

Registered number: 08281689

AVI-SPL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



AVI-SPL LIMITED

COMPANY INFORMATION

Directors	J. T. Zettel J. J. Shanks (resigned 31 July 2020) M. Sutcliffe (resigned 30 June 2020) M. S. Kellaway (appointed 1 October 2020) N. D. Reeve (appointed 6 August 2020)
Registered number	08281689
Registered office	Unit 12 Armstrong Mall Southwood Business Park Farnborough Hampshire GU14 0NR
Independent auditor	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL

AVI-SPL LIMITED

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AVI-SPL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Strategic Report for the group for the year ended 31 December 2019. AVI-SPL is a leading digital workplace solutions provider, installing, servicing and managing Unified Communication and Collaboration technologies for our clients globally.

Business review and future developments

The group's investment in previous periods has resulted in significant growth during the year with turnover increasing 41% to £55.3m (2018: £39.2m) driven by further growth in the UK, Germany and Switzerland.

Gross profit margins have dropped again during the year driven by a further increase in large project tender work and pressure on margins from some of our large global clients. The Directors are pleased to report that the group returned to profitability in 2019, reporting a retained profit of £326k this year (2018: loss of £410k). Profit before interest, taxation, depreciation, amortisation and foreign exchange losses was £825k (2018: profit of £283k).

The group's service portfolio continues to grow with revenue of £10.7m (2018: £6.4m), with an increase in the mix of service to integration revenue.

Principal risks and uncertainties

Liquidity risk - The group continues to be supported by its parent company for working capital with intercompany creditors increasing to £9.0m (2018: £6.1m) at the year end.

Foreign currency risk – The group is exposed to FX risk in both its trading activities and more significantly in relation to its working capital loans from its US parent company. The intercompany loan is denominated in US Dollars and therefore the group is exposed to significant foreign exchange risk on this loan. The trading risk is managed by matching contract and purchase currencies.

Credit risk – Risk arises from non-payment of amounts due from customers and from suppliers going into administration. Customer risk is managed by performing credit checks on new customers and closely monitoring credit limits. Supplier credit risk is managed by completing similar checks on our supplier base.

Financial key performance indicators

The group monitors several Key Performance Indicators to effectively manage its business including:

	2019	2018
Turnover	£55,346,510	£39,150,960
Gross profit margin	19.7%	25.3%
EBITDA and FX	£825,498	£283,724
% Service revenue	19.4%	16.3%

AVI-SPL LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Other key performance indicators

Customer experience is exceptionally important to AVI-SPL and therefore we closely monitor both NPS and CSAT scores originating from our customer satisfaction surveys.

Impact of COVID-19

Like many businesses, AVI-SPL Limited has been adversely affected by COVID-19. Trading in the UK has been challenging with the UK Government's direction to "Work from home if you can do so effectively". This has highlighted the company's over-reliance on sales of meeting room technology, which has become largely redundant where client's staff are working from home.

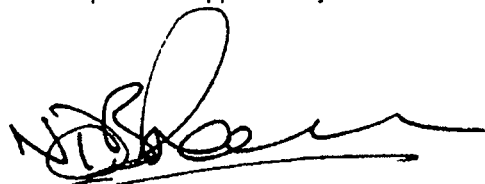
The UK company has taken pro-active steps to cut costs to ensure it is able to trade profitably; initially taking advantage of the Government's Furlough Scheme and subsequently introducing a number of redundancies. The company has also taken steps to fully align as a provider of Unified Communication and Collaboration (UCC) services to ensure it is strategically placed to support its clients going forwards with what will continue to be a challenging environment for business communication.

The German subsidiary has been less affected financially by the lock-down and is anticipated to close the FY20 in line with budget.

There have been no interruptions in support from the US parent company, and the group has made every effort to accelerate payments to its supply chain to ensure its suppliers are best placed to weather the COVID-19 storm.

The directors are excited by the opportunities that lie ahead in 2021. With the group's new focus on the full suite of UCC services and the anticipated changes in the way companies utilise their real estate and communications technology, there is an expectation of both a growth in revenue and profitability in 2021.

