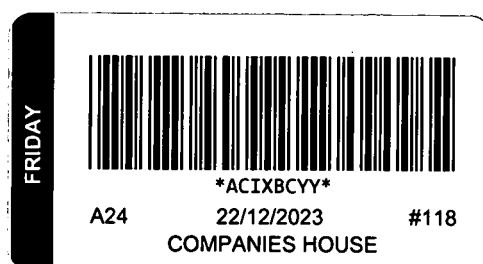


Company registration number 02953313 (England and Wales)

**AUDIO PARTNERSHIP PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**



AUDIO PARTNERSHIP PLC

COMPANY INFORMATION

---

Director	James Johnson-Flint
Secretary	James Johnson-Flint
Company number	02953313
Registered office	Gallery Court Hankey Place London SE1 4BB
Auditor	Mercer & Hole LLP Silbury Court 420 Silbury Boulevard Central Milton Keynes MK9 2AF

---

# AUDIO PARTNERSHIP PLC

## CONTENTS

---

	Page
Strategic report	1 - 2
Director's report	3
Director's responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 24

---

# AUDIO PARTNERSHIP PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

---

The director presents the strategic report for the year ended 31 March 2023.

#### **Fair review of business**

Audio Partnership Plc ("AP") is a leading global audio technology group that develops and markets premium home audio equipment and headphones, based on proprietary hardware and software, developed by expert in-house teams.

As AP is part of the Audio Holdings Group it is relevant to see the audited accounts of Audio Holdings Ltd., to best understand a fuller picture of the Group's international performance.

This year's results evidence a tough year that almost all businesses within the consumer audio sector have faced. That said, we remain optimistic about the potential for the business and our Cambridge Audio brand with a strong pipeline roadmap ahead, and continued investment in our future building the strongest team we have ever had. As a privately owned company with the ability to take a long-term view, this has inevitably dented short-term profits for what the Directors believe will be a significant long-term gain.

AP focuses on the success of Cambridge Audio which contributes over 99% of total AP sales

#### **Cambridge Audio. Made by Music.**

Cambridge Audio exists to enrich lives through music by making world-class audio accessible to all, founded on a belief that music has the power to define and shape the world around us.

We have invented, inspired, and entertained in the pursuit of the Great British Sound, winning countless awards, and building a global fanbase. From our hi-fi separates and streaming audio systems to our award-winning true wireless headphones, we create a musical experience exactly how the artist intended. Nothing added. Nothing ever taken away.

It takes the kind of commitment that you can only find in an independent company. With an independent spirit.

For more than half a century we have envisaged, sculpted, and delivered the next big thing in audio. In addition to our award-winning hardware, we developed unique IP and patented software, including our StreamMagic digital audio platform, which now has well over 100,000 users.

Engineering Precision: Internationally recognised products, designed and built in London. Delivering world class audio, building a global reputation with international trademark protection.

Something for Everyone: The best possible sound at the fairest possible price; there's something in our range for everyone who wants to feel the music as the artist intended.

Made by Music: Many of our team are musicians, all of us are music fans. Everything we do is driven by a love of music. We care deeply about how you hear it. We're Made by Music.

As in every business, our people are key to our success. Effort is put into building a strong internal culture of both fun and productivity, where we enjoy our work. Cambridge Audio products are designed and engineered at our London headquarters, where we also have a private music venue called Melomania. Directly, or indirectly, we employ over 100 people across the UK, Germany, USA, Hong Kong, and China, with physical bases in all these locations.

Manufacturing is subcontracted to highly professional third-party contract manufacturers in Asia that adhere to our high corporate social responsibility standards. Whilst we have always cared about our planet and the impact, we have on it; in the past year we have yet again stepped up our CSR efforts with every area of the business continually under review. Our aim is that we will become an environmental sustainability leader in our industry.

Our group of businesses transacts globally through a network of distributors, retailers, and direct-to-customer platforms. All are important to our success. Our trading partners are also key to our success, and we choose who we work with carefully. We work hard to ensure that we are a reliable and ethical partner who is easy to do business with.

