**Company registration number 04646508**

# Virtalis Limited

# Abbreviated accounts

# for the year ended 28th February 2010

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# Independent auditors' report to Virtalis Limited under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of Virtalis Limited for the year ended 28th February 2010 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with Chapter 10 of Part 15 the Companies Act 2006 Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed

**Respective responsibilities of directors and auditors**
The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

**Basis of audit opinion**
We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared

**Opinion**
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section

**Jason Selig (Senior Statutory Auditor)**
**for and on behalf of Lopian Gross Barnett & Co.**

6/9/2010

**Chartered Accountants**
**Statutory Auditor**

Chartered Accountants
6th Floor Cardinal House
20 St Mary's Parsonage
Manchester
M3 2LG

# Abbreviated balance sheet as at 28th February 2010

| | Note | 2010 | 2010 | 2009 | 2009 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Fixed assets** | | | | | |
| Tangible assets | 2 | | **129,704** | | 120,098 |
| Investments | 2 | | **671** | | 671 |
| | | | **130,375** | | 120,769 |
| **Current assets** | | | | | |
| Stock | | **83,139** | | 117,795 | |
| Debtors – due within one year | | **1,022,642** | | 1,030,802 | |
| Cash at bank and in hand | | **219,440** | | 66,716 | |
| | | **1,325,221** | | 1,215,313 | |
| **Creditors** - amounts falling due within one year | 3 | **(1,080,594)** | | (990,786) | |
| **Net current assets** | | | **244,627** | | 224,527 |
| **Total assets less current liabilities** | | | **375,002** | | 345,296 |
| **Provisions for liabilities and charges** | | | **(2,067)** | | (7,658) |
| **Net assets** | | | **372,935** | | 337,638 |
| **Capital and reserves** | | | | | |
| Called up share capital | 4 | **88,235** | | 88,235 | |
| Share premium account | | **37,317** | | 37,317 | |
| Profit and loss account | | **230,163** | | 212,086 | |
| **Shareholders' funds** | | | **372,935** | | 337,638 |
| **Analysis of shareholders' funds** | | | | | |
| Equity shareholders' funds | | | **273,468** | | 243,771 |
| Non-equity shareholders' funds | | | **99,467** | | 93,867 |
| | | | **372,935** | | 337,638 |

These abbreviated accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Approved by the Board and authorised for issue on 1st September 2010

**David Cockburn-Price**
**Director**

# Notes to the abbreviated accounts for the year ended 28th February 2010

## 1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom

**Accounting convention**
The financial statements are prepared under the historical cost convention

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements On the basis of this cash flow information and discussions with the company's bankers, the directors consider that the company will continue to operate within the facility currently agreed and within that which they expect will be agreed in June 2011, when the Group's bankers are due to consider renewing the facility for a further year Hence, the directors consider it appropriate to prepare the financial statements on the going concern basis

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

**Turnover, profit recognition and long term contracts**
Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Revenue and profits are recognised at the date of despatch of goods or provision of services

Developments of applications and installations of systems are not normally treated as long-term contracts as they are relatively short in duration and consist of a mixture of supplying goods and providing consultancy services Revenue and profits are recognised at the date of achieving contractually agreed milestones with customers

When developments are of sufficient duration or materiality to be accounted for as long term contracts, revenue is recognised when contractually agreed milestones are achieved with attributable costs in line with the total anticipated profit Costs include all goods and labour costs incurred in bringing a contract to its state of completion at the period end, including an appropriate portion of indirect expenses Any provisions required for estimated losses on contracts are made in the period in which such losses are foreseen Long-term work in progress is stated net of payments received on account

In the case of maintenance and support contracts, revenue is included in turnover in equal monthly amounts over the life of each contract with costs being charged as incurred

Deferred income represents the portion of contract income invoiced relating to future accounting periods

**Goodwill**
Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

**Tangible fixed assets**
Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

| | |
|---|---|
| Computers | Straight line over 3 years |
| Leasehold improvements | Straight line over 5 years |

**Leasing**
Rentals payable under operating leases are charged against income on a straight line basis over the lease term

