Registered number: 10523708

VISLINK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



COMPANY INFORMATION

Directors	M C Bond (appointed 1 April 2020) C Miller (appointed 24 February 2020) R G Branton (resigned 31 March 2020) J B Payne IV (resigned 19 March 2020)
Registered number	10523708
Registered office	Waterside House Earls Colne Business Park Colchester CO6 2NS
Independent auditors	Ecovis Wingrave Yeats LLP Chartered Accountants and Statutory Auditors 3rd Floor, Waverley House 7-12 Noel Street London W1F 8GQ

VISLINK LTD

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the Strategic Report of Vislink Limited (the 'Company') for the year ended 31 December 2020.

Business review

The Company is a wholly owned subsidiary of Vislink Technologies, Inc. (former xG Technology, Inc.), a global technology business specialising in the provision of secure communications for the broadcast, sports and entertainment and surveillance markets. The group has offices in the UK, USA, Dubai, and Singapore, and employs over 100 people worldwide.

Turnover for the year was £11,127,708 *(2019 - £12,786,823)*. The loss before tax for the year was £5,940,430 *(2019 - £5,494,754)*. The net liabilities at 31 December 2020 were £6,839,847 *(2019 - £899,417)*.

Principal risks and uncertainties

The Company's strategy is to optimise business opportunities and minimise exposure to principle risks and uncertainties.

The operating and financial performance of the Company is influenced by economic conditions of the regions in which it operates, particularly the UK, Europe, USA and the Middle East & Africa.

The Company's products are for critical services such as live news or real time video and the risk of failure will cause loss of service to customers, bringing damage to the Company's reputation. Customer support is a key part of the companies offering to customers to mitigate any damage.

The board and management teams monitor risk areas and adjust strategic plans to protect the Company accordingly.

Financial key performance indicators

Key performance indicators are used to measure and evaluate Company performance against targets throughout the Company.

Our key metrics employed in the Company include:

- Order intake
- Achieving revenue and profit targets

Revenue in the year was £11,127,708 *(2019 - £12,786,823)* and gross profit is reported at £2,211,600 *(2019 - £2,906,197)*.

This report was approved by the board on 24/12/2021 and signed on its behalf.

MC Bond

M C Bond
Director

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.

Principal activity

The Company's principal business is the sale of microwave video transmission systems, delivering complete video capture, transmit and receive solutions for the broadcast, sports and entertainment and surveillance markets. The Company's activities include research and development, manufacture and assembly, sales, marketing, customer support and administration.

Results and dividends

The loss for the year, after taxation, amounted to £6,386,881 *(2019 - loss £5,228,797)*.

There were no dividends declared during the year *(2019 - £Nil)*.

Directors

The directors who served during the year were:

M C Bond (appointed 1 April 2020)
C Miller (appointed 24 February 2020)
R G Branton (resigned 31 March 2020)
J B Payne IV (resigned 19 March 2020)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company'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 Company will continue in business.

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

Going concern

The current economic environment is challenging, and the company has reported an operating loss for the year. However, with the significant capital raises at the parent company, and based on forward-looking estimates of our business operations and results, we have formed judgement we will have sufficient funds to continue our operations for at least twelve months from the date of these financial statements.

We continue to monitor the Pandemic-related developments, and our highest priority is the health and safety of our employees, customers, vendors, and stakeholders. We have taken and continue to make, numerous steps to address the COVID-19 pandemic. We have implemented a business continuity plan in March 2020 with a dedicated incident management team to respond quickly and effectively to changes in our environment to continue offering our customers uninterrupted products, services, and support while safeguarding the best interest of our employees, suppliers, and shareholders.

COVID-19

The continuous impact of the COVID-19 pandemic on the Company's business, financial condition, results of operations, and cash flows remains unsettled. The unpredictability of the pandemic's scope, severity, duration, and actions implemented to alleviate its direct and indirect economic effects and containment measures provides no assurances that the pandemic will not have material adverse repercussions on the Company's operations, liquidity, financial condition, and any residual unfavorable consequences to global economics.

