

**Registered number: 06627346**

**Amplifier Technology Ltd**

**Annual report for the year ended 31 December 2017**



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## **STRATEGIC REPORT**

The directors present the strategic report of Amplifier Technology Ltd (the 'Company') for the year ended 31 December 2017.

### **Business review**

The Company is a wholly owned subsidiary of Legacy Broadcast Group Holdings Limited (formerly known as Vislink Group Holdings Limited). Pebble Beach Systems Group plc (formerly Vislink plc) owns 83.30% of Legacy Broadcast Group Holdings Limited. Pebble Beach Systems Group plc is a leading software business specialising in solutions for playout, automation and content serving customers in the broadcast markets. The group has offices in the UK and USA and employs over 80 people worldwide. Pebble Beach Systems Group plc is listed on the AIM market of the London Stock Exchange.

The company did not trade during 2017 or the previous period.

### **Results**

Turnover for the year was £nil (2016: £nil) and the profit on ordinary activities before taxation amounted to £2,000 (2016: £37,000).

The directors recommend that the profit for the financial year of £22,000 be transferred to reserves (2016: £37,000). The balance sheet at 31 December 2017 shows the Company held net assets of £66,000 (2016: £44,000).

### **Key performance indicators**

The directors of Pebble Beach Systems Group plc manage the Group's operations on a divisional basis. For this reason the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Amplifier Technology Ltd. The development, performance and position of the UK broadcast business of Pebble Beach Systems Group plc, which includes the company, is discussed in the Group's annual report, which does not form part of this report.

### **Principal risks and uncertainties**

The directors of Pebble Beach Systems Group plc manage the Group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Amplifier Technology Ltd's business. The principal risks and uncertainties of Pebble Beach Systems Group plc, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

Approved by the board and signed on its behalf by:



**J Varney**  
Director  
23 August 2018

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

### **Principal activities**

The company did not trade in 2017 and is not expected to trade in the future.

### **Dividends**

No dividend was paid during the year (2016: £nil). The directors do not recommend a dividend payment be made in relation to the financial year ended 31 December 2017.

### **Financial risk management**

The company has in place a risk management programme, which is controlled centrally by the holding company, Pebble Beach Systems Group plc. The programme seeks to limit the adverse effects on financial performance of Pebble Beach Systems Group companies by monitoring and managing financial risk.

### **Future outlook**

Other than as described in the going concern accounting policy below, the directors do not envisage any significant change in the company's operations in the foreseeable future and they expect the company to become dormant.

### **Going concern**

Amended Revolving Credit and Term Loan Facilities were signed by the company's ultimate parent company, Pebble Beach Systems Group Plc, in June 2018. The revision secures a facility until 30 November 2019, which the directors believe provides adequate funding for the Group. Therefore they have concluded that the company is a going concern and have prepared the financial statements on this basis. See further details within accounting policies.

### **Directors**

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:

S Derry (resigned 4 January 2017)

J Walton (resigned 3 February 2017)

J Hawkins (appointed 4 January 2017 and resigned 8 May 2017)

O Ellingham (appointed 3 February 2017 and resigned 31 December 2017)

J Varney (appointed 8 May 2017)

P Mayhead (appointed 1 January 2018)

During the financial year the Company maintained an external insurance policy to provide liability cover to its directors and officers.

**DIRECTORS' REPORT (CONTINUED)**

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



J Varney  
Director  
23 August 2018

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

		<b>Year ended 31 Dec 2017 £'000</b>	<b>Year ended 31 Dec 2016 £'000</b>
	<b>Note</b>		
<b>Continuing activities</b>			
<b>Revenue</b>		-	-
Cost of sales		-	(33)
Gross (loss)/profit		-	(33)
Distribution costs		-	-
Administrative income/(expenses)		<b>2</b>	<b>97</b>
<b>Operating profit/(loss)</b>	<b>1</b>	<b>2</b>	<b>64</b>
Finance costs	<b>3</b>	-	(27)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>2</b>	<b>37</b>
Tax on profit/(loss) on ordinary activities	<b>4</b>	<b>20</b>	-
<b>Profit/(loss) for the financial year</b>		<b>22</b>	<b>37</b>

The company has no other comprehensive income other than that included in the income statement and therefore no separate statement of other comprehensive income has been presented.

