

REGISTERED NUMBER: 04336508 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
FOR
DIGICO UK LIMITED**

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DIGICO UK LIMITED (REGISTERED NUMBER: 04336508)

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FOR THE YEAR ENDED 31 MARCH 2018**

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DIGICO UK LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

DIRECTORS:

J D Gordon
Ms H Culleton
J R Stadius

REGISTERED OFFICE:

Unit 10
Silverglade Business Park
Leatherhead Road
Chessington
Surrey
KT9 2QL

REGISTERED NUMBER:

04336508 (England and Wales)

AUDITORS:

KPMG LLP
Plym House
3 Longbridge Road
Plymouth
Devon
PL6 8LT

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and distribution of digital sound equipment.

REVIEW OF BUSINESS

The company has had another successful year with revenue increasing 12.5% year on year and profit before tax increasing 44.2% year on year. As part of the Audiotonix Group the company has continued to participate successfully in group-wide initiatives to deliver cost savings and operational synergies.

We are constantly working hard to maintain our position as a leading player in the worldwide audio business, in particular by developing new and innovative products and by expanding our customer base.

KEY PERFORMANCE INDICATORS

In monitoring the performance of the business and assessing the risks which we face, the key financial and non-financial performance indicators are the development of audio mixing products and technologies which lead the market and are produced to a planned timetable; volume and mix of sales; the margin achieved on these sales (in total and by product); the conversion of sales into cash; and working capital management through monitoring of working capital requirements against forecasts.

FUTURE DEVELOPMENTS

The company will continue to invest in research and development of new products and technologies for the enhancement of its principal and future activities. Expenditure on research and development, including staff costs, is planned to continue increasing from the present level of some £1.9m a year.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's financial instruments at the balance sheet date comprised cash and liquid resources. The main purpose of these financial instruments is to provide working capital for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are liquidity risk and foreign currency risk:

Liquidity risk

The company had net cash balances as at the balance sheet date.

Foreign currency risk

The company has trade debtors, bank balances and creditors, some of which are determined in foreign currencies. Gains and losses arising from the retranslation of these assets and liabilities are recognised in the profit and loss account.

Financial assets

The company has no financial assets other than short-term debtors and cash at bank.

Borrowing facilities

At 31 March 2018, the company had no committed borrowing facilities. However, the company has provided a guarantee against the borrowings of various group undertakings.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of its operations are subject to a number of risks. Like all businesses, the company faces a number of risks and challenges, however none of these risks is fundamentally different to those faced by the company in previous years and the directors take comfort from the extensive skills and track record of the leadership team in managing and mitigating these risks, so far as practical whilst maintaining or enhancing the profitability of the company. The directors have set out below the principal risks facing the business.

The directors are of the opinion that a thorough risk management process has been adopted which involved formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Competition

The company designs, manufactures and sells professional audio mixing consoles and accessories. Our products sell in a competitive environment where other brands look to differentiate themselves through features and design. The Audiotonix Group continues to invest extensively in product research and development to ensure that it maintains its established position in the market and remains at the forefront of advances in audio mixing technologies.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

Wages and salaries overheads and variable revenues

Wages and salaries are a large proportion of the group's expenditure and are fixed in the short to medium term, while revenues are variable. There is the risk that any significant changes in revenues will impact on margins.

Supply Chain

The management of supply chain risk commences with component selection - the design team works with the purchasing department and component manufacturers to ensure any newly selected component is from a reputable source and the road map for the component's life cycle is fully understood, ensuring raw material supply is robust. In addition second sourcing of components will be considered during the development of a new product, again minimising risk.

Audiotonix has the benefit of in house production facilities in the UK and an off shore manufacturing partner operating a number of factories in China. This relationship has been nurtured by the Audiotonix Group over more than 10 years and by DiGiCo UK Limited for over three years. This has led to an extremely reliable supply chain for the company's products.

Management continues to monitor fixed overheads against budget and cost saving measures will be implemented should revenues prove to be lower than forecast.

ON BEHALF OF THE BOARD:



.....
J D Gordon - Director

Date: 5 October 2018

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

J D Gordon
Ms H Culleton
J R Stadius

Other changes in directors holding office are as follows:

H D Jones - resigned 30 November 2017

STRATEGIC REPORT

The company has chosen, in accordance with section 414C of the Companies Act 2006, to set out in the strategic report the following information which would otherwise be required to appear in the report of the directors:

Review of business, including future developments;
Financial risk management objectives; and
Indication of exposure to liquidity risk, cash flow risk and foreign currency risk.