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk and foreign exchange risk. The board has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management team. The overall objective of the board is to reduce risks as far as possible without unduly affecting the Company's competitiveness and flexibility.

Foreign exchange risk

Foreign exchange risk arises when the Company engages in transactions denominated in a currency other than its functional currency. The Company operates internationally and is exposed to foreign exchange risk arising from various currency primarily with respect to the US dollar and the Euro.

The Company does not speculate in foreign currencies.

Credit risk

Credit risk arises from the sale of goods and services to customers. It is the Company policy to obtain deposits from customers where possible, particularly for overseas customers. In addition the Company will seek confirmed letters of credit for the balances due.

Cash flow and interest rate risk

The Company has no significant interest-bearing assets and the Company's income and operating cash flows are substantially independent of changes in market interest rates. It is the Company's policy not to trade in financial instruments. The Company does not use interest rate swaps.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the risk of encountering difficulties in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities. Management receives cash flow projections on a weekly basis as well as information regarding cash balances, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Future developments

The directors have implemented strategic initiatives to proactively improve liquidity, including consolidation of manufacturing sites and reduction in workforce. The directors consider that the outlook, although uncertain terms of trading results and cashflows, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Research and development activities

The Company invests in the development of new and the enhancement of existing technology in order to maintain its strong position in its market, £320,722 was charged as an expense in the year *(2019 - £160,399)*.

Qualifying third party indemnity provisions

During the period the Company maintained an external insurance policy to provide liability cover to its directors and officers.

Post balance sheet events

On 16 August 2021 the Company acquired 100% of the issued share capital in Mobile Viewpoint Corporate B.V., a company registered in the Netherlands, for €14,824,278 payable in cash. The Company funded the acquisition by way of an intercompany loan, provided by the ultimate parent company, Vislink Technologies Inc. The total loan of €15,542,063 accrues interest at the mid-term Applicable Federal Rate, and is due for repayment on 12 August 2030.

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'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's auditors are aware of that information.

Auditors

The auditors, Ecovis Wingrave Yeats LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board on 24/12/2021 and signed on its behalf.



M C Bond
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISLINK LTD

Opinion

We have audited the financial statements of VISLINK LTD (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the 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 Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company 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 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 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 Auditors' 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 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 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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 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 determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework FRS 102 and the relevant tax compliance regulations in the jurisdictions in which the Company operates. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to employment, occupational health and safety, data protection, fraud, bribery and corruption. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with a number of individuals, including with individuals outside of the finance function, and conducted interviews to understand where they considered there was susceptibility to fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
    - Review of Board minutes;
    - Review of large and unusual bank transactions; and
    - Identifying and testing journal entries.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be

detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

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.

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.

Jessica Teague

Jessica Teague (Senior Statutory Auditor)

for and on behalf of
Ecovis Wingrave Yeats LLP

Chartered Accountants and Statutory Auditors

3rd Floor, Waverley House
7-12 Noel Street
London
W1F 8GQ
Date: 24/12/2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	**11,127,708**	*12,786,823*
Cost of sales		**(8,916,108)**	*(10,827,505)*
Exceptional cost of sales	13	**(1,852,848)**	-
Gross profit		**358,752**	*1,959,318*
Administrative expenses		**(6,749,174)**	*(7,857,804)*
Other operating income	5	**4,226**	*438,855*
Operating loss	6	**(6,386,196)**	*(5,459,631)*
Interest receivable and similar income	10	**88**	*274*
Interest payable and expenses	11	**(773)**	*(35,397)*
Loss before tax		**(6,386,881)**	*(5,494,754)*
Tax on loss	12	**-**	*265,957*
Loss for the financial year		**(6,386,881)**	*(5,228,797)*

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 15 to 35 form part of these financial statements.