This report was approved by the board on 22 December 2020 and signed on its behalf.



N D Reeve
Director

AVI-SPL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £325,978 (2018 – loss £410,150).

The directors do not recommend the payment of a dividend (2018 - £Nil).

Directors

The directors who served during the year were:

J. T. Zettel
J. J. Shanks (resigned 31 July 2020)
M. Sutcliffe (resigned 30 June 2020)
M. S. Kellaway (appointed 1 October 2020)
N. D. Reeve (appointed 6 August 2020)

Going concern

The group and company is dependent upon the continuing support of its parent company A&V Holdings Midco LLC. The directors have received confirmation from the company's parent company that it will continue to support AVI-SPL Limited for a period of at least 12 months from the date of signing these accounts and accordingly the accounts have been prepared on a going concern basis.

With this support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. In making their assessment the directors have considered the impact on the business of COVID-19 including the ability of the group and company to continue operating. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

AVI-SPL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 December 2020 and signed on its behalf.



N D Reeve
Director

AVI-SPL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AVI-SPL LIMITED

Opinion

We have audited the financial statements of AVI-SPL Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated and Company Statement of changes in equity, the Consolidated Statement of cash flows, the Consolidated Analysis of net debt, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's profit and cash flows 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

AVI-SPL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AVI-SPL LIMITED (CONTINUED)

knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AVI-SPL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AVI-SPL LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Christine Dobson (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street

Reading
Berkshire

RG1 1PL

Date: 22 December 2020

AVI-SPL LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
TURNOVER	4	55,346,510	39,150,960
Cost of sales		<u>(44,442,180)</u>	<u>(29,264,777)</u>
GROSS PROFIT		10,904,330	9,886,183
Administrative expenses		<u>(10,482,607)</u>	<u>(10,269,575)</u>
OPERATING PROFIT/(LOSS)	5	421,723	(383,392)
Interest receivable and similar income	9	46	12
Interest payable and expenses	10	<u>(24,728)</u>	<u>(4,848)</u>
PROFIT/(LOSS) BEFORE TAXATION		397,041	(388,228)
Tax on profit/(loss)	11	<u>(71,063)</u>	<u>(21,922)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>325,978</u>	<u>(410,150)</u>
Currency translation differences		<u>78,437</u>	<u>(23,606)</u>
Other comprehensive income/(expense) for the year		<u>78,437</u>	<u>(23,606)</u>
Total comprehensive income/(expense) for the year		<u>404,415</u>	<u>(433,756)</u>
Profit/(Loss) for the year attributable to:			
Owners of the parent Company		<u>325,978</u>	<u>(410,150)</u>
		<u>325,978</u>	<u>(410,150)</u>
Total comprehensive income/(expense) for the year attributable to:			
Owners of the parent Company		<u>404,415</u>	<u>(433,756)</u>
		<u>404,415</u>	<u>(433,756)</u>

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	12	44,674	16,847
Tangible assets	13	<u>1,101,061</u>	<u>1,227,684</u>
		1,145,735	1,244,531
CURRENT ASSETS			
Stock	15	1,161,529	1,448,123
Debtors: amounts falling due within one year	16	19,691,374	14,767,586
Cash at bank and in hand	17	<u>1,700,712</u>	<u>3,170,611</u>
		22,553,615	19,386,320
Creditors: amounts falling due within one year	18	<u>(19,155,681)</u>	<u>(19,550,807)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>3,397,934</u>	<u>(164,487)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,543,669	1,080,044
Creditors: amounts falling due after more than one year	19	<u>(3,804,254)</u>	<u>(708,086)</u>
Provisions for liabilities			
Deferred taxation	22	<u>(17,349)</u>	<u>(54,307)</u>
		<u>(17,349)</u>	<u>(54,307)</u>
Net assets		<u>722,066</u>	<u>317,651</u>
Capital and reserves			
Called up share capital	23	650,000	650,000
Foreign exchange reserve	24	53,503	(24,934)
Profit and loss account	24	<u>18,563</u>	<u>(307,415)</u>
		<u>722,066</u>	<u>317,651</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



