

**XENON NETWORK
SERVICES LIMITED**

Report and Financial Statements

For the year ended 30 September 2013

WEDNESDAY



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COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2013

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B Tkachuk*
M Ray*
D Southern
G Wragg

* B Tkachuk and M Ray are non-executive directors

SECRETARY

D Southern (resigned 23 October 2013)
M Ray (appointed 23 October 2013)

REGISTERED OFFICE

Anchorage Court
Caspian Road
Atlantic Office Park
Altrincham
Cheshire
WA14 5HH

BANKERS

National Westminster plc
South Manchester Commercial Office
Haw Bank House
High Street
Cheadle
Cheshire
SK8 1AL

SOLICITORS

Slater Heelis Collier Littler
Dovecote House
Off Old Hall Road
Sale Moor
Cheshire
M33 2HG

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2013

The directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime and accordingly, no strategic report has been prepared

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Viglen Technology Limited

The company's principal activities are the supply, maintenance and servicing of computer equipment. There have not been any significant changes in the company's principal activities in the year under review.

From 1st October 2013 all employees of Xenon Network Services Limited were transferred to Viglen Limited, a fellow subsidiary company within the Viglen Group. The company will continue to trade with its customer base and will utilise staff and purchase any resources required from Viglen Limited and or any third party suppliers. The operating profit from continuing operations was £357 (2012 £44,899) and the operating profit from discontinuing operations was £648 (2012 £86,253).

The company made a profit after tax of £3,587 for the year ended 30 September 2013 (2012 £120,600)

Dividends have been paid during the year of £120,000 (2012 £220,000) as disclosed in note 7. Shareholder's funds at the year end have decreased from £521,692 to £405,279.

The balance sheet on page 7 shows the company's financial position at the year-end.

GOING CONCERN

Having made appropriate enquiries, and based on the assumptions outlined in Note 1, 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.

DIRECTORS

The directors of the company who served throughout the year and thereafter are shown on page 1.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

AUDITOR

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

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



D Southern

Director

26th November 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgments 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XENON NETWORK SERVICES LIMITED

We have audited the financial statements of Xenon Network Services Limited for the year ended 30 September 2013, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholder's Funds, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

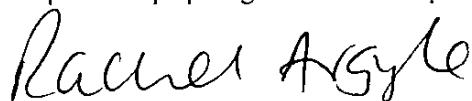
Opinion on other matter prescribed by the Companies Act 2006

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

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, or
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report or in preparing the directors' report.



Rachel Argyle (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

27 November 2013

XENON NETWORK SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 September 2013

			2013 £	2012 £
	Note			
TURNOVER				
- continuing operations	2		826,458	855,217
- discontinued operations			1,497,125	1,642,934
			<u>2,323,583</u>	<u>2,498,151</u>
Cost of sales			(1,491,872)	(1,503,155)
GROSS PROFIT			831,711	994,996
Administrative expenses			(830,706)	(863,844)
OPERATING PROFIT			<u>357</u>	<u>44,899</u>
- continuing operations	4		648	86,253
- discontinued operations				
			<u>1,005</u>	<u>131,152</u>
Interest receivable	3		5,818	32,131
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			6,823	163,283
Tax on profit on ordinary activities	6		(3,236)	(42,683)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			<u>3,587</u>	<u>120,600</u>
	15			

Other than the profit for the current year and prior year shown above there are no other recognised gains or losses
As a consequence, no separate statement of total recognised gains and losses has been prepared

XENON NETWORK SERVICES LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS Year ended 30 September 2013

	Note	2013 £	2012 £
Profit for the financial year		3,587	120,600
Dividends paid	7	(120,000)	(220,000)
		<hr/>	<hr/>
Net reduction to shareholder's funds		(116,413)	(99,400)
Opening shareholder's funds		521,692	621,092
		<hr/>	<hr/>
Closing shareholder's funds		405,279	521,692
		<hr/>	<hr/>

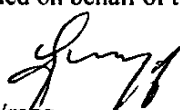
XENON NETWORK SERVICES LIMITED

BALANCE SHEET At 30 September 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	8	95,347	127,231
CURRENT ASSETS			
Stocks	9	-	15,102
Debtors	10	478,992	592,017
Investments – cash deposits		275,290	425,000
Cash at bank		76,936	236,928
		831,218	1,269,047
CREDITORS: amounts falling due within one year	11	(521,286)	(874,586)
NET CURRENT ASSETS		309,932	394,461
NET ASSETS		405,279	521,692
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Share premium account	15	349,300	349,300
Profit and loss account	15	5,979	122,392
SHAREHOLDER'S FUNDS		405,279	521,692