EVENTS SINCE THE END OF THE PERIOD

There are no events since the balance sheet date which have a material impact on the trading position or assets and liabilities of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

DIGICO UK LIMITED (REGISTERED NUMBER: 04336508)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any information and to establish that the company's auditor is aware of that information.

ON BEHALF OF THE BOARD:



.....
J.D. Gordon - Director

Date: 5 October 2018

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DIGICO UK LIMITED**

Opinion

We have audited the financial statements of DiGiCo UK Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

We have nothing to report in these respects.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DIGICO UK LIMITED**

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.

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.

Ian Brokenshire

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Plym House
3 Longbridge Road
Plymouth
Devon
PL6 8LT

Date: 15 October 2018

DIGICO UK LIMITED (REGISTERED NUMBER: 04336508)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
REVENUE	3	37,138	33,020
Cost of sales		<u>17,585</u>	<u>15,022</u>
GROSS PROFIT		19,553	17,998
Administrative, selling and R&D expenses		<u>5,037</u>	<u>7,924</u>
OPERATING PROFIT		14,516	10,074
Interest receivable and similar income		<u>4</u>	<u>4</u>
		14,520	10,078
Interest payable and similar expenses	5	<u>-</u>	<u>13</u>
PROFIT BEFORE TAXATION	6	14,520	10,065
Tax on profit	8	<u>1,258</u>	<u>1,217</u>
PROFIT FOR THE FINANCIAL YEAR		13,262	8,848
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>13,262</u>	<u>8,848</u>

The notes form part of these financial statements

DIGICO UK LIMITED (REGISTERED NUMBER: 04336508)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Intangible assets	9	1,155	-
Property, plant and equipment	10	<u>506</u>	<u>567</u>
		1,661	567
CURRENT ASSETS			
Inventories	11	9,625	7,728
Debtors	12	42,624	34,537
Cash at bank		<u>3,192</u>	<u>2,972</u>
		55,441	45,237
CREDITORS			
Amounts falling due within one year	13	<u>9,114</u>	<u>11,242</u>
NET CURRENT ASSETS		<u>46,327</u>	<u>33,995</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>47,988</u>	<u>34,562</u>
CREDITORS			
Amounts falling due after more than one year	14	(80)	(80)
PROVISIONS FOR LIABILITIES	17	<u>(309)</u>	<u>(145)</u>
NET ASSETS		<u>47,599</u>	<u>34,337</u>
CAPITAL AND RESERVES			
Called up share capital	18	206	206
Share premium	19	446	446
Capital redemption reserve	19	1,120	1,120
Retained earnings	19	<u>45,827</u>	<u>32,565</u>
SHAREHOLDERS' FUNDS		<u>47,599</u>	<u>34,337</u>

The financial statements were approved by the Board of Directors on 5 October 2018 and were signed on its behalf by:


J D Gordon, Director

The notes form part of these financial statements

DIGICO UK LIMITED (REGISTERED NUMBER: 04336508)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 April 2016	206	23,717	446	1,120	25,489
Changes in equity					
Total comprehensive income	-	8,848	-	-	8,848
Balance at 31 March 2017	<u>206</u>	<u>32,565</u>	<u>446</u>	<u>1,120</u>	<u>34,337</u>
Changes in equity					
Total comprehensive income	-	13,262	-	-	13,262
Balance at 31 March 2018	<u>206</u>	<u>45,827</u>	<u>446</u>	<u>1,120</u>	<u>47,599</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. STATUTORY INFORMATION

DiGiCo UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

The company has applied Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

These financial statements are prepared on a going concern basis under the historical cost convention and are in accordance with applicable accounting standards.

The financial statements are presented in Sterling (£).

Going concern

The company has significant cash resources, and although it has provided a guarantee against group company borrowings, it has no borrowings in its own name.

The accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern and support from group companies is available as and when required.

Disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and VAT. The following criteria must also be met before revenue is recognised:

Revenue from 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.

Where extra payments are made to distributors based on the value or volume of achieved sales, these are treated as a cost of sale.

Interest income is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research related activity is recognised as an expense as incurred. An internally generated intangible asset arising from development of new or enhanced products is recognised only if all of the following requirements are met:

- an asset is created that can be identified (for example related to new processes or as products);
- it is probable that the asset will generate future economic benefits; and
- the costs of this asset development can be measured reliably.

