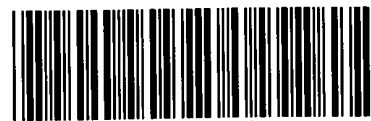


COMPANY REGISTRATION NUMBER: 07757613

**Avolites Media Limited**  
**Financial Statements**  
**30 April 2017**

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# **Avolites Media Limited**

## **Financial Statements**

**Year ended 30 April 2017**

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# **Avolites Media Limited**

## **Directors' Report**

**Year ended 30 April 2017**

The directors present their report and the financial statements of the company for the year ended 30 April 2017.

### **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

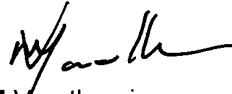
## Directors' Report *(continued)*

Year ended 30 April 2017

This report was approved by the board of directors on 30/4/12 and signed on behalf of the board by:



R Salzedo  
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 2017**

We have audited the financial statements of Avolites Media Limited for the year ended 30 April 2017 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 2017 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.

# **Avolites Media Limited**

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

*(continued)*

**Year ended 30 April 2017**

### **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

15.12.2017.

# Avolites Media Limited

## Statement of Income and Retained Earnings

Year ended 30 April 2017

	Note	2017 £	2016 £
Turnover		487,563	529,284
Cost of sales		(278,035)	(314,052)
<b>Gross profit</b>		<u>209,528</u>	<u>215,232</u>
Administrative expenses		(210,392)	(300,977)
<b>Operating loss</b>		<u>(864)</u>	<u>(85,745)</u>
Interest payable and similar expenses		15,966	(15,966)
<b>Profit/(loss) before taxation</b>	<b>6</b>	<u>15,102</u>	<u>(101,711)</u>
Tax on profit/(loss)	<b>7</b>	17,158	28,556
<b>Profit/(loss) for the financial year and total comprehensive income</b>		<u><u>32,260</u></u>	<u><u>(73,155)</u></u>
<b>Retained losses at the start of the year</b>		(73,780)	(625)
<b>Retained losses at the end of the year</b>		<u><u>(41,520)</u></u>	<u><u>(73,780)</u></u>

All the activities of the company are from continuing operations.

The notes on pages 7 to 13 form part of these financial statements.

**Avolites Media Limited**  
**Statement of Financial Position**  
**30 April 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	9	56,349	100,467
Investments	10	758,564	758,564
		<u>814,913</u>	<u>859,031</u>
<b>Current assets</b>			
Stocks		31,843	29,511
Debtors	11	162,834	98,778
Cash at bank and in hand		10,879	89,567
		<u>205,556</u>	<u>217,856</u>
<b>Creditors: amounts falling due within one year</b>	12	(1,033,719)	(1,101,577)
<b>Net current liabilities</b>		(828,163)	(883,721)
<b>Total assets less current liabilities</b>		(13,250)	(24,690)
<b>Creditors: amounts falling due after more than one year</b>	13	(17,688)	(30,000)
<b>Provisions</b>			
Taxation including deferred tax		(10,581)	(19,089)
<b>Net liabilities</b>		<u>(41,519)</u>	<u>(73,779)</u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Profit and loss account		(41,520)	(73,780)
<b>Members deficit</b>		<u>(41,519)</u>	<u>(73,779)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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



R Salzedo  
Director



M Varatharajan  
Director

Company registration number: 07757613

The notes on pages 7 to 13 form part of these financial statements.



# **Avolites Media Limited**

## **Notes to the Financial Statements**

**Year ended 30 April 2017**

### **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 the provisions of FRS 102 Section 1A, '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.

#### **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.

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.

# Avolites Media Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 April 2017

### 3. Accounting policies *(continued)*

#### 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.

#### 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.

#### 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.

# Avolites Media Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 April 2017

### 3. Accounting policies *(continued)*

#### Tangible assets *(continued)*

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 2017

### 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. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>4,810</u>	<u>6,720</u>

### 5. Employee numbers

The average number of persons employed by the company during the year amounted to 3 (2016: 5).

# Avolites Media Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 April 2017

### 6. Profit before taxation

Profit/(loss) before taxation is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	49,329	38,824
Interest payable to group undertakings	<u>(15,966)</u>	<u>15,966</u>

### 7. Tax on profit/(loss)

#### Major components of tax income

	2017 £	2016 £
<b>Current tax:</b>		
UK current tax income	(8,650)	(47,645)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(8,508)	19,089
<b>Tax on profit/(loss)</b>	<u>(17,158)</u>	<u>(28,556)</u>

#### Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit/(loss) on ordinary activities before taxation	<u>15,102</u>	<u>(101,711)</u>
Profit/(loss) on ordinary activities by rate of tax	3,021	(20,342)
Effect of expenses not deductible for tax purposes	320	995
Effect of capital allowances and depreciation	8,038	(6,585)
Qualifying R&D expenditure	(25,117)	(39,785)
Losses surrendered for R&D tax credit	13,738	65,717
R&D tax credit	(8,650)	(47,645)
Tax on profit/(loss)	<u>(8,650)</u>	<u>(47,645)</u>

### 8. Intangible assets

	Development costs £
<b>Cost</b>	
At 1 May 2016 and 30 April 2017	<u>117,000</u>
<b>Amortisation</b>	
At 1 May 2016 and 30 April 2017	<u>117,000</u>
<b>Carrying amount</b>	
At 30 April 2017	<u>—</u>

# Avolites Media Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 April 2017

### 9. Tangible assets

	Fixtures and fittings £	Equipment £	Hire stock £	Total £
<b>Cost</b>				
At 1 May 2016	2,431	19,360	166,849	188,640
Additions	—	—	33,250	33,250
Disposals	—	—	(98,029)	(98,029)
<b>At 30 April 2017</b>	<u>2,431</u>	<u>19,360</u>	<u>102,070</u>	<u>123,861</u>
<b>Depreciation</b>				
At 1 May 2016	2,279	18,936	66,958	88,173
Charge for the year	152	424	48,753	49,329
Disposals	—	—	(69,990)	(69,990)
<b>At 30 April 2017</b>	<u>2,431</u>	<u>19,360</u>	<u>45,721</u>	<u>67,512</u>
<b>Carrying amount</b>				
<b>At 30 April 2017</b>	<u>—</u>	<u>—</u>	<u>56,349</u>	<u>56,349</u>
At 30 April 2016	<u>152</u>	<u>424</u>	<u>99,891</u>	<u>100,467</u>

### 10. Investments

	Other investments other than loans £
<b>Cost</b>	
At 1 May 2016 and 30 April 2017	<u>1,426,183</u>
<b>Impairment</b>	
At 1 May 2016 and 30 April 2017	<u>667,619</u>
<b>Carrying amount</b>	
<b>At 30 April 2017</b>	<u>758,564</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.

### 11. Debtors

	2017 £	2016 £
Trade debtors	95,908	50,886
Other debtors	66,926	47,892
	<u>162,834</u>	<u>98,778</u>

# Avolites Media Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 April 2017

### 12. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	12,848	64,776
Amounts owed to group undertakings and undertakings in which the company has a participating interest	990,156	1,001,827
Social security and other taxes	3,306	14,727
Other creditors	27,409	20,247
	<u>1,033,719</u>	<u>1,101,577</u>

### 13. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors	<u>17,688</u>	<u>30,000</u>

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 9).

### 14. Deferred tax

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

	2017 £	2016 £
Included in provisions	<u>10,581</u>	<u>19,089</u>

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

	2017 £	2016 £
Accelerated capital allowances	<u>10,581</u>	<u>19,089</u>

### 15. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS 102.

### 16. 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.