

Registered number: 01315581

AMPLIFON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



AMPLIFON LIMITED

COMPANY INFORMATION

DIRECTORS

P Cave-Ertugrul
V Milton (Resigned 15 January 2021)
I Pazzi
Z Falconer

COMPANY SECRETARY

Zane Falconer

REGISTERED NUMBER

01315581

REGISTERED OFFICE

Gateway House
Styal Road
Manchester
M22 5WY

INDEPENDENT AUDITORS

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

AMPLIFON LIMITED

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their strategic report of the company for the year ended 31 December 2021.

Principal activities

The principal activities of the company are as consultants, distributors and dealers of hearing aids. The company operates within the United Kingdom.

Business review

The trading results of the company for the year are set out on page 11 of the financial statements. The key performance indicators for the combined businesses were:

	2021	2020	Change
Turnover	£28.2m	£21.6m	£6.6m
Profit/(Loss) before taxation	£1.2m	(£3.1m)	£4.3m
Turnover by head	£91k	£54k	£37k
Headcount (average)	309	401	(92)

Despite a competitive trading environment in 2021, the business continued to invest in the operations of the company, to establish the Amplifon brand as the recognised name for dedicated hearing solutions.

Amplifon makes significant investment in our people and our operational structure to ensure a platform for future stability and growth.

The net liabilities for the financial statements at the 31 December 2021 was £63.5 (2020 - net liabilities £64.3m). Year on year profits increased by £4.3m in 2021 due to the impact from the COVID-19 pandemic had on operations in 2020, in addition to the sale of Scotland operations in 2021 as disclosed below.

On the 1st March 2021, the Company sold the trade and assets of its operations located in Scotland to Hidden hearing limited for a total consideration of £2,943,796. The total profit recognised on this sale is £2,716,640.

On the 30th April 2021 the company sold its 100% share in in Amplifon Ireland Limited recognising a loss on disposal of £630,868.

Principal risks and uncertainties

The company is exposed to a number of financial risks including price risk, credit risk, and liquidity risk. The company does not use derivatives as part of its financial risks management.

Price risk

Our differentiated position within the marketplace through our comprehensive testing process, inclusive aftercare program and trial options allows us to minimise any risk from competitor pricing.

Credit risk

The company ensures that strong credit control processes are in place through upfront payment options and outsourced financing to minimise any credit risk.

Liquidity risk

The company is currently trading at a profit with a positive EBITDA position, in turn creating positive cash generation. In addition, the Directors have the full support of the parent company to continue to invest in the UK operations in preparation for future market growth. Details of this can be found in note 1.4 Going concern in the accounting

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policies on page 16.

With the continuing support from the ultimate parent, Amplifon S.p.A, the directors continue to invest and improve the operations of the company, to establish the Amplifon brand as the recognised name for dedicated hearing solutions, and, by working with legislators, to position the company for the future opportunities in the UK marketplace.

s.172(1) statement

2021 saw a 30.6% increase in sales (2020: 36.09% decrease). The UK Hearing Aid market is dominated by the NHS. Amplifon operates within the private Hearing Aid market. Decision making requires a long-term perspective, and this is typified by our approach to future sustainable growth.

When reviewing business opportunities, we are reviewing many different criteria in order to promote success not only today but in the long-term future. This involves multiple employee input and review at different levels of the organisation before any final decision is made.

As part of our future success, we consider our employees as a key factor to this as referenced under "employee involvement" in the directors' report.

Suppliers

We work with many suppliers across different functions and cost streams within the organisation, we believe it is key to have good solid working relationships to support our business today and in the future. We engage suppliers for the long term in order to share each other's success through partnerships rather than just transactions.

Customers

As we empower people to rediscover all the emotions of sound through hearing products and services with highly personalised and innovative technologies. We know how our role is extremely important to each of our customers' day to day lives. We take this responsibility very seriously, which is why we look to offer the best in class hearing test and aftercare service to all our customers. In order to ensure we continue to meet customer demand; we value feedback through platforms such as trust pilot.