N D Reeve

Director

Date: 22 December 2020

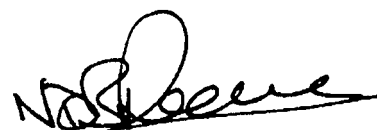
The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Notes	2019	2018
		£	£
FIXED ASSETS			
Intangible assets	12	17,997	12,695
Tangible assets	13	618,785	650,669
Investments	14	<u>37,041</u>	<u>37,041</u>
		673,823	700,405
CURRENT ASSETS			
Stock	15	436,400	837,333
Debtors: amounts falling due within one year	16	14,437,090	13,502,688
Cash at bank and in hand	17	<u>821,771</u>	<u>2,374,217</u>
		15,695,261	16,714,238
Creditors: amounts falling due within one year	18	<u>(13,463,874)</u>	<u>(14,924,251)</u>
NET CURRENT ASSETS		<u>2,231,387</u>	<u>1,789,987</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,905,210	2,490,392
Creditors: amounts falling due after more than one year	19	(886,802)	(499,922)
Provisions for liabilities			
Deferred taxation	22	<u>(17,349)</u>	<u>(54,307)</u>
		<u>(17,349)</u>	<u>(54,307)</u>
Net assets		<u>2,001,059</u>	<u>1,936,163</u>
Capital and reserves			
Called up share capital	23	650,000	650,000
Profit and loss account brought forward		1,286,163	1,626,798
Profit/(loss) for the year		64,896	(340,635)
Profit and loss account carried forward		<u>1,351,059</u>	<u>1,286,163</u>
		<u>2,001,059</u>	<u>1,936,163</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



N D Reeve

Director

Date: 22 December 2020

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Total equity £
1 January 2019	650,000	(24,934)	(307,415)	317,651	317,651
Comprehensive income for the year					
Profit for the year	-	-	325,978	325,978	325,978
Currency translation differences	-	78,437	-	78,437	78,437
Other comprehensive income for the year	-	78,437	-	78,437	78,437
Total comprehensive income for the year	-	78,437	325,978	404,415	404,415
Shares issued during the year	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
31 December 2019	650,000	53,503	18,563	722,066	722,066

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Total equity £
<i>1 January 2018</i>	100	(1,328)	102,735	101,057	101,057
Comprehensive income for the year					
Loss for the year	-	-	(410,150)	(410,150)	(410,150)
Currency translation differences	-	(23,606)	-	(23,606)	(23,606)
Other comprehensive expense for the year	-	(23,606)	-	(23,606)	(23,606)
Total comprehensive expense for the year	-	(23,606)	(410,150)	(433,756)	(433,756)
Shares issued during the year	649,900	-	-	649,900	649,900
Total transactions with owners	649,900	-	-	649,900	649,900
31 December 2018	650,000	(24,934)	(307,415)	317,651	317,651

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up Share capital £	Profit and loss account £	Total equity £
1 January 2019	650,000	1,286,163	1,936,163
Comprehensive income for the year			
Profit for the year	<u>-</u>	<u>64,896</u>	<u>64,896</u>
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>64,896</u>	<u>64,896</u>
Contributions by and distribution to owners			
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2019	<u>650,000</u>	<u>1,351,059</u>	<u>2,001,059</u>

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Total equity £
1 January 2018	100	1,626,798	1,626,898
Comprehensive income for the year			
Loss for the year	<u>-</u>	<u>(340,635)</u>	<u>(340,365)</u>
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive expense for the year	<u>-</u>	<u>(340,635)</u>	<u>(340,635)</u>
Contributions by and distribution to owners			
Shares issued during the year	<u>649,900</u>	<u>-</u>	<u>649,900</u>
Total transactions with owners	<u>649,900</u>	<u>-</u>	<u>649,900</u>
31 December 2018	<u>650,000</u>	<u>1,286,163</u>	<u>1,936,163</u>

