

Company registration number: 08281689

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31st DECEMBER 2020

AVI-SPL LIMITED

TUESDAY



AAJUASFC

A10

21/12/2021

#238

COMPANIES HOUSE

AVI-SPL LIMITED

COMPANY INFORMATION

Directors	J. T. Zettel M. S. Kellaway (appointed 1 October 2020) N. D. Reeve (appointed 6 August 2020)
Company secretary	S. Benjamin
Registered number	08281689
Registered office	Unit 12 Armstrong Mall Southwood Business Park Farnborough Hampshire GU14 0NR
Independent auditors	Crowe U.K. LLP Statutory Auditor Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL

AVI-SPL LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Company Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13 - 14
Company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16 - 17
Consolidated Analysis of Net Debt	18
Notes to the Financial Statements	19 - 38

AVI-SPL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic Report for the Group for the year ended 31 December 2020. AVI-SPL is a leading digital workplace solutions provider, installing, servicing and managing Unified Communication and Collaboration technologies for our clients globally.

Business review

The Group's results for 2020 have been impacted significantly by two key factors:

- On 10th March 2020, the Group's US parent was acquired by Marlin Equity Partners. As a result of this transaction, material "phantom equity" bonus payments were crystallised. To fund these payments, the company issued £1,300,000 ordinary shares to its parent company.
- On 23rd March 2020, the Government announced the first lockdown in the UK in response to the rising cases 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 highlighted the company's over-reliance on sales of meeting room technology, which become largely redundant whilst staff were working from home.

The UK company took a number of pro-active steps to ensure the company's stability and future success:

1. The company undertook a significant cost cutting exercise to ensure it was able to trade profitably, unfortunately this resulted in redundancies.
2. The company took advantage of the Government's Job Retention Scheme to ensure the continued employment of staff wherever possible.
3. The company took steps to fully align as a provider of Unified Communication and Collaboration (UCC) technologies to ensure it is strategically placed to support its clients going forwards.

The German subsidiary was less affected by the lock-down and closed the year ahead of budget. The Swiss Subsidiary won a significant OMS contract during the year.

There were 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 our suppliers are best placed to weather the COVID-19 storm.

The impact of COVID was to reduce turnover to £36.5m (2019: £55.3m). Gross Margins increased significantly to 23.4% (2019: 19.7%) primarily as a result in the increase in the proportion of revenue contributed by the service divisions of the business from 19.4% to 37.6%.

Due to the items highlighted above, the Group incurred exceptional costs of £2.4m (2019: £nil) and received Job Retention Scheme grants of £676k (2019: £nil). The retained loss for the year was £2.765m (2019: Profit of £326k). Retained loss for the year before exceptional items and grants was therefore £1,034k (2019: Profit of £326k).

Loss before interest, taxation, depreciation, amortisation, foreign exchange losses, exceptional items and grants was £605k (2019: Profit of £825k).

The directors are excited by the opportunities that lie ahead in 2021. With the Group's 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.

AVI-SPL LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial key performance indicators

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

	2020	2019
Turnover	£36,480,531	£55,346,510
Gross profit %	23.4%	19.7%
EBITDA and FX and Exceptional items	(£483,962)	£825,498
Service attach	37.6%	19.4%

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.

Principle risks and uncertainties

Liquidity Risk - The Group continues to be supported by its parent company for working capital with intercompany creditors decreasing to £1.1m (2019: £9m) at the year end.

Foreign currency risk – The company 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.

AVI-SPL LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Section 172 Companies Act 2006

During 2020 the Directors have complied with the requirements of Section 172 of the Act in promoting the long-term success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

During the decision-making process the Board continues to have regard for the impact of their decisions on the Group's stakeholders as required, taking into account the likely consequences of any decisions in the long-term. Further detail is provided below:

Shareholders – The group's shareholder is a US based company. The group aims to generate value for the shareholder by generating profit sufficient to increase reserves and pay periodic dividends. As the group has been in start up phase the payment of dividends has not been possible.

Employees – Protecting the health, safety and wellbeing of our employees and everyone who comes into contact with the business is our number one priority. We provide regular health and safety training and promote wellbeing through our company health and employee assistance schemes. We are committed to a diverse and inclusive work environment and helping our employees gain skills that support their personal ambitions and drive the business forward.

Customers – The group aims to build long-term relationships with its customers. We aim to provide a comprehensive solution to our clients Unified Communication and Collaboration needs.

Suppliers – Our suppliers and sub-contractors are critical to our operations and we take a long-term collaborative approach to working with them.