At Amplifon we value greatly the impact that we have on communities through the services that we can offer, that is why we encourage our employees to work with their local communities by supporting events in any way possible. Our business activities have a limited impact on the environment, where possible we aim to develop our estate to operate using the latest energy efficient technologies.

We have a desire to be the best in class when it comes to providing our customers with the most proficient and detailed hearing test. We are constantly developing our protocol and providing our employees with the best equipment possible to ensure this desire is met.

Covid-19 Impact

The COVID-19 pandemic continued to create challenges and uncertainty with the economic impact of the virus being mainly isolated to the beginning of 2021. This event has had some impact on the financial performance for the year ended 31st December 2021, and on its financial position as at 31st December 2021.

Since the pandemic hit in March 2020, there has been an adverse impact on revenue generation due to restrictions impacting our ability to operate in a normal capacity. At the start of the year in 2021 as we entered the third national lockdown which significantly limited traffic to our stores during the lockdown period.

Our key focus was the health and wellbeing of our employees and clients, whilst ensuring we could be there for as many clients as possible in some capacity. Client service delivery remains one of our top priorities along with cashflow and liquidity and business continuity.

In order to protect our people and our business for future operations, we did require the support of the government schemes that were put in place during the start of 2021.

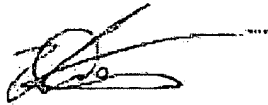
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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Future developments

Amplifon Limited will continue to invest in operations of the business to ensure future stability and growth in the market place.

This report was approved by the board and signed by order of the board.



Z Falconer
Director

25th April 2022

AMPLIFON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Dividends

The Directors do not recommend the payment of a dividend (2020- *£nil*).

Directors

The Directors who were in office during the year end up to the date of signing the financial statements:

I Pazzi
P Cave-Ertugrul
V Milton (resigned 15th January 2021)
Z Falconer

Statement of directors' responsibilities in respect of the Annual Report, The Strategic Report, The Directors' Report and the financial statements

The directors are responsible for preparing the Annual Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Future developments

An indication of the likely future developments of the business is included in the Strategic Report on pages 1-3.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Financial risk management

Details of financial risk management can be found in the Strategic Report on pages 1-3 and forms part of this report as by cross reference.

Employee involvement

It is the company's policy that employees should be kept as fully informed as is practicable about the company's progress through regular visits to branches by head office staff. Furthermore, regular meetings held at head office and in the field allow senior management to provide key business updates including financial and economic factors.

Regular manager meetings take place allowing managers to provide feedback from themselves and also their teams. This allows employees views to be taken into account when the company is making decisions that may affect them.

Employee's participation in the company performance is encouraged by the use of employee share based payments.

Disabled employees

It is the policy of the company that there should be no unfair discrimination in considering applications for employment including any necessary re-training. All employees, whether or not disabled, are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

Persons who become disabled during the course of their employment with the company may be redeployed, if required, with due consideration being given to the individual's skills and abilities.

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was held during the year and remains in force as at the date of approving the financial statements.

Going concern

Notwithstanding net current liabilities of £67.6m at 31 December 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Amplifon S.p.A, to meet its liabilities as they fall due for that period.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern (continued)

Those forecasts are dependent on Amplifon S.p.A providing additional financial support during that period. Amplifon S.p.A has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have obtained confirmation, that if required, additional funding would be provided from the Company's ultimate parent company, Amplifon S.p.A, to meet its liabilities as they fall due for a period of 12 months from the date of these financial statements.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that 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.

Independent auditors

Pursuant to section 487 of the companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on by order of the board.



Z Falconer
Director

25th April 2022

AMPLIFON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMPLIFON LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Amplifon Limited ("the company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMPLIFON LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unrelated accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence. We also reviewed policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMPLIFON LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMPLIFON LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Andrew Reddington (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE
28th April 2022

AMPLIFON LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
REGISTERED NUMBER 01315581**

	Note	2021 £000	2020 £000
Turnover	3	28,248	21,567
Cost of sales		<u>(14,906)</u>	<u>(12,217)</u>
Gross profit		13,342	9,350
Other income	5	276	2,625
Administrative expenses		<u>(14,518)</u>	<u>(15,064)</u>
Operating loss	4	(900)	(3,089)
Profit on disposals of operations	9	2,717	-
Loss on disposal of investments	15	(631)	-
Interest receivable and similar income	10	277	112
Interest payable and similar expenses	11	<u>(295)</u>	<u>(129)</u>
Profit/(loss) before taxation		1,168	(3,106)
Tax on profit/(loss)	12	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year		<u>1,168</u>	<u>(3,106)</u>

There was no other comprehensive income for 2021 or 2020 other than those included in the statement of comprehensive income. The results above relate to continuing operations.