VISLINK LTD
REGISTERED NUMBER: 10523708

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	14		**366,261**		*753,187*
			366,261		*753,187*
Current assets					
Stocks	15	**2,502,197**		*3,487,300*	
Debtors: amounts falling due within one year	16	**6,597,076**		*3,718,973*	
Cash at bank and in hand	17	**719,164**		*163,386*	
		9,818,437		*7,369,659*	
Creditors: amounts falling due within one year	18	**(17,087,794)**		*(9,022,263)*	
Net current liabilities			**(7,269,357)**		*(1,652,604)*
Total assets less current liabilities			**(6,903,096)**		*(899,417)*
Provisions for liabilities					
Other provisions	19	**(383,202)**		-	
			(383,202)		-
Net liabilities			**(7,286,298)**		*(899,417)*
Capital and reserves					
Called up share capital	20		**1,000**		*1,000*
Capital redemption reserve	21		**1,812,467**		*1,363,810*
Other reserves	21		**8,634,846**		*9,083,503*
Profit and loss account	21		**(17,734,611)**		*(11,347,730)*
			(7,286,298)		*(899,417)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24/12/2021

MC Bond

M C Bond
Director

The notes on pages 15 to 35 form part of these financial statements.

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

	Called up share capital	Share-based payment reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	**1,000**	**1,363,810**	**9,083,503**	**(6,118,933)**	**4,329,380**
Comprehensive income for the year					
Loss for the year	-	-	-	**(5,228,797)**	**(5,228,797)**
Total comprehensive income for the year	**-**	**-**	**-**	**(5,228,797)**	**(5,228,797)**
At 1 January 2020	**1,000**	**1,363,810**	**9,083,503**	**(11,347,730)**	**(899,417)**
Comprehensive income for the year					
Loss for the year	-	-	-	**(6,386,881)**	**(6,386,881)**
Share based payment recharge/expense	-	**448,657**	**(448,657)**	-	-
At 31 December 2020	**1,000**	**1,812,467**	**8,634,846**	**(17,734,611)**	**(7,286,298)**

The notes on pages 15 to 35 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the financial year		**(6,386,881)**	*(5,228,797)*
Adjustments for:			
Depreciation of tangible assets	14	**188,146**	*209,922*
Loss on disposal of tangible assets	14	**198,780**	*(1,421)*
Interest paid	11	**773**	*35,397*
Interest received	10	**(88)**	*(274)*
Taxation charge	12	**-**	*(265,957)*
Decrease in stocks		**985,103**	*2,402,271*
(Increase)/decrease in debtors		**(1,047,357)**	*1,883,595*
(Increase) in amounts owed by groups		**(2,096,903)**	*(1,303,365)*
Increase/(decrease) in creditors		**135,005**	*(1,339,408)*
Increase in amounts owed to groups		**7,930,526**	*3,600,780*
Increase in provisions		**383,202**	-
Corporation tax received		**266,157**	-
Net cash generated from operating activities		**556,463**	*(7,257)*
Cash flows from investing activities			
Purchase of tangible fixed assets	14	**-**	*(30,269)*
Sale of tangible fixed assets		**-**	*1,421*
Interest received	10	**88**	*274*
Net cash from investing activities		**88**	*(28,574)*

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

	Note	2020 £	2019 £
Cash flows from financing activities			
Interest paid		**(773)**	*(35,397)*
Net cash used in financing activities		**(773)**	*(35,397)*
Net increase/(decrease) in cash and cash equivalents		**555,778**	*(71,228)*
Cash and cash equivalents at beginning of year		**163,386**	*234,614*
Cash and cash equivalents at the end of year		**719,164**	*163,386*
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		**719,164**	*163,386*
		719,164	*163,386*

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

1. General information

Vislink Limited is a private company, limited by shares, domiciled in England and Wales, registration number 10523708. Its registered office is Waterside House, Earls Colne Business Park, Colchester, CO6 2NS.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The current economic environment is challenging, and the company has reported an operating loss for the year. However, with the significant capital raises at the parent company, and based on forward-looking estimates of our business operations and results, we have formed judgement we will have sufficient funds to continue our operations for at least twelve months from the date of these financial statements. That said, the Company is expected to report an operating loss in the year ended 31 December 2021 as well.