Communities – The Group seeks to find employment and training opportunities locally to its offices wherever possible. The Group is actively engaged with local colleges in order to source its future talent.

Principal Decisions – Principal decisions are defined as those that are material to the Group and that are significant to our key stakeholder groups as above. During the year the directors closely monitored financial performance, especially in light of the impact of COVID-19.

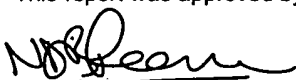
Streamlined Energy and Carbon Reporting

The Directors monitor energy consumption and actively seek ways to reduce the Company's consumption.

	2020
UK Energy use (kWh)	217,969
Associated Greenhouse gas emissions (kg CO2 Equivalent)	102,281
Intensity ratio (kg CO2 Equivalent/Sales Revenue)	0.0048

Greenhouse gas emissions have been calculated using the GHG Protocol Guidance, including direct emissions from fuel and processes and those emissions from purchased electricity for the assets they operate.

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



.....
N. D. Reeve
Director

Date: 17 December 2021

AVI-SPL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group'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.

Directors

The directors who served during the year were:

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

Dividends

The directors do not recommend the payment of a dividend (2019: £nil).

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 and Group 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 2020

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, 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 and signed on its behalf.



.....
N. D. Reeve
Director

Date: 17 December 2021

Unit 12
Armstrong Mall
Southwood Business Park
Farnborough
Hampshire
GU14 0NR

AVI-SPL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity 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 2020 and of the Group's 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.

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 Auditors' 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

AVI-SPL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVI-SPL LIMITED (CONTINUED)

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 set out on page 4, 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 AUDITORS' REPORT TO THE MEMBERS OF AVI-SPL LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and relevant Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included testing a sample of revenue across the year and deferred and accrued income as at the year end to agree to supporting documentation and testing revenue cut-off to ensure that it has been recognised in the correct period.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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 Auditors' Report.

AVI-SPL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVI-SPL LIMITED (CONTINUED)

Use of our report

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



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: 17 December 2021

AVI-SPL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	36,480,531	55,346,510
Cost of sales		(27,960,027)	(44,442,180)
Gross profit		8,520,504	10,904,330
Administrative expenses		(9,447,263)	(10,482,607)
Exceptional administrative expenses	12	(2,406,804)	-
Other operating income	5	676,084	-
Operating (loss)/profit	6	(2,657,479)	421,723
Interest receivable and similar income		601	46
Interest payable and expenses		(77,951)	(24,728)
(Loss)/profit before taxation		(2,734,829)	397,041
Tax on (loss)/profit	11	(30,381)	(71,063)
(Loss)/profit for the financial year		(2,765,210)	325,978
Currency translation differences		(62,559)	78,437
Other comprehensive income for the year		(62,559)	78,437
Total comprehensive (expense)/income for the year		(2,827,769)	404,415
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(2,765,210)	325,978
		(2,765,210)	325,978
Total comprehensive (expense)/income for the year attributable to:			
Owners of the parent Company		(2,827,769)	404,415
		(2,827,769)	404,415

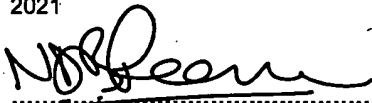
The notes on pages 19 to 38 form part of these financial statements.

AVI-SPL LIMITED
REGISTERED NUMBER:08281689

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	33,851	44,674
Tangible assets	14	1,087,474	1,101,061
		<u>1,121,325</u>	<u>1,145,735</u>
Current assets			
Stocks	16	1,499,416	1,161,529
Debtors: amounts falling due after more than one year	17	272,874	89,225
Debtors: amounts falling due within one year	17	9,195,669	19,602,149
Cash at bank and in hand	18	3,433,160	1,700,712
		<u>14,401,119</u>	<u>22,553,615</u>
Creditors: amounts falling due within one year	19	<u>(13,672,373)</u>	<u>(19,155,681)</u>
Net current assets		<u>728,746</u>	<u>3,397,934</u>
Total assets less current liabilities		<u>1,850,071</u>	<u>4,543,669</u>
Creditors: amounts falling due after more than one year	20	(1,546,039)	(3,804,254)
Provisions for liabilities			
Deferred taxation	23	(59,735)	(17,349)
		<u>(59,735)</u>	<u>(17,349)</u>
Net assets		<u>244,297</u>	<u>722,066</u>
Capital and reserves			
Called up share capital	24	3,000,000	650,000
Foreign exchange reserve	25	(9,056)	53,503
Profit and loss account	25	(2,746,647)	18,563
Equity attributable to owners of the parent Company		<u>244,297</u>	<u>722,066</u>
		<u>244,297</u>	<u>722,066</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2021


 N. D. Reeve
 Director

The notes on pages 19 to 38 form part of these financial statements.

