

REGISTRAR OF COMPANIES

Megahertz Limited

Registered number: 08072421

Unaudited financial statements

For the year ended 31 December 2016

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COMPANIES HOUSE

MEGAHERTZ LIMITED

Registered number: 08072421

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	4	75,594	118,290
Tangible assets	5	62,697	31,596
Investments		26,406	-
		<u>164,697</u>	<u>149,886</u>
Current assets			
Stocks		21,782	58,909
Debtors: amounts falling due within one year	6	6,119,286	1,853,123
Cash at bank and in hand		1,767,518	775,443
		<u>7,908,586</u>	<u>2,687,475</u>
Creditors: amounts falling due within one year	7	(3,731,907)	(2,138,899)
Net current assets		<u>4,176,679</u>	<u>548,576</u>
Total assets less current liabilities		<u>4,341,376</u>	<u>698,462</u>
Creditors: amounts falling due after more than one year	8	(7,084,997)	(3,307,926)
Provisions for liabilities			
Other provisions	9	(19,767)	(26,770)
		<u>(19,767)</u>	<u>(26,770)</u>
Net liabilities		<u><u>(2,763,388)</u></u>	<u><u>(2,636,234)</u></u>

MEGAHERTZ LIMITED

Registered number: 08072421

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
Capital and reserves			
Called up share capital		10,000	10,000
Profit and loss account		(2,773,388)	(2,646,234)
		<u>(2,763,388)</u>	<u>(2,636,234)</u>

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

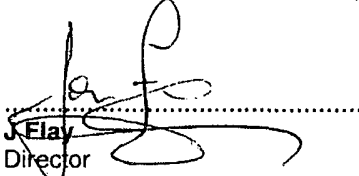
The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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


J. Elay
Director

Date: 27/9/2017

The notes on pages 3 to 11 form part of these financial statements.

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Megahertz Limited (no. 08072421) is a private company limited by shares incorporated in England and Wales. Its registered office is 5th Floor, Merck House, Seldown Lane, Poole, BH15 1TW.

Its principal activity is the supply of equipment and other technical solutions to the broadcasting industry.

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.

Information on the impact of first-time adoption of FRS 102 is given in note 12.

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

The following principal accounting policies have been applied:

2.2 Going concern

The director has assessed the company's ability to continue as a going concern and has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In doing this he has considered the results for the year, expectations of future trading and the availability of continued funding in the form of commercial loans. On the basis of this information the director is satisfied that there are no material uncertainties as to the ability to continue as a going concern and so the accounts have been prepared on this basis.

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

Other 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.

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.5 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.

Depreciation is provided on the following basis:

Plant & machinery	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 33% straight line

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value. 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 profit or loss.

2.7 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.

2.8 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.

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instruments 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.10 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.

2.11 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.12 Finance costs

Finance costs are charged to the Statement of income and retained earnings 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss Account 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 Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of income and retained earnings in the year that the Company 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.

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.18 Taxation

Tax is recognised in the Statement of income and retained earnings, 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 operates and generates income.

2.19 Warranty Provision

The warranty provision is based on historic data for the average cost of repair.

3. Employees

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

	2016 No.	2015 No.
Employees	29	28

4. Intangible assets

	Software Licences £	Goodwill £	Other intangibles £	Total £
Cost				
At 1 January 2016	1,805	210,496	3	212,304
At 31 December 2016	1,805	210,496	3	212,304
Amortisation				
At 1 January 2016	1,043	92,971	-	94,014
Charge for the year	596	42,100	-	42,696
At 31 December 2016	1,639	135,071	-	136,710
Net book value				
At 31 December 2016	166	75,425	3	75,594
At 31 December 2015	762	117,525	3	118,290

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2016	34,000	5,000	24,667	63,667
Additions	6,696	-	45,388	52,084
At 31 December 2016	40,696	5,000	70,055	115,751
Depreciation				
At 1 January 2016	14,742	2,168	15,161	32,071
Charge for the year on owned assets	5,675	632	14,676	20,983
At 31 December 2016	20,417	2,800	29,837	53,054
Net book value				
At 31 December 2016	20,279	2,200	40,218	62,697
At 31 December 2015	19,258	2,832	9,506	31,596

6. Debtors

	2016 £	2015 £
Trade debtors	712,530	764,949
Amounts owed by group undertakings	3,522,212	-
Other debtors	286,759	104,091
Prepayments and accrued income	139,024	221,085
Amounts recoverable on long term contracts	1,458,761	762,998
	6,119,286	1,853,123

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,001,598	582,295
Other taxation and social security	135,523	38,050
Other creditors	20,698	19,989
Accruals and deferred income	2,574,088	1,498,565
	<u>3,731,907</u>	<u>2,138,899</u>

On 19 December 2014 the company granted a fixed charge on its assets to secure a bid bond of £10,000.

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

	2016 £	2015 £
Commercial loans	7,084,997	3,307,926
	<u>7,084,997</u>	<u>3,307,926</u>

Creditors include amounts not wholly repayable within 5 years.

The company has five commercial loans which are unsecured and bear interest between 4.1% - 5% per annum.

9. Provisions

	Warranty costs £
At 1 January 2016	26,770
Utilised in year	(7,003)
At 31 December 2016	<u><u>19,767</u></u>

A provision for warranty costs has been estimated at £19,767 (2015 : £26,770) and is based on experience.

MEGAHERTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £44,269 (2015 : £44,237). Contributions totalling £2,925 (2015 : £5,967) were payable to the fund at the balance sheet date and are included in other creditors.

11. Related party transactions

	Opening balances £	Movement £	2016 Closing Balance £	2015 £
Voxman Projects	31,000	(1,000)	30,000	31,000
	<u>31,000</u>	<u>(1,000)</u>	<u>30,000</u>	<u>31,000</u>

At the period end management fees of £30,000 (2015 : £31,000) were owed to Voxman Projects for consultancy services provided by Igor Orlov, a shareholder of the company.

At the period end the director, J Flay was owed £727 (2015 : £727).

12. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.