

COMPANY REGISTRATION NUMBER: 07757613

Avolites Media Limited
Financial Statements
30 April 2016

TUESDAY



L5Z9BM17

LD9

31/01/2017

#410

COMPANIES HOUSE

Avolites Media Limited

Financial Statements

Year ended 30 April 2016

Contents	Page
Directors' report	1
Independent auditor's report to the members	3
Statement of income and retained earnings	5
Statement of financial position	6
Notes to the financial statements	7

Avolites Media Limited

Directors' Report

Year ended 30 April 2016

The directors present their report and the financial statements of the company for the year ended 30 April 2016.

Directors

The directors who served the company during the year were as follows:

R Salzedo
S Warren
M Varatharajan

Directors' responsibilities statement

The directors are responsible for preparing the 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 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;
- 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.

Auditor

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

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

Small company provisions

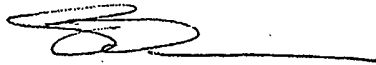
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Avolites Media Limited

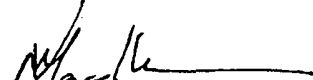
Directors' Report *(continued)*

Year ended 30 April 2016

This report was approved by the board of directors on 31.01.2017 and signed on behalf of the board by:



S Warren
Director



M Varatharajan
Director

Registered office:
184 Park Avenue
London
NW10 7XL

Avolites Media Limited

Independent Auditor's Report to the Members of Avolites Media Limited

Year ended 30 April 2016

We have audited the financial statements of Avolites Media Limited for the year ended 30 April 2016 which comprise the statement of income and retained earnings, statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

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 directors' 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 30 April 2016 and of its loss 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.

Avolites Media Limited

Independent Auditor's Report to the Members of Avolites Media Limited (continued)

Year ended 30 April 2016

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; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stewart Jell (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

31.01.2017

Avolites Media Limited
Statement of Income and Retained Earnings
Year ended 30 April 2016

	Note	2016 £	2015 £
Turnover	4	529,284	929,091
Cost of sales		(314,052)	(471,461)
Gross profit		215,232	457,630
Administrative expenses		(300,977)	(426,957)
Operating (loss)/profit	5	(85,745)	30,673
Interest payable and similar charges	8	(15,966)	–
(Loss)/profit on ordinary activities before taxation		(101,711)	30,673
Tax on (loss)/profit on ordinary activities	9	28,556	26,119
(Loss)/profit for the financial year and total comprehensive income		<u>(73,155)</u>	<u>56,792</u>
Retained losses at the start of the year		(625)	(57,417)
Retained losses at the end of the year		<u>(73,780)</u>	<u>(625)</u>

All the activities of the company are from continuing operations.

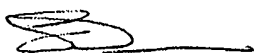
The notes on pages 7 to 15 form part of these financial statements.

Avolites Media Limited
Statement of Financial Position
30 April 2016

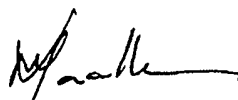
	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	100,467	90,270
Investments	12	758,564	836,183
		<u>859,031</u>	<u>926,453</u>
Current assets			
Stocks		29,511	54,351
Debtors	13	98,778	223,890
Cash at bank and in hand		89,567	9,152
		<u>217,856</u>	<u>287,393</u>
Creditors: amounts falling due within one year	14	<u>(1,101,577)</u>	<u>(1,083,899)</u>
Net current liabilities		<u>(883,721)</u>	<u>(796,506)</u>
Total assets less current liabilities		<u>(24,690)</u>	<u>129,947</u>
Creditors: amounts falling due after more than one year	15	(30,000)	(130,571)
Provisions			
Taxation including deferred tax	16	(19,089)	—
Net liabilities		<u>(73,779)</u>	<u>(624)</u>
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account	20	(73,780)	(625)
Members deficit		<u>(73,779)</u>	<u>(624)</u>

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

These financial statements were approved by the board of directors and authorised for issue on **31.01.2017**, and are signed on behalf of the board by:



S Warren
Director



M Varatharajan
Director

Company registration number: 07757613

The notes on pages 7 to 15 form part of these financial statements.

Avolites Media Limited
Notes to the Financial Statements
Year ended 30 April 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 184 Park Avenue, London, NW10 7XL.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The principal activity of the company is the design and manufacture of inspirational and functional tools for the entertainment lighting and video markets.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 May 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 23.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Avolites Limited which can be obtained from companies house. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- No cash flow statement has been presented for the company.
- Disclosures in respect of financial instruments have not been presented.
- No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts and of Value Added Tax.