The financial statements of Xenon Network Services Limited, registered number 1556878, were approved by the Board of Directors on 26th November 2013

Signed on behalf of the Board of Directors


G Wragg
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2013

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards. The accounting policies applied by the directors are described below, and have been applied consistently in the current and prior year.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Going concern

The directors acknowledge the latest guidance on going concern. Based on internal forecasts and projections that cover a period of at least 12 months from the date of signing these financial statements and that take into account reasonably possible changes in the company's trading performance and the letter of support obtained from the immediate parent company, the directors believe that the company is well-placed to manage its business risks, following the change in the business explained in the directors report, successfully despite the current uncertain economic outlook. As such, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Revenue for product sales is recognised at the point of delivery of the product to the customer. Where the product is installed by the company, revenue is recognised when the installation has been completed. Revenue relating to technical support or contract maintenance is recognised evenly over the period to which the service relates.

Tangible fixed assets

Depreciation is provided to write off the cost or valuation, less their estimated residual values, in equal annual instalments over the estimated useful lives of the assets. It is calculated at the following rates:

Computer equipment	-	33% p a
Fixtures and fittings	-	15% p a
Motor vehicles	-	25% p a

Stock

Stock is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less all further costs to completion.

Taxation

Current tax, including UK corporation 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Rental charges on operating leases are charged to the profit and loss account in equal instalments over the lease term.

XENON NETWORK SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 30 September 2013

1 ACCOUNTING POLICIES (continued)

Pension costs

The company operates a defined contribution pension scheme. Contributions to the company's scheme and employee personal pension schemes are charged to the profit and loss account in the period in which they become payable.

Deferred income

Deferred income represents services invoiced in advance, generally for maintenance, which are apportioned over the period of the contracts.

2 TURNOVER

The turnover and profit before taxation is wholly attributable to the company's principal activities, the supply, maintenance and servicing of computer equipment. The company's markets are located wholly in the United Kingdom.

3. INTEREST RECEIVABLE

	2013 £	2012 £
Interest receivable	5,818	32,131

4. OPERATING PROFIT

	2013 £	2012 £
Operating profit is stated after charging/(crediting)		
Depreciation		
- owned fixed assets	58,286	63,204
Operating lease rentals		
- plant and machinery	6,450	3,846
- other	43,931	46,783
Profit on sale of fixed assets	(3,400)	(6,346)
Auditor's remuneration for the audit of the company's annual accounts	6,800	6,500

There were no non-audit fees payable to the auditor (2012 same)

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013 £	2012 £
Staff costs during the year (including directors)		
Wages and salaries	1,256,130	1,324,925
Social security costs	127,014	135,131
Other pension costs	29,165	28,142
	1,412,309	1,488,198
	2013 No.	2012 No.
Average number of employees (including directors)	55	57

XENON NETWORK SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 30 September 2013

5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2013 £	2012 £
Directors' emoluments		
Emoluments for services as directors (excluding pensions contributions)	130,402	131,535
	<u>9,885</u>	<u>6,913</u>
Total contributions to defined contribution pension scheme		
	<u>No</u>	<u>No.</u>
Number of directors who are members of a money purchase scheme	2	2

6 TAXATION

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.5% (2012: 25%) based on the profit for the year	(2,885)	(41,507)
Deferred tax		
Timing differences, origination and reversal (note 12)	(351)	(1,176)
Total tax on profit on ordinary activities	<u>(3,236)</u>	<u>(42,683)</u>

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

	2013 £	2012 £
Profit on ordinary activities before tax	6,823	163,283
Tax on profit on ordinary activities at 23.5% (2012: 25%)	(1,603)	(40,821)
Factors affecting charge for the year		
Marginal relief	383	-
Expenses not deductible for tax purposes	(36)	(12)
Depreciation in excess of capital allowances	(1,629)	(674)
Current tax charge for the year	<u>(2,885)</u>	<u>(41,507)</u>

7 DIVIDENDS

A dividend has been paid during the year of £2.40 per share (2012: £4.40 per share), totalling £120,000 (2012: £220,000). No other dividend payments are currently proposed by the directors.