# 1 Accounting policies (continued)

**Investments**
Investments held as fixed assets are stated at cost less provision for any impairment

**Research and development**
Research expenditure is written off to the profit and loss account in the year in which it is incurred Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit

**Stocks**
Work in progress is stated at the lower of cost and net realisable value

**Deferred taxation**
Deferred tax is provided on all timing differences that result in an obligation at the balance sheet date to pay more tax in the future or a right to pay less tax in the future at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items 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

**Foreign currencies**
Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the year end Transactions in foreign currencies are translated at the rate ruling at the date of the transaction Profits or losses on exchange are included in the profit and loss account in the year in which they are incurred

**Pension costs**
The company contributes to a defined contribution pension scheme, which is financially independent from the company Amounts payable to the scheme are charged to the profit and loss account in the year in which they arise

**Group accounts**
The financial statements present information about the company as an individual undertaking and not about its group The company and its subsidiary undertakings comprise a small-sized group The company has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts

# Virtalis Limited

## 2 Tangible assets

| | Total |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 1st March 2009 | 171,858 |
| Additions | 46,974 |
| Disposals | (2,568) |
| **At 28th February 2010** | **216,264** |
| **Accumulated depreciation** | |
| At 1st March 2009 | 51,760 |
| Charge for the year | 34,800 |
| Eliminated on disposal | - |
| **At 28th February 2010** | **86,560** |
| **Net book value** | |
| **At 28th February 2010** | **129,704** |
| At 28th February 2009 | 120,098 |

## Investments

| | Shares in group undertakings and participating interests |
|---|---|
| | £ |
| **Cost and net book value** | |
| **At 28th February 2009 and at 28th February 2010** | **671** |

## 3 Creditors – Amounts falling due within one year

Other creditors includes an amount of £7,790 (2009 £19,100) drawn down under the factoring arrangement, which is secured against trade debtors and a personal guarantee provided by the directors Further security has been given against a loan of £265,000 (2009 £305,000)

## 4 Called up share capital

| | 2010 £ | 2009 £ |
|---|---|---|
| **Authorised** | | |
| 100,000 ordinary shares of £1 each | **100,000** | 100,000 |
| 30,000 ordinary 'A' shares of £1 each | **30,000** | 30,000 |
| | **130,000** | 130,000 |
| **Allotted, called up and fully paid** | | |
| 60,000 ordinary shares of £1 each | **60,000** | 60,000 |
| 28,235 ordinary 'A' shares of £1 each | **28,235** | 28,235 |
| | **88,235** | 88,235 |

The ordinary shares and ordinary 'A' shares carry identical voting rights of one vote each

The rights to dividends are as follows

**Ordinary 'A' Shares**

- A fixed dividend 7% of subscription price each year cumulative from date of subscription payable half yearly commencing 31st August 2004
- A participating dividend of 7% of group profit each year cumulative from date of subscription
- A compensatory dividend equal to any amount the managers draw in excess benefit over and above the agreed limits

In light of the above the ordinary 'A' shares have been classified as non-equity shares under FRS4 As at the balance sheet date, the cumulative fixed dividend which has not been able to be declared or provided amounts to £33,915

**Ordinary Shares**

Any amounts approved by the members but not exceeding the total amount of fixed plus participating dividends payable on ordinary 'A' shares providing

- All dividends are up to date
- Retained profits in the company remain in excess of £200,000
- The total of all dividends and excess benefits paid in the year are less than 1/3 of the profit after tax

**Ordinary 'A' Shares and Ordinary Shares**

Any further dividends on both shares as though the same class with the consent of the 'A' shareholders

For capital repayment, the shares, providing all dividends have first been paid, rank as follows

1st Ordinary 'A' shares at subscription price paid

2nd Ordinary shares at subscription price paid

3rd Ordinary 'A' shares and ordinary shares as though same class

## 5 Transactions with directors

The company purchased public relations services during the period costing £30,000 (2009 £30,000) from Cockburn-Price & Carter, a partnership in which the director, David Cockburn-Price, had a 1% interest At the balance sheet date, there was an amount owing to Cockburn-Price & Carter of £2,500 (2009 £2,500)

The company paid consultancy fees to non-executive directors Fees paid to Glyn Read amounted to £30,000 (2009 £7,500)