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit/(loss) for the financial year	325,978	(410,150)
Adjustments for:		
Amortisation of intangible assets	20,126	7,142
Depreciation of tangible assets	340,122	324,937
Loss on disposal of tangible assets	-	3,620
Interest paid	24,728	4,848
Interest received	(46)	(12)
Taxation charge	71,063	21,921
(Increase)/decrease in stocks	286,593	(557,756)
(Increase) in debtors	(4,009,690)	(7,338,926)
(Decrease)/Increase in creditors	(336,798)	7,122,629
(Decrease) in taxation provision	(63,526)	(45,342)
Foreign exchange	<u>125,558</u>	<u>(31,907)</u>
Net cash generated from operating activities	<u>(3,215,892)</u>	<u>(898,996)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(48,173)	(19,331)
Purchase of tangible fixed assets	(271,807)	(279,195)
Interest received	46	12
HP interest paid	<u>(3,235)</u>	<u>(3,530)</u>
Net cash from investing activities	<u>(323,169)</u>	<u>(302,044)</u>

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
Issue of ordinary shares	-	649,900
Repayment of/new finance leases	17,381	27,061
New loans from group companies	2,051,926	2,868,189
Interest paid	<u>(145)</u>	<u>(1,318)</u>
Net cash used in financing activities	<u>2,069,162</u>	<u>3,543,832</u>
Net (decrease)/increase in cash and cash equivalents	(1,469,899)	2,342,792
Cash and cash equivalents at beginning of year	<u>3,170,611</u>	<u>827,819</u>
Cash and cash equivalents at the end of year	<u>1,700,712</u>	<u>3,170,611</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>1,700,712</u>	<u>3,170,611</u>
	<u>1,700,712</u>	<u>3,170,611</u>

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £	Cash flows £	Non-cash movements £	At 31 December 2019 £
Cash at bank and in hand	<u>3,170,611</u>	<u>(1,469,899)</u>	-	<u>1,700,712</u>
Obligations under finance leases	<u>(116,427)</u>	<u>17,381</u>	<u>(7,044)</u>	<u>(106,090)</u>

The notes on pages 18 to 38 form part of these financial statements.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

AVI-SPL Limited is a private company limited by shares, incorporated and domiciled in England, within the United Kingdom. The address of its registered office and principal place of business is Unit 12, Armstrong Mall, Southwood Business Park, Farnborough, Hampshire, GU14 0NR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The group and company is dependent upon the continuing support of its parent company A&V Holdings Midco LLC. The directors have received confirmation from the company's parent company that it will continue to support AVI-SPL Limited for a period of at least 12 months from the date of signing these accounts and accordingly the accounts have been prepared on a going concern basis.

With this support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. In making their assessment the directors have considered the impact on the business of COVID-19 including the ability of the group and company to continue operating. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Foreign currency translation Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

For systems integration projects, turnover is recognised based on the value of work done in the period by reference to the proportion of costs incurred compared to total expected costs.

For services, turnover is either recognised on the work completed, or in the case of ongoing service contracts, the turnover is recognised on a straight line basis over the term of the contract.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer Software	- 1 year/3 years straight line
-------------------	--------------------------------

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the life of the lease
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 7 years straight line
Office equipment	- 3 years/5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.13 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans from related parties and investments in non-puttable ordinary shares.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas in which management make judgements, estimates and assumptions when preparing the financial statements include the useful economic lives of fixed assets, valuation of stock and recoverability of debtors. Due to the nature of the business, these estimates and judgements are not considered to give rise to a material uncertainty.

Judgements are present in applying the group's accounting policy in respect of revenue recognition of systems integration projects. Revenue arising from systems integration projects is recognised in accordance with the stage of completion at the reporting date. The stage of completion is based on the value of work done in the period by reference to the proportion of costs incurred compared to total expected costs. Contract receipts relating to future financial periods are included in deferred income, while costs relating to activity in the year are shown as accrued income unless their recovery is not deemed probable.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Installation of equipment	44,611,391	32,750,756
Service contracts	<u>10,735,119</u>	<u>6,400,204</u>
	<u>55,346,510</u>	<u>39,150,960</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	29,558,522	22,075,440
Rest of Europe	16,366,328	12,927,867
Rest of the World	<u>9,421,660</u>	<u>4,147,653</u>
	<u>55,346,510</u>	<u>39,150,960</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019	2018
	£	£
Foreign exchange loss	43,527	337,500
Other operating lease rentals	394,353	394,606
Depreciation of tangible fixed assets	340,122	324,937
Amortisation of intangible assets	<u>20,126</u>	<u>7,142</u>