AVI-SPL LIMITED
REGISTERED NUMBER:08281689

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	4,559	17,997
Tangible assets	14	668,739	618,785
Investments	15	2,306,138	37,041
		<u>2,979,436</u>	<u>673,823</u>
Current assets			
Stocks	16	787,794	436,400
Debtors: amounts falling due after more than one year	17	272,874	89,225
Debtors: amounts falling due within one year	17	5,937,515	14,347,865
Cash at bank and in hand	18	1,634,469	821,771
		<u>8,632,652</u>	<u>15,695,261</u>
Creditors: amounts falling due within one year	19	(10,227,668)	(13,463,874)
Net current (liabilities)/assets		<u>(1,595,016)</u>	<u>2,231,387</u>
Total assets less current liabilities		<u>1,384,420</u>	<u>2,905,210</u>
Creditors: amounts falling due after more than one year	20	(640,579)	(886,802)
Provisions for liabilities			
Deferred taxation	23	(59,735)	(17,349)
		<u>(59,735)</u>	<u>(17,349)</u>
Net assets		<u>684,106</u>	<u>2,001,059</u>
Capital and reserves			
Called up share capital	24	3,000,000	650,000
Profit and loss account brought forward		1,351,059	1,286,163
(Loss)/profit for the year		(3,666,953)	64,896
Profit and loss account carried forward		<u>(2,315,894)</u>	<u>1,351,059</u>
		<u>684,106</u>	<u>2,001,059</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: 17 December 2021

The notes on pages 19 to 38 form part of these financial statements.

AVI-SPL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2020	650,000	53,503	18,563	722,066	722,066
Comprehensive expense for the year					
Loss for the year	-	-	(2,765,210)	(2,765,210)	(2,765,210)
Foreign exchange movement in year	-	(62,559)	-	(62,559)	(62,559)
Other comprehensive income for the year	-	(62,559)	-	(62,559)	(62,559)
Total comprehensive expense for the year	-	(62,559)	(2,765,210)	(2,827,769)	(2,827,769)
Shares issued during the year	2,350,000	-	-	2,350,000	2,350,000
Total transactions with owners	2,350,000	-	-	2,350,000	2,350,000
At 31 December 2020	3,000,000	(9,056)	(2,746,647)	244,297	244,297

The notes on pages 19 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
	£	£	£	£	£
At 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
Foreign exchange movement in year	-	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
Total transactions with owners	-	-	-	-	-
At 31 December 2019	650,000	53,503	18,563	722,066	722,066

The notes on pages 19 to 38 form part of these financial statements.

AVI-SPL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	650,000	1,286,163	1,936,163
Comprehensive income for the year			
Profit for the year	-	64,896	64,896
	-	64,896	64,896
Total comprehensive income for the year			
At 1 January 2020	650,000	1,351,059	2,001,059
Comprehensive expense for the year			
Loss for the year	-	(3,666,953)	(3,666,953)
	-	(3,666,953)	(3,666,953)
Total comprehensive expense for the year			
Contributions by and distributions to owners			
Shares issued during the year	2,350,000	-	2,350,000
At 31 December 2020	3,000,000	(2,315,894)	684,106

The notes on pages 19 to 38 form part of these financial statements.

AVI-SPL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(2,765,210)	325,978
Adjustments for:		
Amortisation of intangible assets	29,593	20,126
Depreciation of tangible assets	379,600	340,122
Interest paid	77,951	24,728
Interest received	(601)	(46)
Taxation charge	30,381	71,063
(Increase)/decrease in stocks	(337,887)	286,593
Decrease/(increase) in debtors	10,222,831	(4,009,690)
(Decrease) in creditors	(5,269,234)	(336,798)
Corporation tax (paid)	(11,175)	(63,526)
Foreign exchange	(94,535)	125,558
Net cash generated from operating activities	2,261,714	(3,215,892)
Cash flows from investing activities		
Purchase of intangible fixed assets	(17,092)	(48,173)
Purchase of tangible fixed assets	(335,715)	(271,807)
Interest received	602	46
HP interest paid	(2,406)	(3,235)
Net cash from investing activities	(354,611)	(323,169)

AVI-SPL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from financing activities		
Issue of ordinary shares	2,350,000	-
Repayment of/new finance leases	(22,734)	17,381
New loans from group companies	-	2,051,926
Loans from group companies repaid	(2,500,000)	-
Interest paid	(1,921)	(145)
Net cash used in financing activities	(174,655)	2,069,162
Net increase/(decrease) in cash and cash equivalents	1,732,448	(1,469,899)
Cash and cash equivalents at beginning of year	1,700,712	3,170,611
Cash and cash equivalents at the end of year	3,433,160	1,700,712
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,433,160	1,700,712
	3,433,160	1,700,712

The notes on pages 19 to 38 form part of these financial statements.