The company owns a 100% US subsidiary, Audio Partnership LLC, a 100% owned EU subsidiary, Cambridge Audio EU Ltd., and a 100% subsidiary, Cambridge Audio (Asia) Limited, incorporated in Hong Kong.

---

## AUDIO PARTNERSHIP PLC

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2023

---

Like many businesses within the consumer audio sector the group has been adversely impacted by the global market conditions which have affected performance, including consumer spending and supply chain costs. The directors have taken steps to manage the cashflow within the financing facilities available including working with the group's bank to agree ongoing support and revised covenants appropriate to current and projected performance. The management of the liquidity risks is further explained in the principal risks and uncertainties section of this report.

#### Principal risks and uncertainties

AP is reliant on the uptake of its products and therefore any change in the market is likely to affect results. AP's new products reflect the result of the group's exhaustive research and development programme. Response to the new products from our listeners and the trade continues to be very encouraging, however the global economic outlook remains uncertain.

The group is exposed to several financial risks from its operating activities. The Board of Directors are responsible for ensuring that the business risks are actively managed. The business does not trade financial instruments or use financial derivatives. The key financial risks are identified below:

**Currency risk** – Due to the global nature of our business with sales and operations overseas the business is exposed to fluctuations of sterling against our other trading currencies. This risk is significantly reduced by the fact that the group has receivables in USD and EUR, from customers who purchase from us in those currencies.

**Credit risk** – The group manages its credit risk by ensuring that it only engages with counterparties that have high credit ratings. The group set and actively monitor credit limits for its customers based on reference checks and payment history and further protection is provided by credit insurance on certain customers.

**Liquidity (cash flow) risk** – The group manages its cash flow to ensure it can meet its obligations and requirements.

**Price risk** – Regulation and worldwide price transparency continue to create pressure on gross margins.

#### Environmental and legislative compliance

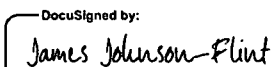
The group is subject to far reaching and complex UK, EU and other foreign environmental laws and regulations.

These include those governing the use; storage; handling; transportation; disposals; recycling and sale of certain products.

Great British Sound Shouldn't Cost the Earth: At Cambridge Audio we take our responsibilities to the planet and its people very seriously. Hi-fi is essential for us as music fans, and although entertainment fulfils a fundamental human need, we must also know our place. We take great care to use the earth's resources carefully and treat our fellow humans with the respect they deserve.

We are a foundational partner of the environmental charity Earth/Percent, formed by iconic artist and producer Brian Eno, to help the music industry fund meaningful climate emergency action.

On behalf of the board

DocuSigned by:  
  
.....JDC8F58CA8C8C45A.....

James Johnson-Flint

Director

20/12/2023

Date: .....

# AUDIO PARTNERSHIP PLC

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

---

The director presents his annual report and financial statements for the year ended 31 March 2023.

#### Principal activities

The principal activity of the company continued to be that of manufacturing of electric domestic appliances.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

#### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Stuart Ian George  
James Johnson-Flint

(Resigned 10 October 2023)

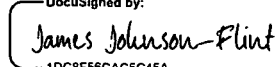
#### Auditor

Mercer & Hole LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:  
  
.....UDC8F56CAC5C45A.....  
James Johnson-Flint  
Director

20/12/2023

Date: .....

## **AUDIO PARTNERSHIP PLC**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

#### ***FOR THE YEAR ENDED 31 MARCH 2023***

---

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

# AUDIO PARTNERSHIP PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AUDIO PARTNERSHIP PLC

---

#### Opinion

We have audited the financial statements of Audio Partnership Plc (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 March 2023 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 *Auditor's 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 UK, including the FRC'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 director's 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 director with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

## AUDIO PARTNERSHIP PLC

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AUDIO PARTNERSHIP PLC

---

#### **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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## AUDIO PARTNERSHIP PLC

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AUDIO PARTNERSHIP PLC

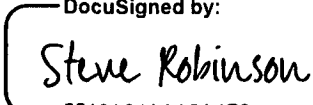
---

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the 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.