AVI-SPL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Auditor's remuneration

Fees payable to the Company's auditor and its associates in respect of:

	2019 £	2018 £
Audit of the parent company and its group's consolidated financial statements	<u>36,800</u>	<u>33,750</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018- £
Wages and salaries	9,744,998	9,880,225	6,940,466	7,538,557
Social security costs	1,488,186	1,273,781	975,924	873,342
Cost of defined contribution scheme	<u>275,511</u>	<u>195,152</u>	<u>237,958</u>	<u>170,641</u>
	<u>11,508,695</u>	<u>11,349,158</u>	<u>8,154,348</u>	<u>8,582,540</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Technical staff	156	128	120	99
Sales staff	28	29	19	18
Administrative staff	<u>32</u>	<u>29</u>	<u>23</u>	<u>22</u>
	<u>216</u>	<u>186</u>	<u>162</u>	<u>139</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>323,959</u>	<u>353,759</u>

The highest paid director received remuneration of £218,292 (2018 - £236,328).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,718 (2018 - £4,813).

The total accrued pension provision of the highest paid director at 31 December 2019 amounted to £604 (2018 - £444).

9. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>46</u>	<u>12</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Accrued intercompany interest	21,493	1,318
Finance leases and hire purchase contracts	<u>3,235</u>	<u>3,530</u>
	<u>24,728</u>	<u>4,848</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	115,920	(18,793)
Adjustments in respect of prior periods	<u>(7,898)</u>	<u>4,052</u>
	<u>108,022</u>	<u>(14,741)</u>
Total current tax	<u>108,022</u>	<u>(14,741)</u>
Deferred tax		
Origination and reversal of timing differences	5,890	-
Adjustments in respect of prior periods	<u>(42,849)</u>	<u>36,663</u>
Total deferred tax	<u>(36,959)</u>	<u>36,663</u>
Taxation on profit on ordinary activities	<u>71,063</u>	<u>21,922</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>397,041</u>	<u>(388,228)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	75,438	(73,763)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	32,302	5,241
Capital allowances for year in excess of depreciation	3,140	15,309
Adjustments to tax charge in respect of prior periods	(50,447)	40,715
Short term timing difference leading to an increase/(decrease) in taxation	4,807	1,837
Unrelieved loss on foreign subsidiaries	(33,690)	25,281
Differences in tax rates	3,372	-
Other differences leading to an increase/(decrease) in the tax charge	<u>36,141</u>	<u>7,302</u>
Total tax charge for the year	<u>71,063</u>	<u>21,922</u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) have been enacted at the year-end. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. Subsequent to the year-end the March 2020 budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and this change was substantively enacted on 17 March 2020.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Intangible assets

Group

	Computer software £
Cost	
At 1 January 2019	607,658
Additions	48,173
Currency translation differences	(270)
At 31 December 2019	<u>655,561</u>
Amortisation	
At 1 January 2019	590,811
Charge for the year	20,126
Currency translation differences	(50)
At 31 December 2019	<u>610,887</u>
Net book value	
At 31 December 2019	<u>44,674</u>
At 31 December 2018	<u>16,847</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Intangible assets (continued)

Company

	Computer software £
Cost	
At 1 January 2019	602,579
Additions	18,242
At 31 December 2019	<u>620,821</u>
Amortisation	
At 1 January 2019	589,884
Charge for the year	12,940
At 31 December 2019	<u>602,824</u>
Net book value	
At 31 December 2019	<u>17,997</u>
At 31 December 2018	<u>12,695</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Tangible fixed assets