AVI-SPL LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	1,700,712	1,732,448	3,433,160
Finance leases	(106,090)	22,733	(83,357)
	<u>1,594,622</u>	<u>1,755,181</u>	<u>3,349,803</u>

The notes on pages 19 to 38 form part of these financial statements.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 is disclosed on the company information page. The 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 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 or Statement of Cashflows 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 Statement of Financial Position, 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.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 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.

Where the Group acts as a lessor, rentals are credited to the income statement on a straight line basis.

2.5 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.

Amortisation is provided on the following bases:

Computer software	-	1 - 3 years straight line
-------------------	---	---------------------------

2.6 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 profit or loss.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to 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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Impairment of subsidiaries are reviewed annually using a discounted cashflow method.

2.9 Stocks

Stocks are stated at the lower of cost or 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 reporting 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 consolidated statement of comprehensive income.

2.10 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.

2.11 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.

2.12 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 to related parties and investments in ordinary shares.

2.13 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.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.15 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.

2.16 Finance costs

Finance costs are charged to 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 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 to separate entities. Once the contributions have been paid the Group has no further payment obligations.

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

2.18 Interest income

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

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.19 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 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 Statement of Financial Position 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 Statement of Financial Position.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in 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 reporting 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 Statement of Financial Position 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 reporting date.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgements 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:

	2020 £	2019 £
Installation of equipment	22,753,059	44,611,391
Service contracts	13,727,472	10,735,119
	<u>36,480,531</u>	<u>55,346,510</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	14,323,986	29,558,522
Rest of Europe	15,600,496	16,366,328
Rest of the World	6,556,049	9,421,660
	<u>36,480,531</u>	<u>55,346,510</u>

5. Other operating income

	2020 £	2019 £
Government grants receivable	676,084	-
	<u>676,084</u>	<u>-</u>

The Group received grants under the UK's Coronavirus Job Retention Scheme and the German Kurzarbeit scheme.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. Operating (loss)/profit

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

	2020 £	2019 £
Amortisation of intangible assets	29,593	20,126
Depreciation of tangible fixed assets	379,600	340,122
Foreign exchange (gain)/loss	(87,106)	43,527
Other operating lease rentals	355,408	394,353
	<u>355,408</u>	<u>394,353</u>

7. Auditors' remuneration

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

Audit of the parent company and its group's consolidated financial statements	52,786	36,800
Audit of subsidiaries' financial statements	22,691	-
	<u>75,477</u>	<u>36,800</u>

8. Staff costs

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	15,150,733	6,262,025	11,493,960	4,688,851
Social security costs	1,591,643	1,488,186	998,470	975,924
Cost of defined contribution scheme	306,617	275,511	268,910	237,958
	<u>17,048,993</u>	<u>8,025,722</u>	<u>12,761,340</u>	<u>5,902,733</u>

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Technical staff	200	156	142	120
Sales staff	30	28	20	19
Administrative staff	36	32	27	23
	<u>266</u>	<u>216</u>	<u>189</u>	<u>162</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	842	1,639
Other interest payable	77,109	23,089
	<u>77,951</u>	<u>24,728</u>

10. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	1,585,658	323,959
Directors pension	9,882	-
	<u>1,595,540</u>	<u>323,959</u>

The highest paid director received remuneration of £1,327,548 (2019 - £218,292). This included a reward under a phantom share scheme. The reward crystallised on the acquisition of AVI-SPL by Marlin Equity Partners on 10th March 2020.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,530 (2019 - £6,718).

The total accrued pension provision of the highest paid director at 31 December 2020 amounted to £nil (2019 - £604).