The notes on pages 15 to 34 form an integral part of these financial statements.

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**BALANCE SHEET
AS AT 31 DECEMBER 2021
REGISTERED NUMBER 01315581**

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	1,289	1,747
Tangible assets	14	5,807	6,818
Investments	15	-	-
		<u>7,096</u>	<u>8,565</u>
Current assets			
Inventories	16	1,032	1,085
Debtors (Including £359k due in more than one year)	17	17,996	18,414
Cash at bank and in hand	18	460	423
		<u>19,488</u>	<u>19,922</u>
Creditors: Amounts falling due within one year	19	<u>(87,074)</u>	<u>(89,361)</u>
Net current liabilities		<u>(67,586)</u>	<u>(69,439)</u>
Total assets less current liabilities		<u>(60,490)</u>	<u>(60,874)</u>
Creditors: Amounts falling due after more than one year	20	(2,291)	(2,751)
Provisions for liabilities	22	(677)	(706)
Net liabilities		<u><u>(63,458)</u></u>	<u><u>(64,331)</u></u>
Capital and reserves			
Other reserves	24	2,310	2,310
Called up share capital	25	1,800	1,800
Profit and loss account		(67,568)	(68,441)
Total Shareholders' deficit		<u><u>(63,458)</u></u>	<u><u>(64,331)</u></u>

The financial statements on pages 11-34 were approved by the board of directors' and were signed on its behalf by:



P Cave-Ertugrul

Director

25th April 2022

The notes on pages 15 to 34 form an integral part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
REGISTERED NUMBER 01315581**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total Shareholders' deficit £000
At 1 January 2021	1,800	2,310	(68,441)	(64,331)
Comprehensive expense for the year				
Profit/(loss) for the financial year	-	-	1,168	1,168
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year	-	-	1,168	1,168
Contributions by and distributions to owners				
Share based payments (Note 26)	-	-	(295)	(295)
Total contributions by and distributions to owners	-	-	(295)	(295)
At 31 December 2021	<u><u>1,800</u></u>	<u><u>2,310</u></u>	<u><u>(67,568)</u></u>	<u><u>(63,458)</u></u>

The notes on pages 15 to 34 form an integral part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
REGISTERED NUMBER 01315581**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total Shareholders' deficit £000
At 1 January 2020	1,800	2,310	(64,858)	(60,748)
Comprehensive expense for the year				
Profit/(loss) for the financial year	-	-	(3,106)	(3,106)
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year	-	-	(3,106)	(3,106)
Contributions by and distributions to owners				
Share based payments (Note 26)	-	-	(477)	(477)
Total contributions by and distributions to owners	-	-	(477)	(477)
At 31 December 2020	<u>1,800</u>	<u>2,310</u>	<u>(68,441)</u>	<u>(64,331)</u>

The notes on pages 15 to 34 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Amplifon Limited (the 'company') is a private company limited by shares (registered number 01315581) which is incorporated and domiciled in the United Kingdom. The company's registered office and principal place of business is Gateway House, Styal Road, Manchester, M22 5WY.

The financial statements have been prepared under the historical costs convention and in compliance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard in the United Kingdom 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 judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in note 2.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company's ultimate parent undertaking, Amplifon S.p.A includes the Company in its consolidated financial statements. The consolidated financial statements of Amplifon S.p.A are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Amplifon S.p.A, Via Ripamonti 133, 20151 Milan, Italy. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes

As the consolidated financial statements of Amplifon S.p.A include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

1.3 Related party transactions

As the company is a wholly owned subsidiary of the group headed by Amplifon S.p.A., the company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Amplifon S.p.A, within which the results of this company are included, can be obtained from the address given in note 30.