DocuSigned by:



5516A04AAA2A4F6...  
Steve Robinson FCA

Senior Statutory Auditor

For and on behalf of Mercer & Hole LLP

20/12/2023

Date: .....

Chartered Accountants

Statutory Auditor

Silbury Court  
420 Silbury Boulevard  
Central Milton Keynes  
MK9 2AF

**AUDIO PARTNERSHIP PLC****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2023**

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	20,504,185	30,791,116
Cost of sales		(13,746,470)	(20,220,816)
<b>Gross profit</b>		<u>6,757,715</u>	<u>10,570,300</u>
Administrative expenses		(9,097,138)	(9,135,373)
Other operating income		1,328,992	767,269
Exceptional item	<b>4</b>	900,000	-
<b>Operating (loss)/profit</b>	<b>5</b>	<u>(110,431)</u>	<u>2,202,196</u>
Interest receivable and similar income	<b>8</b>	63	1,146
Interest payable and similar expenses	<b>9</b>	(240,624)	(134,538)
<b>(Loss)/profit before taxation</b>		<u>(350,992)</u>	<u>2,068,804</u>
Tax on (loss)/profit	<b>10</b>	(4,029)	(93)
<b>(Loss)/profit for the financial year</b>		<u><u>(355,021)</u></u>	<u><u>2,068,711</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**AUDIO PARTNERSHIP PLC****STATEMENT OF COMPREHENSIVE INCOME*****FOR THE YEAR ENDED 31 MARCH 2023***


---

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>(Loss)/profit for the year</b>	(355,021)	2,068,711
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>(355,021)</u>	<u>2,068,711</u>

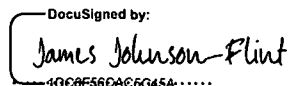
---

**AUDIO PARTNERSHIP PLC****BALANCE SHEET****AS AT 31 MARCH 2023**

		<b>2023</b>		<b>2022</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	<b>11</b>	73,666		139,074	
Tangible assets	<b>12</b>	247,550		294,786	
Investments	<b>13</b>	66		66	
			<u>321,282</u>		<u>433,926</u>
<b>Current assets</b>					
Stocks	<b>15</b>	7,367,639		9,844,241	
Debtors	<b>16</b>	7,727,125		5,105,206	
Cash at bank and in hand		1,159,199		308,837	
			<u>16,253,963</u>		<u>15,258,284</u>
<b>Creditors: amounts falling due within one year</b>	<b>17</b>	(8,666,228)		(6,658,202)	
<b>Net current assets</b>			<u>7,587,735</u>		<u>8,600,082</u>
<b>Total assets less current liabilities</b>			<u>7,909,017</u>		<u>9,034,008</u>
<b>Creditors: amounts falling due after more than one year</b>	<b>18</b>	(2,034,194)		(2,804,164)	
<b>Net assets</b>			<u><u>5,874,823</u></u>		<u><u>6,229,844</u></u>
<b>Capital and reserves</b>					
Called up share capital	<b>22</b>	50,000		50,000	
Profit and loss reserves		5,824,823		6,179,844	
<b>Total equity</b>			<u><u>5,874,823</u></u>		<u><u>6,229,844</u></u>

20/12/2023

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

DocuSigned by:  
  
 10C8F58DACC6G45A:.....  
 James Johnson-Flint  
 Director

**Company Registration No. 02953313**

**AUDIO PARTNERSHIP PLC****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 April 2021</b>	50,000	4,111,133	4,161,133
<b>Year ended 31 March 2022:</b>			
Profit and total comprehensive income for the year	-	2,068,711	2,068,711
<b>Balance at 31 March 2022</b>	50,000	6,179,844	6,229,844
<b>Year ended 31 March 2023:</b>			
Loss and total comprehensive income for the year	-	(355,021)	(355,021)
<b>Balance at 31 March 2023</b>	50,000	5,824,823	5,874,823

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2023

---

#### 1 Accounting policies

##### Company information

Audio Partnership Plc is a private company limited by shares incorporated in England and Wales. The registered office is Gallery Court, Hankey Place, London, SE1 4BB.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Audio Holdings Limited. These consolidated financial statements are available from its registered office, Gallery Court, Hankey Place, London, SE1 4BB.