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Intangibles - 33% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25% straight line
Computer Equipment	- 50% straight line
Hire Equipment	- 25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods	529,284	929,091

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	38,824	32,830
(Gains)/loss on disposal of tangible assets	(5,911)	2,108
Impairment of trade debtors	(20,475)	23,529
Foreign exchange differences	—	(26)
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>6,720</u>	<u>6,720</u>

7. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	<u>—</u>	<u>29,680</u>

8. Interest payable and similar charges

	2016	2015
	£	£
Interest due to group undertakings	<u>15,966</u>	<u>—</u>

9. Tax on (loss)/profit on ordinary activities

Major components of tax income

	2016	2015
	£	£
Current tax:		
UK current tax income	(47,645)	(26,119)
Deferred tax:		
Origination and reversal of timing differences	<u>19,089</u>	<u>—</u>
Tax on (loss)/profit on ordinary activities	<u>(28,556)</u>	<u>(26,119)</u>

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

9. Tax on (loss)/profit on ordinary activities *(continued)*

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.92%).

	2016 £	2015 £
(Loss)/profit on ordinary activities before taxation	(101,711)	30,673
(Loss)/profit on ordinary activities by rate of tax	(20,342)	6,416
Effect of expenses not deductible for tax purposes	995	1,674
Effect of capital allowances and depreciation	(6,585)	(3,907)
Qualifying R&D expenditure	(39,785)	(41,860)
Losses surrendered for R&D tax credit	65,717	37,677
R&D tax credit	(47,645)	(26,119)
Tax on (loss)/profit on ordinary activities	(47,645)	(26,119)

10. Intangible assets

	Development costs £
Cost	
At 1 May 2015 and 30 Apr 2016	117,000
Amortisation	
At 1 May 2015 and 30 Apr 2016	117,000
Carrying amount	
At 30 April 2016	—

11. Tangible assets

	Fixtures and fittings £	Computer Equipment £	Hire Stock £	Total £
Cost				
At 1 May 2015	2,431	19,360	121,764	143,555
Additions	—	—	68,243	68,243
Disposals	—	—	(23,158)	(23,158)
At 30 April 2016	<u>2,431</u>	<u>19,360</u>	<u>166,849</u>	<u>188,640</u>
Depreciation				
At 1 May 2015	1,671	15,163	36,451	53,285
Charge for the year	608	3,773	34,443	38,824
Disposals	—	—	(3,936)	(3,936)
At 30 April 2016	<u>2,279</u>	<u>18,936</u>	<u>66,958</u>	<u>88,173</u>
Carrying amount				
At 30 April 2016	<u>152</u>	<u>424</u>	<u>99,891</u>	<u>100,467</u>
At 30 April 2015	<u>760</u>	<u>4,197</u>	<u>85,313</u>	<u>90,270</u>

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

12. Investments

	Investments £
Cost	
At 1 May 2015 and 30 Apr 2016	<u>1,426,183</u>
Impairment	
At 1 May 2015	590,000
Impairment losses	<u>77,619</u>
At 30 April 2016	<u>667,619</u>
Carrying amount	
At 30 April 2016	<u>758,564</u>
At 30 April 2015	<u>836,183</u>

The company owns 100% of the issued share capital of AI Systems Limited, a company incorporated in England and Wales. AI Systems Limited was dormant during the year and at year end had aggregate share capital and reserves of £1,000.

13. Debtors

	2016 £	2015 £
Trade debtors	50,886	186,153
Corporation tax repayable	47,645	26,119
Other debtors	<u>247</u>	<u>11,618</u>
	<u>98,778</u>	<u>223,890</u>

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	6,132	7,773
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,060,471	1,007,882
Social security and other taxes	14,727	11,266
Other creditors	<u>20,247</u>	<u>56,978</u>
	<u>1,101,577</u>	<u>1,083,899</u>

15. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other creditors	<u>30,000</u>	<u>130,571</u>

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

15. Creditors: amounts falling due after more than one year *(continued)*

The Deferred Consideration above is only payable as an 'earn out' conditional on revenue being generated. This is part of the consideration for the acquisition of Media Server technology (see note 11) and is capped, at the amount shown above or revenue generated over 7 years, whichever is the lesser. In the prior year, £390,000 was written off of both the investment and the long-term creditor to reflect amounts expected to be repayable over the remaining term of the contract. In the current year, £77,619 has been written off of the investment to reflect the expected payments to be made during the remaining earn-out period.

16. Provisions

	Deferred tax (note 17) £
At 1 May 2015	–
Additions	19,089
At 30 April 2016	<u>19,089</u>

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 16)	<u>19,089</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	<u>19,089</u>	<u>–</u>

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £908 (2015: £Nil).

19. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Avolites Media Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

21. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

22. Controlling party

The parent and ultimate controlling party is Avolites Limited, a company incorporated in England and Wales. Consolidated financial statements are prepared by Avolites Limited, whose registered office is 184 Park Avenue, London, NW10 2XL.

23. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 May 2014.

No transitional adjustments were required in equity or profit or loss for the year.