We continue to monitor the pandemic-related developments, and our highest priority is the health and safety of our employees, customers, vendors, and stakeholders. We have taken and continue to make, numerous steps to address the COVID-19 pandemic. We have implemented a business continuity plan in March 2020 with a dedicated incident management team to respond quickly and effectively to changes in our environment to continue offering our customers uninterrupted products, services, and support while safeguarding the best interest of our employees, suppliers, and shareholders.

2. Accounting policies (continued)

2.3 Revenue

The Company generates all its revenue from contracts with customers. The Company recognises revenue when we satisfy a performance obligation by transferring control of the promised goods or services to a customer in an amount that reflects the consideration that we expect to receive in exchange for those services.

The Company determines revenue recognition through the following steps:
1. Identification of the contract, or contracts, with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue, when, or as, we satisfy a performance obligation.

At contract inception, the Company assesses the goods and services promised in our contracts with customers and identifies a performance obligation for each. To determine the performance obligations, the Company considers all the products and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The timing of satisfaction of the performance obligation is not subject to significant judgement. We measure revenue as the amount of consideration we expect to receive in exchange for transferring the goods and services. Excluded from income are the value-added sales taxes, and other charges we collect concurrent with revenue-producing activities.

Taking into consideration the above, revenues are recognised as the services are provided or at the time the goods are shipped and title has passed.

2.4 Other operating income

Other operating income is measured at the fair value of the consideration received or receivable and represents income earned from all other operating activities outside the principal activities of the Company including intercompany recharges.

2.5 Exceptional items

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

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.

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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:

Long-term leasehold property	- The shorter of the economic life or remaining lease term
Plant and machinery	- 1 - 11 years
Fixtures and fittings	- 1 - 10 years
Computer equipment	- 1 - 11 years

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.

2.7 Research and development costs

Research and development costs are recognised in the Statement of Comprehensive Income as they arise.

2.8 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 weighted average basis.

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 profit or loss.

2.9 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.

2.10 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.

2. Accounting policies (continued)

2.11 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 profit or loss in the year that the Company 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.

2.12 Financial instruments

The Company 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.

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a

2. Accounting policies (continued)

2.12 Financial instruments (continued)

net basis or to realise the asset and settle the liability simultaneously.

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.

2.14 Share-based payments

Where the Company's parent, Vislink Technologies Inc., has granted rights to its equity instruments to the employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. Fair value is measured by use of the Black-Scholes pricing model. The expected useful life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Share options granted to employees are cancelled when employees cease to work for the Company, unless otherwise agreed by the directors of the Company. The cancellation results in immediate derecognition of the expenses that would have arisen over the remainder of the original vesting period.

Any movements in the fair value of the share-based payments is recognised in other reserves and subsequently recharged to Vislink Technologies Inc., via a capital contribution resulting in a reversal of the charge within reserves.

2. Accounting policies (continued)

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.

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 profit or loss 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 Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.16 Finance costs

Finance costs are charged to profit or loss 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 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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.

2.18 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 profit or loss 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. Accounting policies (continued)

2.19 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.20 Taxation

Tax is recognised in profit or loss 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 operates and generates income.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over the useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.22 Prior year reclassification

An amount of £946,879 has been reclassified from administrative expenses to cost of sales within the 2019 figures included in these financial statements. This has been reclassified for comparative purposes, however there is no impact to the loss in the prior year, and hence no impact to closing retained earnings.

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

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

3.1 Significant management judgements

Recognition of deferred tax assets

The event to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in tax jurisdictions.

3.2 Estimation uncertainty

Stocks

Management reviews the stock listing for items of slow-moving stock and provides for those considered to be aged at each reporting date.

Debtors

Management estimates the recoverability of its debtors in its financial statements which requires management to make judgements. The judgements, estimate and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors,

Useful lives of tangible fixed assets

Depreciation is provided as to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed, and should management's assessment of useful lives shorten then depreciation and amortisation charges in the financial statements would increase and the carrying amounts of the tangible fixed assets would reduce accordingly.