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1.4 Going concern

Notwithstanding net current liabilities of £67.6m at 31 December 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Amplifon S.p.A, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Amplifon S.p.A providing additional financial support during that period. Amplifon S.p.A has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have obtained confirmation, that if required, additional funding would be provided from the Company's ultimate parent company, Amplifon S.p.A, to meet its liabilities as they fall due for a period of 12 months from the date of these financial statements.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.5 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

Turnover from the sale of hearing aids, hearing aid accessories and similar goods, is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on sale of the goods. In the case of hearing aids, this is when the hearing aid system has been fitted. It is considered that there are two components of revenue included in the consideration of hearing aid sales, being the sale of hearing aids and a separate component for the aftercare service.

Sale of goods

Turnover 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 turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Sale of goods (continued)

Services

Revenue associated with the ongoing aftercare service is deferred and recognised over the life of the contract based on patterns in usage derived using historical data.

1.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of its identifiable assets and liabilities at the date of acquisition. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its estimated useful economic life of 10 years. The useful economic life was reasonably estimated at acquisition based on the nature of the business and the industry in which it operates. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

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. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Customer lists	-	10 years
Software	-	5 years
License	-	1-3 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 balance sheet date.

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

1.7 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

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. The estimated useful lives range as follows:

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Tangible assets (continued)

The estimated useful lives range as follows:

Freehold property	-	50 years
Short-term leasehold property	-	5 to 10 years
Motor vehicles and equipment	-	3 to 7 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 balance sheet date.

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

1.8 Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

1.9 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

1.10 Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the Statement of Comprehensive Income, to reduce the lease expense, on a straight-line basis over the period of the lease.

1.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1.12 Inventory

Inventory is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

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

1.13 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 accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, 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 and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

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

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.

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.

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.

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1.14 Functional and presentation currency

Functional and presentation currency

The company's functional and presentation 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. All foreign exchange differences arising in the normal course of the business are accounted for through the Statement of Comprehensive Income

1.15 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably, given that all provisions are short term reliable estimates no discounting is used, as the impact of discounting would be immaterial.

1.16 Share based payments

Shares in Amplifon S.p.A are granted as incentives to employees. An annual charge is received from Amplifon S.p.A. in respect of these grants.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income account over the remaining vesting period.

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1.17 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 payments obligations.

The contributions are recognised as an expense in the Statement of comprehensive income 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.

1.18 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change 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.

1.19 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the exception of deferred tax assets.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.20 Government grants

Deferred Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss over the expected useful lives of the assets to which they relate or in the periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading "Other income"

AMPLIFON LIMITED

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation and residual values

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives, and residual values are appropriate.

Inventory provisioning

The company sells hearing aids and is subject to changing consumer demands and trends. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods. See note 16 for the net carrying amount of the inventory.

Dilapidations provision

As part of the company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the statement of comprehensive income as the obligation arises. The provision is expected to be utilised between 2018 and 2029 as the leases terminate.

Onerous lease provisions

Where leasehold properties become vacant or a site is loss-making, the company provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease.

Returns provision

The company bases its estimate of returns on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

Revenue recognition

There are two components of revenue being hearing aid sales and aftercare. The identification of sales aftercare as a separate component of revenue results in deferred income balance within the balance sheet.

3. Turnover

The whole of the turnover is attributable to the one principal activity of the company. All turnover arose within the United Kingdom.

AMPLIFON LIMITED

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging / (crediting):	2021 £000	2020 £000
Depreciation of tangible fixed assets - owned	1,315	1,570
Depreciation of tangible fixed assets - under finance lease	393	445
Impairment of tangible fixed assets/ (impairment reversed)	86	383
Foreign exchange income	(10)	(28)
Impairment of debtors	4	-
Impairment of stocks	240	119
Amortisation of intangible assets, including goodwill	261	131
Loss on disposal of fixed assets	9	183
Other operating lease rentals	3,130	3,392
Share based payment (see note 26)	<u>180</u>	<u>313</u>

5. Other income

	2021 £000	2020 £000
Other income	276	2,625
	<u>276</u>	<u>2,625</u>

Other income represents amounts received in respect of furlough schemes during the year.

6. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	90	95
	<u>90</u>	<u>95</u>

There were no other non-audit services provided by the auditors to the company in the year (2020: £nil)

AMPLIFON LIMITED

7. Employees

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

	2021 £000	2020 £000
Wages and salaries	11,550	9,621
Social security costs	1,397	1,368
Other pension costs	310	312
	<u>13,257</u>	<u>11,301</u>

Key management compensation

Key management includes the directors and members of senior management. The total compensation paid or payable to key management for employee services during the year is shown below:

	2021 £000	2020 £000
Wages and salaries	501	794
Compensation for loss of office	63	-
Share based compensation	32	-
Social security costs	77	190
Other pension costs	16	12
	<u>689</u>	<u>996</u>

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

	2021 No.	2020 No.
Administration	54	59
Sales and distribution	255	342
	<u>309</u>	<u>401</u>

8. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	379	360
Social security costs	54	61
Other pension costs	11	10
Share based compensation	32	106
	<u>476</u>	<u>537</u>

The number of directors who exercised share options in the year was 1 (2020 – 2).

AMPLIFON LIMITED

8. Directors' remuneration (continued)

Highest-paid director

	2021 £000	2020 £000
Directors' emoluments	273	212
Social security costs	36	28
Other pension costs	8	6
	<u>317</u>	<u>246</u>

The highest-paid director did not exercise share options in the year (2020 – nil).

9. Profit on disposal of operations

On the 1st March 2021, the Company sold the trade and assets of its operations located in Scotland to Hidden hearing limited for a total consideration of £2,943,796. The total profit recognised on this sale is £2,716,640.

10. Interest receivable and similar income

	2021 £000	2020 £000
Realised exchange gains	277	112
	<u>277</u>	<u>112</u>

11. Interest payable and similar expenses

	2021 £000	2020 £000
Realised exchange losses	271	85
Finance leases and hire purchase contracts	24	44
	<u>295</u>	<u>129</u>

AMPLIFON LIMITED

12. Tax on profit / (loss)

a. Tax expense included in the profit or loss

	2021 £000	2020 £000
Current tax:		
- UK Corporation tax on profits for the year	-	-
- Adjustment in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
- Origination and reversal of timing differences	-	-
- Impact on change in tax rate	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit/(loss)	<u>-</u>	<u>-</u>

b. Factors affecting tax charge for the year

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

c. Factors that may affect future tax charges

The company has £11.5m (2020- £11.7m) in respect of unrecognised deferred tax assets as at 31 December 2021. This comprises the following items: depreciation in excess of capital allowances £2.2m (2020- £0.8m), trading losses £8.9m (2020- £10.5m) and non-trading losses of £0.3m (2020- £0.4m).

The deferred tax asset is unrecognised until such time that suitable tax profits from which the future reversal of the underlying timing differences can be deducted.

	2021 £000	2020 £000
(Loss)/profit before taxation	<u>1,168</u>	<u>(3,106)</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	222	(590)
Effects of:		
Expenses not deductible for tax purposes	17	15
Capital allowances for year in excess of depreciation	280	288
Share based payment	34	59
Group relief	-	-
Utilised against losses brought forward	(553)	-
Unrelieved tax losses carried forward	-	228
Total tax charge for the year	<u>-</u>	<u>-</u>

AMPLIFON LIMITED

13. Intangible assets

	Customer Lists £000	Goodwill £000	Licenses £000	Software £000	Total £000
Cost or valuation					
At 1 January 2021	413	158	218	2,506	3,295
Additions	-	-	6	231	237
Disposals	-	-	-	(434)	(434)
At 31 December 2021	413	158	224	2,303	3,098
Accumulated amortisation					
At 1 January 2021	75	158	194	1,121	1,548
Charge owned for the year	41	-	5	215	261
Disposals	-	-	-	-	-
At 31 December 2021	116	158	199	1,336	1,809
Net book value					
At 31 December 2021	<u>297</u>	<u>-</u>	<u>25</u>	<u>967</u>	<u>1,289</u>
<i>At 31 December 2020</i>	<i><u>338</u></i>	<i><u>-</u></i>	<i><u>24</u></i>	<i><u>1,385</u></i>	<i><u>1,747</u></i>