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(4,013)	115,920
Adjustments in respect of previous periods	(7,992)	(7,898)
	<u>(12,005)</u>	<u>108,022</u>
Total current tax	<u>(12,005)</u>	<u>108,022</u>
Deferred tax		
Origination and reversal of timing differences	42,386	5,890
Adjustments in respect of prior periods	-	(42,849)
Total deferred tax	<u>42,386</u>	<u>(36,959)</u>
Taxation on profit on ordinary activities	<u>30,381</u>	<u>71,063</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(2,734,829)</u>	<u>397,041</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<u>(519,617)</u>	<u>75,438</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,779	32,302
Capital allowances for year in excess of depreciation	(10,052)	3,140
Adjustments to tax charge in respect of prior periods	(7,992)	(50,447)
Short term timing difference leading to an increase (decrease) in taxation	523	4,807
Unrelieved loss	710,515	(33,690)
Differences in tax rates	-	3,372
Other differences leading to an increase (decrease) in the tax charge	16,494	36,141
Brought forward losses utilised in the year	<u>(161,269)</u>	<u>-</u>
Total tax charge for the year	<u>30,381</u>	<u>71,063</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation (continued)

Factors that may affect future tax charges

The Group has substantial losses carried forward which will reduce the tax charge in future periods.

12. Exceptional items

	2020 £
Phantom equity payments	1,313,996
Redundancy costs	101,985
Other payroll costs	990,823
	<u>2,406,804</u>

Other payroll costs consist of various items, including compensation payments and pay in lieu of notice.

13. Intangible assets

Group

	Computer software £
Cost	
At 1 January 2020	655,561
Additions	17,092
Foreign exchange movement	2,185
At 31 December 2020	<u>674,838</u>
Amortisation	
At 1 January 2020	610,887
Charge for the year on owned assets	29,593
Foreign exchange movement	507
At 31 December 2020	<u>640,987</u>
Net book value	
At 31 December 2020	<u>33,851</u>
At 31 December 2019	<u>44,674</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Intangible assets (continued)

Company

	Computer software £
Cost	
At 1 January 2020	620,821
Additions	1,656
At 31 December 2020	<u>622,477</u>
Amortisation	
At 1 January 2020	602,824
Charge for the year	15,094
At 31 December 2020	<u>617,918</u>
Net book value	
At 31 December 2020	<u>4,559</u>
At 31 December 2019	<u>17,997</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Tangible fixed assets

Group

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Equipment £	Total £
Cost or valuation					
At 1 January 2020	996,346	301,009	209,313	660,396	2,167,064
Additions	944	41,508	1,831	291,432	335,715
Disposals	-	-	-	(53,651)	(53,651)
Exchange adjustments	19,902	8,927	6,349	15,941	51,119
At 31 December 2020	1,017,192	351,444	217,493	914,118	2,500,247
Depreciation					
At 1 January 2020	419,037	91,099	106,965	448,902	1,066,003
Charge for the year on owned assets	101,628	55,990	26,940	140,963	325,521
Charge for the year on financed assets	-	-	-	54,079	54,079
Disposals	-	-	-	(53,651)	(53,651)
Exchange adjustments	4,856	3,337	1,908	10,720	20,821
At 31 December 2020	525,521	150,426	135,813	601,013	1,412,773
Net book value					
At 31 December 2020	491,671	201,018	81,680	313,105	1,087,474
At 31 December 2019	577,309	209,910	102,348	211,494	1,101,061

Included within Motor Vehicles in the table above are assets with a net book value of £101,107 (2019 - £116,668) which are subject to hire purchase agreements.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Tangible fixed assets (continued)

Company

	Long leasehold property £	Motor vehicles £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 January 2020	680,069	159,151	108,413	406,014	1,353,647
Additions	944	41,508	1,377	256,454	300,283
Disposals	-	-	-	(53,651)	(53,651)
At 31 December 2020	681,013	200,659	109,790	608,817	1,600,279
Depreciation					
At 1 January 2020	341,875	38,025	76,649	278,313	734,862
Charge for the year on owned assets	67,852	34,922	10,939	82,537	196,250
Charge for the year on financed assets	-	-	-	54,079	54,079
Disposals	-	-	-	(53,651)	(53,651)
At 31 December 2020	409,727	72,947	87,588	361,278	931,540
Net book value					
At 31 December 2020	271,286	127,712	22,202	247,539	668,739
At 31 December 2019	338,194	121,126	31,764	127,701	618,785

Included in Motor Vehicles in the table above are assets with a net book value of £29,334 (2019: £37,765) which are subject to hire purchase agreements.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	37,041
Additions	2,269,097
At 31 December 2020	<u>2,306,138</u>

During the year the company made capital contribution to its subsidiary AVI-SPL Deutschland GmbH of €2,500,000.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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.

