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Company Registration No. 05529310 (England and Wales)

Varlink Limited
Directors' Report And Financial Statements
For The Year Ended 31 August 2015



VARLINK LIMITED

COMPANY INFORMATION

Directors

Mr M Pullon
Mr B J Dodd
Mr W J Gordon

Secretary

Mr B J Dodd

Company number

05529310

Registered office

Unit 1
Osballdwick Industrial Estate
Outgang Lane
York
YO19 5UX

Auditors

Garbutt & Elliott Audit Limited
Arabesque House
Monks Cross Drive
Huntington
York
YO32 9GW

Bankers

Lloyds Bank plc
2 Pavement
York
YO1 2NE

VARLINK LIMITED

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VARLINK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The directors present the strategic report and financial statements for the year ended 31 August 2015.

Review of the business

The results for the year show a slight reduction in year on year sales however control of selling prices and operating costs resulted in an increase in profit being generated.

In 2014 the business sold £1,236,773 of Casio product against sales of £148,250 in 2015 as Casio changed their route to market. Sales & Marketing activity for the other brands that we distribute enabled much of the lost revenue to be replaced.

The external commercial environment is expected to remain competitive in 2015/16 however the directors are confident that the company will have another successful year.

On behalf of the board



.....
Mr M Pullon

Director

18/3/16

VARLINK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The directors present their report and financial statements for the year ended 31 August 2015.

Principal activities

The principal activity is the distribution of mobile computing and data capture equipment.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 September 2014:

Mr M Pullon
Mr B J Dodd
Mr W J Gordon

Auditors

The auditors, Garbutt & Elliott Audit Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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;
- 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.

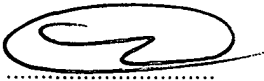
VARLINK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr M Pullon

Director

18/3/16

VARLINK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VARLINK LIMITED

We have audited the financial statements of Varlink Limited for the year ended 31 August 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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.

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 31 August 2015 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

VARLINK LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF VARLINK LIMITED

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.

Garbutt & Elliott Audit Limited

Sarah Ashton (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited

13 March 2016

Chartered Accountants
Statutory Auditor

Arabesque House
Monks Cross Drive
Huntington
York
YO32 9GW

VARLINK LIMITED

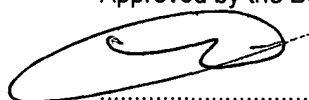
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2015

		2015	2014
	Notes	£	as restated £
Turnover	2	11,565,479	11,902,813
Cost of sales		(9,789,625)	(10,219,264)
Gross profit		1,775,854	1,683,549
Administrative expenses		(1,462,731)	(1,395,920)
Operating profit	3	313,123	287,629
Other interest receivable and similar income	4	752	567
Interest payable and similar charges	5	(51,413)	(44,574)
Profit on ordinary activities before taxation		262,462	243,622
Tax on profit on ordinary activities	6	(54,140)	(53,581)
Profit for the year	14	208,322	190,041

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Approved by the Board and authorised for issue on 18/3/16



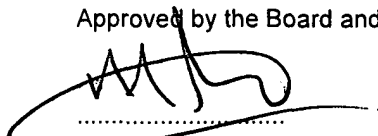
Mr M Pullon
Director

VARLINK LIMITED

BALANCE SHEET AS AT 31 AUGUST 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	8		15,597		18,555
Investments	9		1		1
			<u>15,598</u>		<u>18,556</u>
Current assets					
Stocks	10	1,657,102		1,495,754	
Debtors	11	2,494,513		1,986,416	
Cash at bank and in hand		88,426		59,889	
		<u>4,240,041</u>		<u>3,542,059</u>	
Creditors: amounts falling due within one year	12	<u>(3,349,849)</u>		<u>(2,863,147)</u>	
Net current assets			<u>890,192</u>		<u>678,912</u>
Total assets less current liabilities			<u>905,790</u>		<u>697,468</u>
Capital and reserves					
Called up share capital	13		147,369		147,369
Profit and loss account	14		758,421		550,099
Shareholders' funds	15		<u>905,790</u>		<u>697,468</u>

Approved by the Board and authorised for issue on 18/3/16


Mr M Pullon
Director


Mr B J Dodd
Director

Company Registration No. 05529310

VARLINK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

	£	2015 £	£	2014 £
Net cash outflow from operating activities		(403,562)		(35,250)
Returns on investments and servicing of finance				
Interest received	752		567	
Interest paid	(51,413)		(44,574)	
Net cash outflow for returns on investments and servicing of finance		(50,661)		(44,007)
Taxation		(53,661)		(23,820)
Capital expenditure				
Payments to acquire tangible assets	(16,924)		(9,660)	
Net cash outflow for capital expenditure		(16,924)		(9,660)
Equity dividends paid		-		(5,897)
Net cash outflow before management of liquid resources and financing		(524,808)		(118,634)
Decrease in cash in the year		(524,808)		(118,634)

VARLINK LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

1	Reconciliation of operating profit to net cash inflow from operating activities	2015	2014
		£	£
	Operating profit	313,123	287,629
	Depreciation of tangible assets	19,882	34,057
	(Increase)/decrease in stocks	(161,348)	89,676
	Increase in debtors	(508,097)	(199,183)
	Decrease in creditors within one year	(67,122)	(247,429)
	Net cash outflow from operating activities	(403,562)	(35,250)

2	Analysis of net debt	1 September 2014	Cash flow	Other non-cash changes	31 August 2015
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	59,889	28,537	-	88,426
	Bank overdrafts	(1,167,058)	(553,345)	-	(1,720,403)
		(1,107,169)	(524,808)	-	(1,631,977)
	Net debt	(1,107,169)	(524,808)	-	(1,631,977)

3	Reconciliation of net cash flow to movement in net debt	2015	2014
		£	£
	Decrease in cash in the year	(524,808)	(118,634)
	Movement in net debt in the year	(524,808)	(118,634)
	Opening net debt	(1,107,169)	(988,535)
	Closing net debt	(1,631,977)	(1,107,169)

VARLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, and is recognised on dispatch.