AMPLIFON LIMITED

14. Tangible assets

	Freehold property £000	Short-term leasehold property £000	Motor vehicles & equipment £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2021	446	13,544	7,731	82	21,803
Additions	-	459	713	130	1,302
Disposals	(5)	(796)	(135)	-	(936)
Transfers	-	181	-	(181)	-
At 31 December 2021	441	13,388	8,309	31	22,169
Accumulated depreciation					
At 1 January 2021	138	8,959	5,888	-	14,985
Charge owned for the year	10	940	758	-	1,708
Disposals	-	(363)	(54)	-	(417)
Impairment	-	469	-	-	469
Reversal of previous impairment	-	(383)	-	-	(383)
At 31 December 2021	148	9,622	6,592	-	16,362
Net book value					
At 31 December 2021	293	3,766	1,717	31	5,807
<i>At 31 December 2020</i>	<i>308</i>	<i>4,585</i>	<i>1,843</i>	<i>82</i>	<i>6,818</i>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £000	2020 £000
Motor vehicles	906	1,001
	<u>906</u>	<u>1,001</u>

AMPLIFON LIMITED

15. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	-
At 31 December 2021	-
Impairment	
At 1 January 2021	-
At 31 December 2021	-
Net book value	
At 31 December 2021	-
At 31 December 2020	-
Subsidiary undertakings	

On the 30th April 2021 the company sold its 100% share in in Amplifon Ireland Limited recognising a loss on disposal of £630,868.

16. Inventories

	2021 £000	2020 £000
Finished goods and goods for resale	1,032	1,085
	<u>1,032</u>	<u>1,085</u>

Inventory recognised in cost of sales during the year was £5,021k (2020 - £3,632k).

An impairment loss of £240k (2020- £119k) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

There are no significant differences between the replacement cost of goods for resale and their carrying value.

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Debtors

	2021 £000	2020 £000
Due within one year		
Trade debtors	590	852
Amounts owed by group undertakings	15,545	15,705
Other debtors (£359k more than 1 year in 2021, £359k in 2020)	571	578
Prepayments and accrued income	1,290	1,279
	<u>17,996</u>	<u>18,414</u>

Trade debtors are stated after provisions for impairment of £nil (2020- £nil).

Amounts owed by group companies are unsecured, interest free and have no fixed date of repayment.

18. Cash at bank and in hand

	2021 £000	2020 £000
Cash at bank and in hand	460	423
	<u>460</u>	<u>423</u>

19. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	1,677	3,070
Amounts owed to group undertakings	80,114	80,182
Taxation and social security	673	910
Obligations under finance lease and hire purchase contracts	474	402
Accruals and deferred income	3,834	4,650
VAT Payable	302	147
	<u>87,074</u>	<u>89,361</u>

Trade and other creditors are payable at various date in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

AMPLIFON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021	2020
	£000	£000
Net obligations under finance leases and hire purchase contracts	515	652
Deferred income	1,776	2,099
	<u>2,291</u>	<u>2,751</u>

21. Hire purchase & finance leases

The future minimum lease payments under hire purchase are as follows:

	2021	2020
	£000	£000
Within one year	417	385
Between 1-2 years	344	352
Between 2-5 years	185	354
	<u>946</u>	<u>1,091</u>

22. Provisions for liabilities

The company had the following provisions during the year:

	Provision for dilapidations £000	Provision for returns £000	Onerous lease provision £000	Total £000
At 1 January 2021	477	229	-	706
Additions charged in statement of comprehensive income	152	42	111	305
Amount utilised	(334)	-	-	(334)
At 31 December 2021	<u>295</u>	<u>271</u>	<u>111</u>	<u>677</u>

Dilapidation provisions relate to sites acquired on leases which contain clauses under which the company has to make good dilapidations or other damage which occurs to the property during the course of the lease or restore the property to a specified condition. Amounts provided are based on prior experience of costs incurred. The provision is expected to be utilised in the medium to long term.