Group

	Long-term leasehold property £	Fixtures & fittings £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2019	1,001,286	191,091	577,659	194,073	1,964,109
Additions	12,486	22,605	95,515	113,483	244,089
Disposals	-	-	-	-	-
Exchange adjustments	<u>(17,426)</u>	<u>(4,383)</u>	<u>(12,778)</u>	<u>(6,547)</u>	<u>(41,134)</u>
At 31 December 2019	<u>996,346</u>	<u>209,313</u>	<u>660,396</u>	<u>301,009</u>	<u>2,167,064</u>
Depreciation					
At 1 January 2019	323,118	78,872	282,039	52,396	736,425
Charge for the year on owned assets	98,485	29,029	172,268	40,340	340,122
Disposals	-	-	-	-	-
Exchange adjustments	<u>(2,566)</u>	<u>(936)</u>	<u>(5,405)</u>	<u>(1,637)</u>	<u>(10,544)</u>
At 31 December 2019	<u>419,037</u>	<u>106,965</u>	<u>448,902</u>	<u>91,099</u>	<u>1,066,003</u>
Net book value					
At 31 December 2019	<u>577,309</u>	<u>102,348</u>	<u>211,494</u>	<u>209,910</u>	<u>1,101,061</u>
At 31 December 2018	<u>678,168</u>	<u>112,219</u>	<u>295,620</u>	<u>141,677</u>	<u>1,227,684</u>

Included within Motor Vehicles in the table above are assets with a net book value of £116,668 (2018 - £129,042) which are subject to hire purchase agreements.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Fixtures & fittings £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2019	672,600	108,413	336,664	70,600	1,188,277
Additions	7,469	-	69,350	88,551	165,370
Disposals	-	-	-	-	-
At 31 December 2019	<u>680,069</u>	<u>108,413</u>	<u>406,014</u>	<u>159,151</u>	<u>1,353,647</u>
Depreciation					
At 1 January 2019	274,750	61,216	180,095	21,547	537,608
Charge for the year on owned assets	67,125	15,433	98,218	16,478	197,254
Disposals	-	-	-	-	-
At 31 December 2019	<u>341,875</u>	<u>76,649</u>	<u>278,313</u>	<u>38,025</u>	<u>734,862</u>
Net book value					
At 31 December 2019	<u>338,194</u>	<u>31,764</u>	<u>127,701</u>	<u>121,126</u>	<u>618,785</u>
At 31 December 2018	<u>397,850</u>	<u>47,197</u>	<u>156,569</u>	<u>49,053</u>	<u>650,669</u>

Included within Motor Vehicles in the table above are assets with a net book value of £37,765 (2018 - £49,053) which are subject to hire purchase agreements.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2019 and 31 December 2019	37,041
	<u>37,041</u>
Net book value at 31 December 2018 and 31 December 2019	<u><u>37,041</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the company and are included within these consolidated financial statements:

Name	Registered office	Class of shares	Holding
AVI-SPL Deutschland GmbH	Im Gefierth 11, 63303 Dreieich, Germany	Ordinary	100%
AVI-SPL Switzerland GmbH	C/o Ostschweizerische Treuhand Zurich AG, Giesshubelstrasse 45, 8045 Zurich	Ordinary	100%

The principal activities of both subsidiaries is the provision of digital workplace solution.

15. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials and consumables	1,161,529	1,448,123	436,400	837,333
	<u>1,161,529</u>	<u>1,448,123</u>	<u>436,400</u>	<u>837,333</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £27,289,304 (2018 - £16,952,614).

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	8,412,830	10,501,839	5,854,584	7,528,477
Amounts owed by group undertakings	940,067	4,885	442,035	2,746,728
Other debtors	361,563	487,804	109,739	35,784
Prepayments and accrued income	9,976,914	3,751,974	8,030,732	3,152,999
Tax recoverable	-	21,084	-	38,700
	<u>19,691,374</u>	<u>14,767,586</u>	<u>14,437,090</u>	<u>13,502,688</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	1,700,712	3,170,611	821,771	2,374,217
	<u>1,700,712</u>	<u>3,170,611</u>	<u>821,771</u>	<u>2,374,217</u>

18. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	3,027,424	4,859,799	2,162,269	4,559,330
Amounts owed to group undertakings	6,380,251	6,061,930	4,746,790	4,545,659
Corporation tax	44,495	-	7,886	-
Other taxation and social security	901,984	1,168,244	839,475	927,988
Obligations under finance leases and hire purchase contracts	20,969	26,811	15,613	14,864
Accruals and deferred income	<u>8,780,558</u>	<u>7,434,023</u>	<u>5,691,841</u>	<u>4,876,410</u>
	<u>19,155,681</u>	<u>19,550,807</u>	<u>13,463,874</u>	<u>14,924,251</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

AVI-SPL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Net obligations under finance leases and hire purchase contracts	85,121	89,616	8,898	24,511
Accruals and deferred income	1,050,345	618,470	877,904	475,411
Amounts owed to group undertakings	<u>2,668,788</u>	-	-	-
	<u>3,804,254</u>	<u>708,086</u>	<u>886,802</u>	<u>499,922</u>

During the year a revolving loan agreement was made between AVI-SPL Deutschland GmbH and AVI-SPL, Inc. which is repayable on 1 January 2022. Interest is accruing at 2.7% p.a. There are no amounts payable within greater than 5 years.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Within one year	20,969	31,095	15,613	17,801
Between 1-5 years	<u>85,121</u>	<u>92,468</u>	<u>8,898</u>	<u>25,470</u>
	<u>106,090</u>	<u>123,563</u>	<u>24,511</u>	<u>43,271</u>

21. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>19,954,890</u>	<u>16,710,476</u>	<u>14,214,426</u>	<u>14,984,057</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(10,570,149)</u>	<u>(12,328,917)</u>	<u>(7,710,785)</u>	<u>(10,091,762)</u>

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, other debtors, cash and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

AVI-SPL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Deferred taxation

Group	2019 £	2018 £
At beginning of year	(54,307)	(17,644)
Charged to profit or loss	36,959	(36,663)
At end of year	(17,349)	(54,307)

Company	2019 £	2018 £
At beginning of year	(54,307)	(17,644)
Charged to profit or loss	36,959	(36,663)
At end of year	(17,349)	(54,307)

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(38,145)	(63,441)	(38,145)	(63,441)
Short term timing differences	20,796	9,134	20,796	9,134
	(17,349)	(54,307)	(17,349)	(54,307)

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
650,000 (2018 – 650,000) Ordinary share shares of £1.00 each	650,000	650,000

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

24. Reserves

Foreign exchange reserve

This reserve records exchange differences on retranslation of net assets of subsidiary undertakings and long term financing of foreign entities.

Profit and loss account

This reserve records retained earnings and accumulated losses.

25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £279,436 (2018 - £195,152). Contributions totaling £22,049 (2018 - £16,409) were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 31 December 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
No later than 1 year	292,684	337,900	126,128	221,006
Later than 1 year and not later than 5 years	1,427,862	1,381,757	772,464	683,900
Later than 5 years	381,052	767,955	-	193,118
	<u>2,101,598</u>	<u>2,487,612</u>	<u>898,592</u>	<u>1,098,024</u>

27. Related party transactions

Exemptions have been taken not to disclose transactions with group companies as permitted by FRS 102.

28. Controlling party

As at year end, the ultimate parent company is AVI-SPL Holdings Inc., and AVI-SPL Limited's (the group's) immediate parent company is AVI-SPL Inc. Both companies are incorporated in the United States of America and their registered address is 6301 Benjamin Road, Suite 101, Tampa, FL 33634.

Neither the ultimate nor the immediate parent company produce consolidated financial statements which are publicly available, therefore these consolidated financial statements represent the largest and smallest of group undertakings for which financial statements are drawn up.

The directors consider there to be no ultimate controlling party.

AVI-SPL LIMITED

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29. Controlling party (continued)

Subsequent to the year end, following the merger of the US parent company AVI-SPL Holdings Inc., A&V Holdings Holdco LLC is deemed to be the ultimate parent company.

30. Post balance sheet events

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.