Share based payments

Management estimates its expense in relation to share based payments The estimation takes into account the number of years the participants will stay with the Company.

4. Turnover

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

	2020 £	*2019* *£*
Sale of product and services	**11,127,708**	*12,786,823*
	11,127,708	*12,786,823*

Analysis of turnover by country of destination:

	2020 £	*2019* *£*
United Kingdom	**3,111,596**	*1,440,388*
Rest of Europe	**3,857,420**	*3,266,234*
Rest of the world	**4,158,692**	*8,080,201*
	11,127,708	*12,786,823*

5. Other operating income

	2020 £	*2019* *£*
Other operating income	**4,226**	*438,855*
	4,226	*438,855*

Other operating income receivable in the year relates to intercompany recharges with the US parent company.

6. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Research & development charged as an expense	**320,722**	*160,399*
Exchange differences	**84,665**	*73,622*
Management recharge	**142,886**	*1,319,010*
Stock provision	**159,656**	*1,455,468*
Defined contribution pension cost	**71,874**	*75,046*
Depreciation charge	**188,146**	*209,922*
(Profit)/loss on disposal of tangible assets	**198,760**	*(1,421)*

Management recharges relates to intercompany recharges for shared costs.

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**22,500**	*43,000*
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	**7,500**	*8,325*
Assistance with accounts preparation	**2,250**	*1,500*
	9,750	*9,825*

8. Employees

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

	2020	2019
	£	£
Wages and salaries	**2,774,092**	*3,181,293*
Social security costs	**265,659**	*323,614*
Cost of defined contribution scheme	**132,359**	*75,046*
	3,172,110	*3,579,953*

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

	2020	2019
	£	£
Employees	**63**	*80*

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	**-**	*37,838*
Directors pension costs	**-**	*1,587*
	-	*39,425*

During the year retirement benefits were accruing to no directors *(2019 - 1)* in respect of defined contribution pension schemes.

10. Interest receivable

	2020	2019
	£	£
Other interest receivable	**88**	*274*
	88	*274*

11. Interest payable and similar expenses

	2020 £	*2019* *£*
Bank interest payable	**773**	*35,397*
	773	*35,397*

12. Taxation

	2020 £	*2019* *£*
Corporation tax		
Current tax on profits for the year	**-**	*(265,957)*
Total current tax	**-**	*(265,957)*
Deferred tax		
Total deferred tax	**-**	*-*
Taxation on profit/(loss) on ordinary activities	**-**	*(265,957)*

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2020 £	*2019* *£*
Loss on ordinary activities before tax	**(6,386,881)**	*(5,494,754)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(1,213,507)**	*(1,044,003)*
Effects of:		
Expenses not deductible for tax purposes	-	*30,828*
Unrelieved tax losses carried forward	**1,213,507**	*1,013,375*
Research and development claims	-	*(266,157)*
Total tax charge for the year	-	*(265,957)*

At 31 December 2020, the Company has an estimated unrecognised deferred tax asset of £2,888,622 *(2019 - £1,612,662)*. In accordance with the Company's accounting policy this amount has not been recognised in the financial statements due the uncertainty surrounding the timing of future taxable profits available for offset.

12. Taxation (continued)

Factors that may affect future tax charges

Any changes in the rate of UK corporation tax will have an impact on the future tax charge. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These included reductions to the main rate to reduce the rate to 17% from 1 April 2020. This change had been substantively enacted at the balance sheet date and therefore the impact is included in these financial statements. On 11 March 2020, it was announced that this reduction to the main rate of corporation tax would no longer go ahead and that the rate would remain at 19% for both the financial years commencing 1 April 2020 and 1 April 2021. This change was substantively enacted on 17 March 2020.

The budget of 3rd March 2021 announced further changes to UK corporation tax rates with effect from 1st April 2023, with the rate increasing to 25%. The impact of this has not been included in these financial statements as Finance Bill 2021 has not yet been substantively enacted at the point in time in which these financial statements are prepared.