The accounting policies and notes on pages 9 to 16 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Note	2017 £'000	2016 £'000
<b>Current assets</b>			
Trade and other receivables	5	66	49
Cash and cash equivalents		-	6
		<u>66</u>	<u>55</u>
Creditors: amounts falling due within one year	6	-	(6)
<b>Net Current assets</b>		<u>-</u>	<u>49</u>
<b>Total assets less current liabilities</b>		<b>66</b>	<b>49</b>
Provisions for liabilities and charges		-	(5)
<b>Net assets</b>		<u><b>66</b></u>	<u><b>44</b></u>
<b>Equity</b>			
Called up share capital	7	1	1
Retained earnings		<u>65</u>	<u>43</u>
<b>Total shareholders' funds</b>		<u><b>66</b></u>	<u><b>44</b></u>

The company's registered number: 06627346

The Company did not trade during the current financial period.

For the year ending 31 December 2017 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Directors' responsibilities;

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

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounting policies and notes on pages 9 to 16 form part of these financial statements.

The financial statements on pages 6 to 16 were approved by the Board of directors on 23 August 2018 and signed on its behalf by:



J Varney  
**Director**  
 23 August 2018

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 January 2016	1	6	7
Loss for the financial year	-	37	37
At 31 December 2016	1	43	44
At 1 January 2017	1	43	44
Profit for the financial year	-	22	22
<b>At 31 December 2017</b>	<b>1</b>	<b>65</b>	<b>66</b>



## **ACCOUNTING POLICIES**

### **General information**

Amplifier Technology Ltd ('the company') is a company limited by shares.

The company did not trade in 2017.

The company is a wholly owned subsidiary of Legacy Broadcast Group Holdings Limited (formerly known as Vislink Group Holdings Limited). Pebble Beach Systems Group Plc owns 83.30% of Legacy Broadcast Group Holdings Limited. The company is included in the consolidated financial statements of Pebble Beach Systems Group plc, which are publicly available. The Company is incorporated and domiciled in the UK. The address of its registered office is 12, Horizon Business Village, 1 Brooklands Road, Weybridge, Surrey, KT13 0TJ.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Basis of preparation**

The financial statements of Amplifier Technology Ltd have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

### **Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

**ACCOUNTING POLICIES (continued)**

**Going concern**

The directors are required to make an assessment of the company's ability to continue to trade as a going concern.

On 2 February 2017 the Group sold the trade and assets of the hardware division (VCS) to xG Technology Inc., which reduced the net debt of the Group to £12.0 million.

On 14 February 2017, the Group pursued a cost reduction strategy, resulting in the closure of the Head Office function, which was then no longer appropriate as the Group had a single operating company, Pebble Beach Systems Limited, which operates from a standalone site. Accordingly, notice was served on the Head Office team.

During 2017 the Group forecast that it would be in breach of its banking covenants for the foreseeable future meaning it was reliant on the ongoing support of its bankers.

In December 2017 the Group commenced discussion with its bankers to secure the support required to remain independent.

By 31 December 2017 net debt had been reduced to £10.3 million (net cash £1.2 million and bank debt of £11.5 million). In addition, there was an available overdraft of £1.0 million which was not utilised.

In April 2018 the Group announced it had negotiated new heads of terms which were subject to a revision of the existing documentation. The Group confirms that the amended Revolving Credit and Term Loan Facilities agreement has been signed with Santander UK PLC. The revision secures the facility until 30 November 2019 with simplified banking covenants and a reasonable repayment schedule.

In reaching their decision that the financial statements should be prepared on the going concern basis, the Board considered that the new signed facility with our bankers and their ongoing support indicates the Group's ability to continue as a going concern.

In order to assess the appropriateness of preparing the financial statements on a going concern basis, management have prepared detailed projections of expected cash flows. These projections include the impact of cost reductions of £3.6 million, £2.2 million delivered as part of the 2017 PLC cost reduction strategy and £1.4 million through operational costs savings completed in January 2018 in the Pebble Beach Systems operation.

As part of the review, the Board considered sensitivities with regards to the timing of revenue growth coming from the transition in the broadcast industry from SDI to IP platforms. It looked at sensitivities regarding the recovery of gross margin following the completion of the Harmonic OEM. Finally, it considered sensitivities regarding the cost reductions.

Given that both the margin recovery and cost reductions both pertained to items already completed prior to sign off of the accounts, the Board concluded that the primary risk is one of ongoing trading and therefore the Group remains a going concern.