##### 1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 2.

The directors have prepared trading and cash flow forecasts for at least 12 months from the date of signing these accounts on a going concern basis. At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future without the need for additional external sources of funds. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Research and development expenditure

Research and development costs are charged to the profit and loss in the year of expenditure.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33% over the useful economic life
----------	-----------------------------------

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Tooling	33% / 50% straight line basis
Fixtures and fittings	33% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and 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 reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **1.12 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.14 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation 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 reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

##### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.17 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### **1.18 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *Provision for slow moving, faulty and obsolete stock*

Management review the companies stock holding on an ongoing constant basis. Any decision to make a provision for moving, faulty or obsolete stock will be based on past and present sales information and current pricing strategies.

#### 3 Turnover and other revenue

	2023 £	2022 £
<b>Turnover analysed by class of business</b>		
Sales of goods	20,504,185	30,791,116

	2023 £	2022 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	6,997,822	7,633,868
Europe	7,648,137	12,721,471
Rest of the World	5,858,226	10,435,777
	20,504,185	30,791,116

	2023 £	2022 £
<b>Other revenue</b>		
Interest income	63	1,146
Grants received	-	130,150

#### 4 Exceptional item

	2023 £	2022 £
<b>Expenditure</b>		
Waiver of amount due to group undertaking	(900,000)	-

**AUDIO PARTNERSHIP PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****5 Operating (loss)/profit**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(158,572)	112,236
Research and development costs	238,095	2,071,292
Government grants	-	(130,150)
Fees payable to the company's auditor for the audit of the company's financial statements	35,000	27,000
Depreciation of owned tangible fixed assets	289,561	221,259
Amortisation of intangible assets	65,408	48,275
Operating lease charges	725,208	693,100
	<u>          </u>	<u>          </u>

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Administration and management	68	66
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,796,579	4,230,537
Social security costs	500,405	413,324
Pension costs	64,772	58,449
	<u>          </u>	<u>          </u>
	4,361,756	4,702,310
	<u>          </u>	<u>          </u>

**7 Director's remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	566,202	644,242
Company pension contributions to defined contribution schemes	2,637	2,640
	<u>          </u>	<u>          </u>
	568,839	646,882
	<u>          </u>	<u>          </u>

**AUDIO PARTNERSHIP PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****7 Director's remuneration****(Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	313,659	340,000
Company pension contributions to defined contribution schemes	1,321	1,320
	<u>313,659</u>	<u>340,000</u>

**8 Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	63	1,146
	<u>63</u>	<u>1,146</u>

**9 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	187,336	134,538
Other interest on financial liabilities	53,288	-
	<u>240,624</u>	<u>134,538</u>

**10 Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	93
	<u>-</u>	<u>93</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,029	-
	<u>4,029</u>	<u>-</u>
<b>Total tax charge</b>	<u>4,029</u>	<u>93</u>

**AUDIO PARTNERSHIP PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****10 Taxation****(Continued)**

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before taxation	(350,992)	2,068,804
	<u>          </u>	<u>          </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(66,688)	393,073
Tax effect of expenses that are not deductible in determining taxable profit	7,089	2,634
Tax effect of income not taxable in determining taxable profit	(171,000)	-
Change in unrecognised deferred tax assets	307,932	-
Group relief	-	70,770
Research and development tax credit	-	(434,261)
Other permanent differences	7,074	-
Remeasurement of deferred tax	(72,937)	(20,378)
Fixed asset differences	(7,441)	(11,745)
	<u>          </u>	<u>          </u>
Taxation charge for the year	4,029	93
	<u>          </u>	<u>          </u>

**11 Intangible fixed assets**

	<b>Software</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2022 and 31 March 2023	643,959
	<u>          </u>
<b>Amortisation and impairment</b>	
At 1 April 2022	504,885
Amortisation charged for the year	65,408
	<u>          </u>
At 31 March 2023	570,293
	<u>          </u>
<b>Carrying amount</b>	
At 31 March 2023	73,666
	<u>          </u>
At 31 March 2022	139,074
	<u>          </u>

