u>187</u>

Remuneration in respect of directors was as follows:

	2014 £	2013 £
Directors' remuneration	809,467	294,815
Pension contributions	110,000	100,000
	<u>919,467</u>	<u>394,815</u>

The above details of directors' emoluments do not include the emoluments of Mr Leon Hemani and Mr Sunil Madhani, which are paid by the parent company or fellow subsidiary and no costs are recharged to the company.

The pension contributions were made in respect of two directors (2013: two).

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

	2014 £	2013 £
Highest paid director	<u>657,721</u>	<u>245,749</u>

Included in the highest paid directors remuneration is £55,000 (2013: £50,000) in respect of pension contributions.

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

### 5. Interest receivable and similar income

	2014 £	2013 £
Interest receivable - bank interest	<u>7,645</u>	<u>19,623</u>

### 6. Interest payable and similar charges

	2014 £	2013 £
Interest payable - bank interest	<u>80</u>	<u>198</u>

### 7. Profit on ordinary activities before taxation

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

	2014 £	2013 £
Fees payable to the company's auditors		
- Auditing of the financial statements	37,500	30,550
- Taxation compliance services	<u>2,650</u>	<u>-</u>
	<u>40,150</u>	<u>30,550</u>
	2014 £	2013 £
Operating lease payments – land and buildings (see note 24)	643,750	610,500
Depreciation on owned assets (see note 10)	267,095	172,620
Profit on sale of fixed assets (see note 3)	(101)	(380)
Research and development	<u>551,185</u>	<u>405,056</u>

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

### 8. Tax on profit on ordinary activities

	2014 £	2013 £
<b>Current tax</b>		
United Kingdom corporation tax:		
Current tax on income for the period/year at 21.8% (2013: 23.5%)	(537,478)	(698,911)
Prior year adjustment	5,938	5,077
<b>Total current tax</b>	<u>(531,540)</u>	<u>(693,834)</u>
<b>Deferred tax</b>		
Movement in short-term timing differences	33,522	(6,814)
Prior year adjustment	(3,298)	(4,379)
<b>Total tax on profit on ordinary activities</b>	<u>(501,316)</u>	<u>(705,027)</u>

The standard rate of tax for the period/year, based on the UK standard rate of corporation tax is 21.8% (2013: 23.5%). 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.

	2014 £	2013 £
Profit on ordinary activities before tax	2,467,553	3,117,525
Tax on profit on ordinary activities before tax at 21.8% (2013: 23.5%)	(537,830)	(732,577)
<b>Factors affecting charge for the period/year:</b>		
Utilisation of losses brought forward	-	266
Expenses not deductible for tax purposes	(2,164)	(1,970)
Capital allowances in excess of depreciation	(33,522)	6,814
Research and development tax credits	36,038	28,556
Prior year adjustment	5,938	5,077
<b>Current tax charge for the period/year</b>	<u>(531,540)</u>	<u>(693,834)</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 £5,600,000 was paid on 28 February 2014 and a dividend of £1,500,000 was paid on 28 November 2014 (2013: £1,880,000). This represents a dividend of £710.00 per share (2013: £188.00).

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

### 10. Tangible assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 October 2013	370,146	1,983,156	141,642	2,494,944
Additions	-	52,603	38,997	91,600
Disposals	-	(227,132)	(11,286)	(238,418)
At 31 December 2014	370,146	1,808,627	169,353	2,348,126
<b>Accumulated depreciation</b>				
At 1 October 2013	293,023	1,772,118	75,996	2,141,137
Disposals	-	(227,132)	(11,285)	(238,417)
Charged in the period	44,518	187,356	35,221	267,095
At 31 December 2014	337,541	1,732,342	99,932	2,169,815
<b>Net book value</b>				
At 31 December 2014	32,605	76,285	69,421	178,311
At 1 October 2013	77,123	211,038	65,645	353,806

### 11. Stocks

	2014 £	2013 £
Raw materials, consumables and bought in products	2,700,383	4,108,567
Work in progress and finished goods	1,110,762	998,025
	3,811,145	5,106,592

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

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

### 12. Debtors

	2014 £	2013 £
Trade debtors	6,177,733	15,711,397
Amounts owed by group undertakings	1,624,915	-
Other debtors	539,274	101,889
Prepayments and accrued income	222,583	328,400
Deferred tax asset (see note 16)	76,567	46,343
	<u>8,641,072</u>	<u>16,188,029</u>
Amounts falling due within one year		
	<u>8,641,072</u>	<u>16,188,029</u>
Other debtors	-	100,000
	<u>-</u>	<u>100,000</u>
Amounts falling due after more than one year	-	100,000
	<u>-</u>	<u>100,000</u>

Amount owed by group undertakings are unsecured, interest free and repayable on demand.

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

	2014 £	2013 £
Bank overdraft	56,416	-
Trade creditors	4,568,074	10,135,080
Amounts owed to group undertakings	410,564	316,065
Corporation tax	82,781	353,115
Other creditors including taxation and social security	921,858	2,477,155
Accruals	953,287	647,611
Deferred income	1,448,740	1,331,128
	<u>8,441,720</u>	<u>15,260,154</u>

Amount owed to group undertakings are unsecured, interest free and repayable on demand.