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	1,499,416	1,161,529	787,794	436,400
	<u>1,499,416</u>	<u>1,161,529</u>	<u>787,794</u>	<u>436,400</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 £11,591,190 (2019: £27,289,304).

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Prepayments and accrued income	272,874	89,225	272,874	89,225
	<u>272,874</u>	<u>89,225</u>	<u>272,874</u>	<u>89,225</u>
Due within one year				
Trade debtors	6,001,067	8,412,830	3,565,731	5,854,584
Amounts owed by group undertakings	688,374	940,067	811,858	442,035
Other debtors	211,572	361,563	38,447	109,739
Prepayments and accrued income	2,294,656	9,887,689	1,521,479	7,941,507
	<u>9,195,669</u>	<u>19,602,149</u>	<u>5,937,515</u>	<u>14,347,865</u>

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

18. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	3,433,160	1,700,712	1,634,469	821,771
	<u>3,433,160</u>	<u>1,700,712</u>	<u>1,634,469</u>	<u>821,771</u>

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	2,309,508	3,027,424	1,638,856	2,162,269
Amounts owed to group undertakings	352,224	6,380,251	1,102,016	4,746,790
Corporation tax	43,666	44,495	-	7,886
Other taxation and social security	1,778,648	901,984	1,490,629	839,475
Obligations under finance lease and hire purchase contracts	45,284	20,969	8,898	15,613
Other creditors	23,826	-	23,826	-
Accruals and deferred income	9,119,217	8,780,558	5,963,443	5,691,841
	<u>13,672,373</u>	<u>19,155,681</u>	<u>10,227,668</u>	<u>13,463,874</u>

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

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Net obligations under finance leases and hire purchase contracts	38,073	85,121	-	8,898
Amounts owed to group undertakings	738,975	2,668,788	-	-
Accruals and deferred income	768,991	1,050,345	640,579	877,904
	<u>1,546,039</u>	<u>3,804,254</u>	<u>640,579</u>	<u>886,802</u>

In 2019 a revolving loan agreement was made between AVI-SPL Deutschland GmbH and AVI-SPL Inc. which is repayable on 1 January 2023. Interest is accruing at 2.7% p.a. During 2020 £2,500,000 of this was repaid.

There are no amounts payable greater than 5 years.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Within one year	45,284	20,969	8,898	15,613
Between 1-5 years	38,073	85,121	-	8,898
	83,357	106,090	8,898	24,511

22. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	11,586,657	19,954,890	6,667,490	14,214,426
Financial liabilities				
Financial liabilities measured at amortised cost	(4,107,693)	(10,570,149)	(3,509,717)	(7,710,785)

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 2020

23. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(17,349)	(54,308)
Charged to consolidated statement of comprehensive income	(42,386)	36,959
At end of year	(59,735)	(17,349)

Company

	2020 £	2019 £
At beginning of year	(17,349)	(54,308)
Charged to consolidated statement of comprehensive income	(42,386)	36,959
At end of year	(59,735)	(17,349)

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(63,945)	(38,145)	(63,945)	(38,145)
Short term timing differences	4,210	20,796	4,210	20,796
	(59,735)	(17,349)	(59,735)	(17,349)

At the year end the Group had a deferred tax asset of £973,856 (2019: £976,870) in relation to tax losses carried forward. It is the Group's policy not to recognise deferred tax assets in relation to tax losses carried forward.

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3,000,000 (2019 - 650,000) Ordinary shares of £1.00 each	<u>3,000,000</u>	<u>650,000</u>

On 20 March 2020, 1,300,000 Ordinary shares were issued at a nominal value of £1 each. No share premium arose on the issue of these shares.

On 30 December 2020, 1,050,000 Ordinary shares were issued at a nominal value of £1 each. No share premium arose on the issue of these shares.

25. 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.

26. Pension commitments

The group operates defined contributions pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £311,683 (2019: £275,511). Contributions totalling £23,525 (2019 - £22,049) were payable to the fund at the reporting date and are included in creditors.

27. Operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	377,104	292,684	201,218	126,128
Later than 1 year and not later than 5 years	1,294,668	1,427,862	600,330	772,464
Later than 5 years	231,446	381,052	-	-
	<u>1,903,218</u>	<u>2,101,598</u>	<u>801,548</u>	<u>898,592</u>

28. Related party transactions

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

AVI-SPL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

29. Controlling party

As at the year end, the ultimate parent company is A&V Holdings Holdco LLC 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.