1.4 Tangible fixed assets and depreciation

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:

Fixtures, fittings and equipment	20% to 50% straight line
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1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.10 Consolidated accounts

The financial statements present information about the company as an individual undertaking and not about its group. The subsidiary undertaking of the company is dormant and immaterial to the group and, accordingly, consolidated accounts have not been prepared.

1.11 Restatement

The 2014 comparative figures contain a restatement, reallocating £168,379 of foreign currency gains from administrative expenses to cost of sales. This restatement has been made as the movement on foreign exchange is largely attributable to purchases included within cost of sales.

VARLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

2 Turnover

Geographical market

	Turnover	
	2015	2014
	£	£
United Kingdom	11,112,970	11,606,104
Europe	218,469	257,710
Rest of the World	234,040	38,999
	<u>11,565,479</u>	<u>11,902,813</u>

3 Operating profit

	2015	2014
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	19,882	34,057
Operating lease rentals	42,418	29,527
Auditors' remuneration	5,400	5,400
and after crediting:		
Profit on foreign exchange transactions	<u>(226,636)</u>	<u>(168,379)</u>

4 Investment income

	2015	2014
	£	£
Bank interest	752	567
	<u>752</u>	<u>567</u>

5 Interest payable

	2015	2014
	£	£
On amounts payable to factors	<u>51,413</u>	<u>44,574</u>

VARLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

6	Taxation	2015 £	2014 £
	Domestic current year tax		
	U.K. corporation tax	54,140	53,661
	Adjustment for prior years	-	(80)
	Total current tax	<u>54,140</u>	<u>53,581</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>262,462</u>	<u>243,622</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 20.00%)	<u>52,492</u>	<u>48,724</u>
	Effects of:		
	Non deductible expenses	395	1,149
	Depreciation add back	3,976	6,811
	Capital allowances	(2,723)	(3,023)
	Adjustments to previous periods	-	(80)
		<u>1,648</u>	<u>4,857</u>
	Current tax charge for the year	<u>54,140</u>	<u>53,581</u>
7	Dividends	2015 £	2014 £
	Ordinary interim paid	<u>-</u>	<u>5,897</u>

VARLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

8 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 September 2014	184,553
Additions	16,924
At 31 August 2015	201,477
Depreciation	
At 1 September 2014	165,998
Charge for the year	19,882
At 31 August 2015	185,880
Net book value	
At 31 August 2015	15,597
At 31 August 2014	18,555

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 September 2014 & at 31 August 2015	1
Net book value	
At 31 August 2015	1
At 31 August 2014	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
EPOS Distributor Limited	England and Wales	Ordinary	100.00

VARLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

9 Fixed asset investments

(Continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
EPOS Distributor Limited	Dormant	1	-
10 Stocks		2015 £	2014 £
Finished goods and goods for resale		1,657,102	1,495,754
11 Debtors		2015 £	2014 £
Trade debtors		2,476,477	1,815,626
Other debtors		-	130,318
Prepayments and accrued income		18,036	40,472
		2,494,513	1,986,416
12 Creditors: amounts falling due within one year		2015 £	2014 £
Bank loans and overdrafts		1,720,403	1,167,058
Trade creditors		1,036,460	1,164,098
Corporation tax		54,140	53,661
Other taxes and social security costs		391,414	270,152
Other creditors		21,697	121,066
Accruals and deferred income		125,735	87,112
		3,349,849	2,863,147

Bank borrowings consist entirely of an invoice discounting facility which is secured against the trade debtors to which they relate.

VARLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

13	Share capital	2015 £	2014 £
	Allotted, called up and fully paid		
	147,369 Ordinary shares of £1 each	147,369	147,369

14	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 September 2014	550,099
	Profit for the year	208,322
	Balance at 31 August 2015	758,421

15	Reconciliation of movements in Shareholders' funds	2015 £	2014 £
	Profit for the financial year	208,322	190,041
	Dividends	-	(5,897)
	Net addition to shareholders' funds	208,322	184,144
	Opening Shareholders' funds	697,468	513,324
	Closing Shareholders' funds	905,790	697,468

16 Financial commitments

At 31 August 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2016:

	Land and buildings	
	2015 £	2014 £
Operating leases which expire:		
Between two and five years	42,000	42,000

VARLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

17 Directors' remuneration	2015	2014
	£	£
Remuneration for qualifying services	166,000	111,600
	<u> </u>	<u> </u>

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015	2014
	Number	Number
Directors	2	2
Sales	10	10
Administration	22	22
	<u> </u>	<u> </u>
	34	34
	<u> </u>	<u> </u>

Employment costs	2015	2014
	£	£
Wages and salaries	921,791	793,977
Social security costs	93,538	68,266
	<u> </u>	<u> </u>
	1,015,329	862,243
	<u> </u>	<u> </u>

19 Control

The directors are of the opinion that the company has no ultimate controlling party.