AMPLIFON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. Financial instruments

The company has the following financial instruments:

	Note	2021 £000	2020 £000
Financial assets			
Financial assets that are debt instruments measured at amortised cost			
- Trade debtors	17	590	852
- Amounts owed by Group undertakings	17	15,545	15,705
- Other debtors	17	571	578
		<u>16,706</u>	<u>17,136</u>

Financial liabilities

Financial liabilities measured at amortised cost

- Trade creditors	19	(1,677)	(3,070)
- Amounts owed to group undertakings	19	(80,114)	(80,182)
- Accruals and deferred income	19/20	(3,834)	(6,749)
- Obligations under finance lease and hire purchase contracts	21	(989)	(1,083)
		<u>(86,614)</u>	<u>(91,084)</u>

The company has no derivative financial instruments (2020: none).

24. Other reserves

The capital reserve represents non-repayable capital contributions received from a former holding company prior to its acquisition by Ultravox Holdings Limited. The contributions were made in the year ended 30 September 1991.

AMPLIFON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Called Up Share capital

2021 2020
£000 £000

Allotted and fully paid

1,800,000 (2020 - 1,800,000) Ordinary shares of £1 each **1,800** **1,800**

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends, voting rights or the repayment of capital.

26. Share based payments

Certain employees participate in a Performance Stock Grant Plan which provides additional remuneration for those employees who are key to the operations of the Group.

The options are granted with a £nil exercise price and are exercisable three/four years after the date of grant and expire two years after the date of vesting.

Employees are not entitled to dividends until the shares are exercised. Vesting of the options is subject to continued employment within the Group and meeting agreed targets (non-market performance conditions). The Group makes annual grants in April each year.

Grant Date	No. of employees	Method of settlement accounting	No. of instruments	Vesting Conditions	Contractual life of options
29/04/2016	1	Cash	3,000	3 Years with targets achieved	31/12/2019
27/04/2017	1	Cash	1,500	3 Years with targets achieved	31/12/2020
01/06/2018	20	Cash	23,390	3 Years with targets achieved	31/12/2021
01/10/2018	1	Cash	1,500	3 Years with targets achieved	31/12/2021
01/10/2019	2	Cash	8,900	3 Years with targets achieved	31/12/2023
30/10/2020	2	Cash	3,000	3 Years with targets achieved	31/12/2023
30/07/2020	1	Cash	5,500	3 Years with targets achieved	31/12/2023
03/05/2021	2	Cash	5,600	3 Years with targets achieved	31/12/2024

An annual charge is received from Amplifon S.p.A. in respect of these grants. Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period.

The total charge in the Profit and Loss for the year was £180,404 (2020 - £312,696), with £295,663 in equity (2020 - £477,117).

AMPLIFON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27. Contingent liabilities

The company has given its bankers unlimited cross guarantees in favour of all UK group companies. Group borrowings subject to cross guarantees at the yearend amounted to £nil (2020 - £nil).

28. 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 £351,859 (2020- £312,071). Contributions totalling £48,792 (2020- £59,713) were payable to the fund at the balance sheet date.

29. Commitments under operating leases

At 31 December 2021 the company had total minimum lease commitments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Payments Due		
Not later than 1 year	2,666	2,939
Later than 1 year and not later than 5 years	5,314	6,387
Later than 5 years	487	776
	<u>8,467</u>	<u>10,102</u>

The company had no further capital commitments (2020: nil).

30. Controlling party

The company is a subsidiary undertaking of Amplifon United Kingdom Limited, a company incorporated and registered in England and Wales. The ultimate parent company and controlling party of Amplifon United Kingdom Limited is Amplifon S.p.A, a company incorporated and registered in Italy.

The largest and smallest group in which the results of the company are consolidated is that headed by Amplifon S.p.A. The consolidated financial statements of the group are available to the public and may be obtained from Amplifon S.p.A, Via Ripamonti 133, 20151 Milan, Italy.

31. Related party disclosures

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.