## **ACCOUNTING POLICIES (CONTINUED)**

### **Current and Deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **Warranty provisions**

Provisions are made in respect of anticipated future warranty costs over the remaining future warranty period of products sold based on the historic level of expenditure.

### **Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## **ACCOUNTING POLICIES (CONTINUED)**

### **Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

### **Creditors**

Creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the key areas the Directors have identified:

- the directors assessed the fair values of the intercompany loan payable and have concluded that these are the same as the book value.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. Operating profit/(loss)**

	Year ended 31 Dec 2017 £'000	Year ended 31 Dec 2016 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	-	18
Amortisation of intangible assets	-	130
Impairment of intangible assets	-	90
Impairment of inventory	-	100
Intercompany balances written off	-	(410)
Auditors' remuneration – fees payable to the company's auditors for the audit of the company's financial statements	-	3

**2. Employees and directors**

The company has no employees other than the directors (2016: none).

None (2016: none) of the directors are remunerated for their services to the company. No recharge is made to the company for the directors' services.

**3. Finance costs**

	Year ended 31 Dec 2017 £'000	Year ended 31 Dec 2016 £'000
Other interest	-	-
Intercompany interest payments	-	27
	-	27

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**4. Tax on (loss)/profit on ordinary activities**

The tax credit for the year comprises:

	Year ended 31 Dec 2017 £'000	Year ended 31 Dec 2016 £'000
<b>Current tax:</b>		
UK corporation tax on profits/(losses) for the financial year	-	(20)
Adjustment in respect of prior periods	20	20
Total current tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Impact of changes in tax rates	-	-
Total deferred tax	-	-
Tax on profit/(loss) on ordinary activities	20	-

	Year ended 31 Dec 2017 £'000	Year ended 31 Dec 2016 £'000
<b>Profit/(loss) on ordinary activities before taxation</b>	-	37
Tax at UK corporation tax rate of 19.25% (2016: 20.00%)	-	7
Permanent differences	-	(82)
Effect of change in tax rate	-	-
Adjustment in respect of prior periods	20	20
Deferred tax not recognised	-	55
Total tax charge	20	-

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which is decreased from 20.00% to 19.00% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted on 7 September 2016. These included reductions to the main rate to reduce the rate to 17.00% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**5. Trade and other receivables**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Trade Receivables	-	-
Amounts owed by other group undertakings	<b>66</b>	25
Corporation tax recoverable	-	20
Other tax and social security	-	4
	<u><b>66</b></u>	<u><b>49</b></u>

Trade receivables of £nil (2016: £nil) fall due after more than one year.

Amounts owed by Group undertakings are unsecured, attract no interest, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provision for impairment of £nil (2016: £18,000).

**6. Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	-	6
Amounts owed to group undertakings	-	-
Other tax and social security	-	-
Accruals and deferred income	-	-
	<u><b>6</b></u>	<u><b>6</b></u>

**7. Called up share capital**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised:</b>		
1,000 (2016: 1,000) ordinary shares of £1 each	<u><b>1</b></u>	<u><b>1</b></u>
	<u><b>1</b></u>	<u><b>1</b></u>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted and fully paid:</b>		
1,000 (2016: 1,000) ordinary shares of £1 each	<u><b>1</b></u>	<u><b>1</b></u>
	<u><b>1</b></u>	<u><b>1</b></u>

All shares rank parri passu except that the directors may at any time resolve to declare a dividend of one or more classes of shares to the exclusion of all or any of the other classes.

**8. Contingent liabilities**

The Company has no contingent liabilities (2016: £nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**9. Cash flow statement**

The Company is a wholly owned subsidiary of Legacy Broadcast Group Holdings Limited. Pebble Beach Systems Group plc owns 83.30% of Legacy Broadcast Group Holdings Limited. The company is included in the consolidated financial statements of Pebble Beach Systems Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under IAS 7.

**10. Related party disclosures**

The Company has taken advantage of the exemption under IAS 24, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of the group headed by Pebble Beach Systems Group plc whose financial statements are publically available.

**11. Parent undertaking**

The ultimate parent undertaking and ultimate controlling party is Pebble Beach Systems Group plc, the only company to consolidate the results of the company. Copies of the financial statements of Pebble Beach Systems Group plc may be obtained from the Company Secretary, Pebble Beach Systems Group plc, 12, Horizon Business Village, 1 Brooklands Road, Weybridge, Surrey, KT13 0TJ.