Where no internally generated intangible asset can be recognised, the expenditure is recognised as an expense in the period as incurred.

Amortisation is charged to write off the cost of the intangible assets less their residual values over its estimated useful life of 3 years on a straight line basis, starting from the year after capitalisation.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

- | | |
|-----------------------|-------------------------------|
| Short leasehold | - Over the lease term |
| Fixtures and fittings | - 33% on cost and 20% on cost |

Stocks

Stocks are stated at the lower of cost and selling price less estimated costs to complete and sell. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost.

Taxation

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on all temporary differences at the reporting date except for unrelieved tax losses and other deferred tax assets which are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the temporary difference.

Foreign currency

The company's functional currency is Sterling. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. Once the contributions have been paid the company has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES - continued

Sales and warranty provision

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. REVENUE

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

In the year to 31 March 2018: 92% (2017: 88%) of the company's turnover was to markets outside the United Kingdom.

4. EMPLOYEES AND DIRECTORS

	2018 £'000	2017 £'000
Wages and salaries	4,574	4,269
Social security costs	490	684
Other pension costs	125	43
	<u>5,189</u>	<u>4,996</u>

The average number of employees during the year was as follows:

	2018	2017
Office and administration	43	40
Production and other direct costs	60	53
	<u>103</u>	<u>93</u>

	2018 £'000	2017 £'000
Directors' remuneration	<u>242</u>	<u>-</u>

Information regarding the highest paid director for the year ended 31 March 2018 is as follows:

	2018 £'000
Emoluments etc	<u>242</u>

Some of the directors of the company were paid £626,277 (2017: £1,711,837) for services by other group companies.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £'000	2017 £'000
Other interest payable	<u>-</u>	<u>13</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

6. PROFIT BEFORE TAXATION

	Year ended 31/03/18	Year ended 31/03/17
	£'000	£'000
Rent	85	85
Depreciation - owned assets	187	158
Foreign exchange loss	326	64
Research and development (including wages and salaries and before capitalisation of development costs)	<u>1,925</u>	<u>1,859</u>

7. AUDITORS' REMUNERATION

Fees paid to the company's auditors during the period were as follows:

	2018 £'000	2017 £'000
Audit remuneration	<u>40</u>	<u>23</u>
	<u>40</u>	<u>23</u>

8. TAXATION

Analysis of tax expense

	2018 £'000	2017 £'000
Current tax:		
Tax	2,591	2,009
Adjustment for prior years	<u>(1,500)</u>	<u>(776)</u>
Total current tax	1,091	1,233
Deferred tax	<u>167</u>	<u>(16)</u>
Total tax expense in statement of comprehensive income	<u>1,258</u>	<u>1,217</u>

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Profit before income tax	<u>14,520</u>	<u>10,065</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	2,759	2,013
Effects of:		
Expenses not deductible for tax purposes	28	8
Depreciation in excess of capital allowances	-	(28)
Prior year overprovision	(1,508)	(776)
Changes in tax rate	<u>(21)</u>	<u>-</u>
Tax expense	<u>1,258</u>	<u>1,217</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

8. TAXATION - continued

Tax rate changes

Reductions in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) were substantively enacted on 26 October 2016 and 15 September respectively.

This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at the balance sheet date by an immaterial amount.

9. INTANGIBLE FIXED ASSETS

	Development costs £'000
COST	
Additions	<u>1,155</u>
At 31 March 2018	<u>1,155</u>
NET BOOK VALUE	
At 31 March 2018	<u>1,155</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Short leasehold £'000	Fixtures and fittings £'000	Totals £'000
COST				
At 1 April 2017	355	385	605	1,345
Additions	<u>-</u>	<u>-</u>	<u>126</u>	<u>126</u>
At 31 March 2018	<u>355</u>	<u>385</u>	<u>731</u>	<u>1,471</u>
DEPRECIATION				
At 1 April 2017	207	88	483	778
Charge for year	<u>14</u>	<u>76</u>	<u>97</u>	<u>187</u>
At 31 March 2018	<u>221</u>	<u>164</u>	<u>580</u>	<u>965</u>
NET BOOK VALUE				
At 31 March 2018	<u>134</u>	<u>221</u>	<u>151</u>	<u>506</u>
At 31 March 2017	<u>148</u>	<u>297</u>	<u>122</u>	<u>567</u>

The freehold property is held for resale. The directors have not reclassified it separately as an asset held for resale in the grounds of materiality.