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 12 Tangible fixed assets

	Tooling	Fixtures and fittings	Total
	£	£	£
<b>Cost</b>			
At 1 April 2022	3,070,876	1,574,413	4,645,289
Additions	126,911	115,414	242,325
At 31 March 2023	3,197,787	1,689,827	4,887,614
<b>Depreciation and impairment</b>			
At 1 April 2022	2,877,562	1,472,941	4,350,503
Depreciation charged in the year	175,815	113,746	289,561
At 31 March 2023	3,053,377	1,586,687	4,640,064
<b>Carrying amount</b>			
At 31 March 2023	144,410	103,140	247,550
At 31 March 2022	193,314	101,472	294,786

#### 13 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	14	66	66

#### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Audio Partnership LLC	USA	Ordinary	100.00
Cambridge Audio (Asia) Limited	Hong Kong	Ordinary	100.00
Cambridge Audio (EU) Limited	UK	Ordinary	100.00

#### 15 Stocks

	2023 £	2022 £
Finished goods and goods for resale	7,367,639	9,844,241

An impairment loss of £328,832 (2022: £406,919) was recognised in the profit and loss against stock during the year due to slow moving and obsolete stock.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 16 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	797,348	802,200
Corporation tax recoverable	100,584	99,215
Amounts owed by group undertakings	6,103,652	3,456,619
Other debtors	112,017	246,368
Prepayments and accrued income	532,646	415,897
	<u>7,646,247</u>	<u>5,020,299</u>
<b>Amounts falling due after more than one year:</b>		
	£	£
Deferred tax asset (note 20)	<u>80,878</u>	<u>84,907</u>
<b>Total debtors</b>	<u>7,727,125</u>	<u>5,105,206</u>

#### 17 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	19	1,568,231	899,235
Trade creditors		1,466,072	2,522,279
Amounts owed to group undertakings		1,360,603	2,009,890
Taxation and social security		146,870	127,885
Other creditors		1,554,051	203,747
Accruals and deferred income		2,570,401	895,166
		<u>8,666,228</u>	<u>6,658,202</u>

The amount included in bank overdrafts is secured by way of a cross company guarantee between Audio Partnership Plc, Cambridge Audio Limited, Audio Holdings Limited, Mordaunt-Short Limited and Opus Technologies Limited.

#### 18 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	19	<u>2,034,194</u>	<u>2,804,164</u>

There is a personal guarantee from a director in respect of the amounts included within bank loans for a maximum of £680,000.

There is a cross company guarantee between the group companies in respect of the amounts included within loans over the group companies' assets and undertakings.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 19 Loans and overdrafts

	2023 £	2022 £
Bank loans	2,825,789	3,400,000
Bank overdrafts	776,636	303,399
	<u>3,602,425</u>	<u>3,703,399</u>
Payable within one year	1,568,231	899,235
Payable after one year	<u>2,034,194</u>	<u>2,804,164</u>

The above loan is repayable on a monthly basis, with interest chargeable at 4% plus the base rate.

#### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2023 £	Assets 2022 £
<b>Balances:</b>		
Accelerated capital allowances	79,454	83,684
Short term timing differences	1,424	1,223
	<u>80,878</u>	<u>84,907</u>
<b>Movements in the year:</b>		2023 £
Asset at 1 April 2022		(84,907)
Charge to profit or loss		4,029
Asset at 31 March 2023		<u>(80,878)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

#### 21 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>64,772</u>	<u>58,449</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# AUDIO PARTNERSHIP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 22 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

#### 23 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	156,256	151,840
Between two and five years	625,024	607,360
In over five years	403,661	544,093
	<u>1,184,941</u>	<u>1,303,293</u>

#### 25 Ultimate controlling party

The immediate and ultimate parent undertaking is Audio Holdings Ltd.

The parent undertaking of the smallest and largest group of which Audio Partnership PLC is a member and consolidated financial statements are prepared is Audio Holdings Ltd. Copies of consolidated financial statements can be obtained from Gallery Court, Hankey Place, London, SE1 4BB.

The ultimate controlling party is J Johnson-Flint