XENON NETWORK SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 30 September 2013

8 TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 October 2012	308,581	200,619	509,200
Additions	25,992	410	26,402
Disposals	(24,571)	(36,534)	(61,105)
	<u>310,002</u>	<u>164,495</u>	<u>474,497</u>
At 30 September 2013			
Accumulated depreciation			
At 1 October 2012	184,791	197,178	381,969
Charge for the year	56,399	1,887	58,286
Disposals	(24,571)	(36,534)	(61,105)
	<u>216,619</u>	<u>162,531</u>	<u>379,150</u>
At 30 September 2013			
Net book value			
At 30 September 2013	<u>93,383</u>	<u>1,964</u>	<u>95,347</u>
At 30 September 2012	<u>123,790</u>	<u>3,441</u>	<u>127,231</u>

9. STOCKS

	2013 £	2012 £
Finished goods	-	15,102

There is no material difference between the balance sheet value of stock and its replacement cost

10. DEBTORS

	2013 £	2012 £
Amounts falling due within one year		
Trade debtors	120,203	76,667
Amounts owed by group undertaking	290,716	454,333
Other debtors	2,238	4,084
Deferred tax asset (note 12)	22,167	22,518
Prepayments and accrued income	43,668	34,415
	<u>478,992</u>	<u>592,017</u>

11. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	41,337	87,074
Amounts owed to group undertaking	899	1,747
Corporation tax payable	2,885	1,507
Other taxation and social security	141,172	195,840
Accruals and other creditors	109,404	153,560
Deferred income	225,589	434,858
	<u>521,286</u>	<u>874,586</u>

XENON NETWORK SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 30 September 2013

12 DEFERRED TAX ASSET

	2013 £	2012 £
Movement on deferred taxation asset in the year		
Opening balance	22,518	23,694
Charged to profit and loss account	(351)	(1,176)
Closing balance	<u>22,167</u>	<u>22,518</u>
Analysis of deferred tax balance		
	2013 £	2012 £
Decelerated capital allowances	<u>22,167</u>	<u>22,518</u>

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015

13. CALLED-UP SHARE CAPITAL

	2013 £	2012 £
50,000 ordinary shares of £1 each authorised, allotted, called-up and fully paid	<u>50,000</u>	<u>50,000</u>

14. FINANCIAL COMMITMENTS

Capital expenditure

There are no capital expenditure commitments at the end of the current or prior year

Operating lease commitments

At 30 September 2013 the company was committed to making the following payments during the next year in respect of operating leases

	2013 Land and buildings £	2012 Land and buildings £
Leases which expire		
Within one year	8,150	850
Between one and two years	-	48,000
	<u>8,150</u>	<u>48,850</u>

The company's sole property lease expires in December 2013 and the lease has been renewed by a fellow group company

NOTES TO THE ACCOUNTS
Year ended 30 September 2013

15 RESERVES

	Share premium account £	Profit and loss account £	Total £
At 1 October 2012	349,300	122,392	471,692
Profit for the year	-	3,587	3,587
Dividend paid	-	(120,000)	(120,000)
	<u>349,300</u>	<u>5,979</u>	<u>355,279</u>
At 30 September 2013	<u>349,300</u>	<u>5,979</u>	<u>355,279</u>

16. PENSION SCHEME

The company operates a defined contribution pension scheme and also contributes to employee personal pension schemes. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable to the funds, and amounted to £29,165 for the year (2012 £28,142)

17 CASH FLOW STATEMENT

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of a company registered in England which includes a consolidated cash flow statement in its consolidated accounts

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 30 September 2013 the company's ultimate parent company and controlling party was Amshold Trading Limited, a company registered in England. Copies of the accounts of Amshold Trading Limited can be obtained from Amshold House, Goldings Hill, Loughton, Essex, IG10 2RW. The immediate parent company is Viglen Technology Limited.

The parent undertaking of the smallest group which includes the company and for which financial statements are prepared is Viglen Technology Limited.

The parent undertaking of the largest group which includes the company and for which financial statements are prepared is Amshold Trading Limited.

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in FRS8 "Related Party Disclosures" in not disclosing transactions with group companies as they are wholly owned by the group.