11. INVENTORIES

	2018 £'000	2017 £'000
Demonstration and loan equipment	332	175
Components and manufacture in progress	2,027	2,652
Finished goods	<u>7,266</u>	<u>4,901</u>
	<u>9,625</u>	<u>7,728</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade debtors	1,422	2,637
Amounts owed by group undertakings	40,668	31,392
Other debtors	144	18
VAT	257	339
Prepayments and accrued income	133	151
	<u>42,624</u>	<u>34,537</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	3,827	3,410
Corporation tax	1,255	1,169
Other taxes and social security	180	2,305
Other creditors	208	1,638
Accruals and deferred income	3,644	2,720
	<u>9,114</u>	<u>11,242</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£'000	£'000
Amounts owed to group undertakings	80	80

The intercompany loans are for a maximum period of ten years. Interest payable on the intercompany loans is variable being based on the London inter-bank offered rate (LIBOR) plus margin and is compounded and paid on a six monthly cycle. There is no penalty or premium attached to early repayment.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£'000	£'000
Within one year	78	78
Between one and five years	310	313
In more than five years	-	76
	<u>388</u>	<u>467</u>

The above commitment relates to a premises lease for the company's trading premises which expires on 18 March 2023. The amount disclosed relates to the total commitment to expiry and the annual commitment is £78,250.

16. SECURED DEBTS

DiGiCo UK Limited has provided a cross guarantee supported by legal charges over their assets in respect of bank loans totalling £171,676,792 (2017: £173,000,000).

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

17. PROVISIONS FOR LIABILITIES

	2018 £'000	2017 £'000
Deferred tax	175	8
Sales and warranty provisions	134	137
	<u>309</u>	<u>145</u>
	Deferred tax £'000	Sales and warranty provision £'000
Balance at 1 April 2017	8	137
Movement in the year	167	(3)
Balance at 31 March 2018	<u>175</u>	<u>134</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2018 £'000	2017 £'000
4,128,696	Ordinary	5p	<u>206</u>	<u>206</u>

19. RESERVES

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1 April 2017	32,565	446	1,120	34,131
Profit for the year	<u>13,262</u>			<u>13,262</u>
At 31 March 2018	<u>45,827</u>	<u>446</u>	<u>1,120</u>	<u>47,393</u>

20. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of its employees. Contributions payable by the company for the year were £124,989 (2017: £101,096).

Included within accruals is an amount of £5,734 (2017: £12,218) in relation to pension contributions.

Included within other creditors is an amount of £31,674 (2017: £15,953) in relation to the pension fund.

21. OTHER FINANCIAL COMMITMENTS

The company's bankers hold a fixed and floating charge over the assets of the company.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

22. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption under the terms of FRS 101 from disclosing related party transactions with entities that are wholly owned by Audiotonix Group Limited and form part of the Audiotonix Group Limited group provided these are included in the consolidated group accounts.

Group One Inc (51% owned)

Balances due from Group One Inc as at 31 March 2018 is £1,838,000 (2017: £1,986,000)

Sales during the year to Group One Inc amounted to £12,751,000 (2017: £7,918,000)

Purchases during the year from Group One Inc amounted to £156,000 (2017: £145,000)

23. ULTIMATE CONTROLLING PARTY

During the year the company was a subsidiary of Astorg VI Luxembourg Special LP, which is the ultimate parent company and ultimate controlling party incorporated in Luxembourg. Astorg VI Luxembourg Special LP registered address is Astorg AAdet Management sarl, 2F Rue Albert Borschette, L-1246 Luxembourg, Grand-Duchy of Luxembourg.

The largest group in which the results of the company were consolidated was that headed up by Astorg VI Luxembourg LP, incorporated in Luxembourg. The smallest group in which they were consolidated was that headed by Audiotonix Group Limited, incorporated in the UK.

The immediate parent company of DiGiCo UK Limited is DiGiCo Europe Limited, its registered address is Unit 10, Silverglade Business Park, Leatherhead Road, Chessington, KT9 2QL.

Audiotonix Group Limited produces group accounts. Copies of these accounts can be obtained from Unit 10, Silverglade Business Park, Leatherhead Road, Chessington, KT9 2QL.