13. Exceptional items

	2020 £	2019 £
Stock impairment	**1,852,848**	-

During the year, Company management initiated a new strategic plan to right-size the business during the 3rd/4th quarter of 2020. As part of the new strategic plan, management reviewed the stock held and recognised certain product lines/items were not moving due to the diminishing consumer demand and lack of profitability and a decision was made to eliminate these product lines/items which resulted in recognising an impairment loss for the year.

14. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2020	**25,428**	**1,116,939**	**92,500**	**138,032**	**1,372,899**
Disposals	**(5,145)**	**(413,176)**	**-**	**(107,694)**	**(526,015)**
At 31 December 2020	**20,283**	**703,763**	**92,500**	**30,338**	**846,884**
Depreciation					
At 1 January 2020	**12,379**	**475,804**	**33,577**	**97,952**	**619,712**
Charge for the year on owned assets	**4,235**	**142,790**	**12,106**	**29,015**	**188,146**
Disposals	**(2,760)**	**(223,411)**	**-**	**(101,064)**	**(327,235)**
At 31 December 2020	**13,854**	**395,183**	**45,683**	**25,903**	**480,623**
Net book value					
At 31 December 2020	**6,429**	**308,580**	**46,817**	**4,435**	**366,261**
At 31 December 2019	*13,049*	*641,135*	*58,923*	*40,080*	*753,187*

15. Stocks

	2020 £	*2019 £*
Work in progress	**314,394**	*420,723*
Finished goods and goods for resale	**2,187,803**	*3,066,577*
	2,502,197	*3,487,300*

Stocks are stated after provisions for impairment of £5,160,603 *(2019 - £4,236,436)*.

16. Debtors

	2020 £	*2019* *£*
Trade debtors	**2,521,588**	*1,343,430*
Amounts owed by group undertakings	**3,753,324**	*1,656,421*
Other debtors	**123,641**	*112,055*
Prepayments and accrued income	**198,523**	*340,910*
Tax recoverable	**-**	*266,157*
	6,597,076	*3,718,973*

Trade debtors are stated after provisions for impairment and returns of £896,534 *(2019 - £840,261)*.

The amounts owed from group companies are interest free, unsecured and repayable on demand.

17. Cash and cash equivalents

	2020 £	*2019* *£*
Cash at bank and in hand	**719,164**	*163,386*
	719,164	*163,386*

18. Creditors: Amounts falling due within one year

	2020 £	*2019* *£*
Trade creditors	**1,427,369**	*1,215,806*
Amounts owed to group undertakings	**14,073,328**	*6,142,802*
Other taxation and social security	**177,520**	*200,786*
Other creditors	**22,195**	*23,798*
Accruals and deferred income	**1,387,382**	*1,439,071*
	17,087,794	*9,022,263*

The amounts owed to group companies are interest free, unsecured and repayable on demand.

19. Provisions

	Onerous lease provision £
Charged to profit or loss	**383,202**
At 31 December 2020	**383,202**

As a result of the consolidation of the UK operations announced in 3rd/4th quarter of 2020, the Hemel Hempstead site was closed and the operations redirected to the Colchester office at Waterside House. Consequently the Company has recognised a provision for the total future lease commitments outstanding at year end in respect of the Hemel Hempstead site. Please see note 24 for further details of the timing of these lease commitments.

20. Share capital

	2020 £	*2019 £*
Allotted, called up and fully paid		
1,000 *(2019 - 1,000)* Ordinary shares shares of £1.00 each	**1,000**	*1,000*

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

Each share has full voting, dividend and distribution rights.

21. Reserves

Share-based payment reserve

Share-based payment reserve represents the fair value charge of share-based payments in issue.

Other reserves

Other reserves consists of a capital contribution.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

22. Share based payments

On 1 July 2017, under the 2017 Incentive Compensation plan, Vislink Technologies Inc., the ultimate parent undertaking of the Company, issued 2,115,000 ten years options to employees of the Company with an exercise price of $1.62 per share. The fair value of the options granted on 1 July 2017 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.84%, dividend yield of -0-%, volatility factor 283.93% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 1 July 2018, on third on 1 July 2019 and one third on 1 July 2020.