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

	2014 £	2013 £
Falling due between 1 and 2 years		
Deferred income	731,701	800,807
Falling due between 2 and 5 years		
Deferred income	754,102	771,301
	<u>1,485,803</u>	<u>1,572,108</u>

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

### 15. Provisions for liabilities

	Total £
At 1 October 2013	331,166
Utilised during the period	(220,275)
Provided during the period	185,866
	<hr/>
At 31 December 2014	296,757
	<hr/> <hr/>

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

### 16. Deferred taxation

	2014 £	2013 £
<b>Movement on deferred taxation balance in period/year</b>		
Opening balance	(46,343)	(57,536)
(Credit)/charge to profit and loss account	(33,522)	6,814
Prior year adjustment	3,298	4,379
	<hr/>	<hr/>
	(76,567)	(46,343)
	<hr/> <hr/>	<hr/> <hr/>

	2014 £	2013 £
Fixed asset timing differences	(76,567)	(46,343)
	<hr/>	<hr/>
Deferred tax asset	(76,567)	(46,343)
	<hr/> <hr/>	<hr/> <hr/>

### 17. Called up share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
10,000 (2013: 10,000) deferred shares of £1 each	10,000	10,000
10,000 (2013: 10,000) ordinary shares of \$0.01 each	67	67
	<hr/>	<hr/>
	10,067	10,067
	<hr/> <hr/>	<hr/> <hr/>

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

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

### 18. Profit and loss account

	2014 £	2013 £
At 1 October	8,277,166	7,744,668
Profit for the financial period/year	1,966,237	2,412,498
Dividend	(7,100,000)	(1,880,000)
At 31 December	<u>3,143,403</u>	<u>8,277,166</u>

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

	2014 £	2013 £
Profit for the financial period/year	1,966,237	2,412,498
Dividends paid	(7,100,000)	(1,880,000)
Net (decrease)/increase in total shareholders' funds	(5,133,763)	532,498
Total shareholders' funds at 1 October	<u>8,287,233</u>	<u>7,754,735</u>
Total shareholders' funds at 31 December	<u>3,153,470</u>	<u>8,287,233</u>

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

	2014 £	2013 £
Operating profit	2,459,988	3,098,100
Depreciation	267,095	172,620
Profit on sale of fixed assets	(101)	(380)
Decrease/(increase) in stock	1,295,447	(195,070)
Decrease/(increase) in debtors,	7,677,181	(1,816,030)
(Decrease) in creditors	(6,722,128)	(1,327,938)
Increase in deferred income	31,307	278,632
(Decrease)/increase in provisions	(34,409)	42,762
Net cash inflow from continuing operating activities	<u>4,974,380</u>	<u>252,696</u>

# Viglen Limited

## Notes to the financial statements for 15 month period ended 31 December 2014 (continued)

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

	2014 £	2013 £
Decrease in cash in the period/year	<u>(3,011,428)</u>	<u>(2,063,355)</u>
Opening net funds	3,702,234	5,765,589
Closing net funds	<u>690,806</u>	<u>3,702,234</u>

### 22. Analysis of changes in net funds

	2013 £	Cash flow £	2014 £
Cash at bank and in hand	3,702,234	(2,955,012)	747,222
Bank Overdraft	<u>-</u>	<u>(56,416)</u>	<u>(56,416)</u>
	<u>3,702,234</u>	<u>(3,011,428)</u>	<u>690,806</u>

### 23. Contingent liabilities and Commitments

There were no contingent liabilities at 31 December 2014 (2013: £nil).

### 24. Leasing commitments

At 31 December 2014 the company had an annual operating lease commitment of £643,750 (2013: £610,500).  
The operating leases to which these amounts relate expire as follows:

	2014 £	2013 £
Land and Building		
Two to five years	33,250	-
Over five years – Land and building	<u>610,500</u>	<u>610,500</u>
	<u>643,750</u>	<u>610,500</u>



## **Viglen Limited**

### **Notes to the financial statements for 15 month period ended 31 December 2014 (continued)**

#### **25. Related party transactions**

The company is included in the consolidated financial statements of Westcoast (Holdings) Limited, its ultimate parent undertaking, which are publicly available. Consequently the company has taken advantage of the exemption under the terms of FRS 8 "Related party disclosure" from disclosing related party transactions with entities that are part of the Westcoast (Holdings) Limited group or investees of the Westcoast (Holdings) Limited group.

#### **26. Parent company and controlling party**

Viglen Technology Limited, incorporated in Great Britain, is the immediate company's parent company. The ultimate parent company is Westcoast (Holdings) Limited and is registered in the United Kingdom. A copy of the consolidated financial statements of Westcoast (Holdings) Limited, which is the smallest and largest company in which Westcoast Limited is consolidated, will be available from the company secretary, Arrowhead Park, Arrowhead Road, Theale, Berkshire RG7 4AH. The directors regard Mr A Hemani as the ultimate controlling party by virtue of his interest in the share capital of Westcoast (Holdings) Limited.