On 16 November 2017, under the 2017 Incentive Compensation plan, Vislink Technologies Inc., the ultimate parent undertaking of the Company, issued 135,150 ten years options to employees with an exercise price of $1.54 per share. The fair value of the options granted on 16 November 2017 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.98%, dividend yield of -0-%, volatility factor of 281.91% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S.Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 16 November 2018, one third on 16 November 2019 and one third on 16 November 2020.

On 11 April 2018, under the 2017 Incentive Compensation plan, Vislink Technologies Inc. issued 180,000 ten years options to employees of the Company with an exercise price of $0.83 per share. The fair value of the options granted on 11 April 2018 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 2.63%, dividend yield of -0-%, volatility factor of 149% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has no paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 11 April 2019, one third on 11 April 2020 and one third on 11 April 2021.

Share based payments (continued)

On 29 January 2019, under the 2017 Incentive Compensation plan, Vislink Technologies Inc. issued 120,000 ten years options to employees of the Company with an exercise price of $0.368 per share. The fair value of the options granted on 29 January 2019 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 0.32%, dividend yield of -0-%, volatility factor of 99% and the expected life of options is 8.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has no paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 30 July 2019, one third on 30 July 2020 and one third on 30 July 2021.

On 13 May 2019 Vislink Technologies Inc completed a 1-for-10 reverse split resulting in one option remaining for every ten previously in issue.

Vislink Technologies Inc then subsequently completed a 1-for-6 reverse split on 3 August 2020 resulting in one option remaining for every six previously in issue.

	Weighted average exercise price (pence) 2020	**Number 2020**	*Weighted average exercise price (pence) 2019 (restated)*	*Number 2019 (restated)*
Outstanding at the beginning of the year	**1.73**	**151,500**	*1.57*	*1,905,000*
Forfeited during the year	**1.80**	**(61,000)**	*1.54*	*(510,000)*
Reverse split (1 for 10)		**-**		*(1,255,500)*
Granted during the year		**-**	*3.45*	*12,000*
Reverse split (1 for 6)		**(75,417)**		-
Outstanding at the end of the year	**1.68**	**15,083**	*1.73*	*151,500*

	2020 £	*2019 £*
Equity-settled schemes - share-based payment charge for the period	**448,657**	-
	448,657	-

23. 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 £71,874 (*2019 - £75,046*). Contributions totalling £22,195 (*2019 - £66,501*) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

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

	2020	*2019*
	£	*£*
Not later than 1 year	**355,735**	*323,843*
Later than 1 year and not later than 5 years	**283,820**	*1,071,938*
Later than 5 years	**-**	*55,000*
	639,555	*1,450,781*

25. Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 from disclosing transactions with wholly owned group companies.

There was no remuneration paid to key management personnel during the year (*2019 - £117,040*).

26. Contingencies

The Company entered in a debenture agreement with a bank in June 2019. As a result of this, fixed and floating charges were made over the assets of the Company.

27. Controlling party

The immediate parent undertaking is Integrated Microwave Technology LLC, a company incorporated in the United States of America.

The ultimate parent undertaking and controlling party is Vislink Technologies, Inc., a company incorporated in the United States of America. Copies of the group financial statements are available from 240 South Pineapple Avenue Suite, Sarasota, FL 34236, United States of America.

28. Post balance sheet events

On 16 August 2021 the Company acquired 100% of the issued share capital in Mobile Viewpoint Corporate B.V., a company registered in the Netherlands, for €14,824,278 payable in cash. The Company funded the acquisition by way of an intercompany loan, provided by the ultimate parent company, Vislink Technologies Inc. The total loan of €15,542,063 accrues interest at the mid-term Applicable Federal Rate, and is due for repayment on 12 August 2030.

29. Analysis of net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	**163,386**	**555,778**	**719,164**
	163,386	**555,778**	**719,164**