

Company registration number 04336508 (England and Wales)

DIGICO UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



DIGICO UK LIMITED

COMPANY INFORMATION

Directors	H M Culleton A Freshwater J D Gordon J R Stadius
Secretary	H M Culleton
Company number	04336508
Registered office	Unit 5 Silverglade Business Park Leatherhead Road Chessington Surrey KT9 2QL
Auditor	KPMG LLP Global House High Street Crawley RH10 1DQ

DIGICO UK LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 7
Independent auditor's report to the members of Digico UK Limited	8 - 11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15 - 32

DIGICO UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Principal activity

The principal activity of DiGiCo UK Limited ("the company") in the year under review was that of the manufacture and distribution of analogue and digital sound equipment and software, as well as associated ancillary products and services.

Review of business

The year ending 31st March 2023 saw a continued post Covid recovery of the global economy, whilst the company has had to manage the wider challenges brought about by the war in Ukraine, component supply shortages and cost of living pressures. Demand for live music continued to improve during the year as restrictions on public events generally eased or were removed in markets served by the company. This demand translated into a growing number of new orders, from a broad spectrum of customers around the world, supporting further growth for the year ahead.

Our research and development remains at the core of what we do, and it was pleasing to be able to bring new products to market during the year. The company has continued to develop and deliver additional new and innovative products. This will help fulfil and achieve the objectives of expanding our product offering and the breadth of our customer base while at the same time ensuring that our existing product line up benefits from updates and new software releases. The Quantum platform continued to gain users in the year as more customers placed orders for products in this range. We continued to interact closely with many sound engineers to help them fully understand the features of Quantum and other products in our range.

During the year the company relocated within the existing business park location to an enlarged premises. As well as providing a much enlarged research and development hub, it also provides improved facilities and access for all employees.

As a result of the improvement in performance during the year, revenue increased to £53.7m (2022: £33.0m), whilst profit before tax increased to £20.8m (2022: £11.5m). Gross profit margin was 51.2% (2022: 50.6%).

The financial position of the company at the end of year strengthened with net assets of £43.6m (2022: £23.8m) with net current assets of £39.4m (2022: £21.4m).

At the time of signing of these accounts, demand from many of the key markets served by the company continues to be encouraging and the company is trading in line with the Directors' expectations of performance. The company has continued to look to maximise opportunities to expand market share and search for opportunities to expand in adjacent product areas.

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 year under review, the company's policy that no trading in financial instruments are 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. The company also has credit facilities with other entities within the group headed by Audiotonix Holdings Limited ('Audiotonix Group').

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. This risk is managed through balancing as far as possible foreign currency revenue streams and costs.

DIGICO UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Financial assets

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

Borrowing facilities

As of 31 March 2023, the company had no committed borrowing facilities. However, as disclosed in the contingent liability note, the company has provided a guarantee against the borrowings of various group undertakings owned by Audiotonix group.

Principal risks and uncertainties

Like all businesses, the company faces a number of risks and challenges. Most of these risks are comparable to those faced by the company in previous years. 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 principle risks facing the business.

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

Pandemics

The Board continues to monitor risks arising from the Covid-19 business interruption as well as how to manage any future large scale pandemic as part of its business-as-usual activities.

Competition

The company has a number of agreements in place with key customers. Maintaining these agreements is uncertain and based on financial and performance criteria. The business is also driven by the introduction of new products which can employ significant new technology that must meet customer expectations. As part of the Audiotonix Group, the company has continued to invest extensively in product research and development. In doing so, it is able to ensure that it maintains its established position in the market and remains at the forefront of advances in audio mixing and related technologies.

Supply Chain

The management of supply chain risk begins with component selection - the product design and purchasing teams work with our component manufacturers to ensure any newly selected components are from a reputable source and that the road map for the component's life cycle is fully understood, ensuring raw material supply is robust. Second sourcing of components will be considered during the development of a new product, again minimising risk. Like many manufacturers, the company is exposed to the risk of volatility in global prices of specialist electronic commodities. For some products the company plans its orders many months ahead and then secures components in advance of being required for manufacturing to mitigate the risk of interruptions to supply.

As part of the Audiotonix Group, the company has the benefit of both in house production facilities in the UK and an offshore manufacturing partner who operates from a number of locations in Asia. This manufacturing partner relationship has been nurtured by Audiotonix Group companies for over two decades. It 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.

Future Developments

The company will continue to invest in research and development to both improve existing products services and technologies, and also to facilitate the introduction of new products and new technologies. The company will continue to research and identify new markets for its products. Expenditure on research and development, including staff costs, is anticipated to continue increasing from the current levels.

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.

DIGICO UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Section 172 Statement

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long-term
- the interests of employees
- the need to foster business relationships with suppliers, customers and others
- the impact of operations on the community and the environment
- the desirability of maintaining a reputation for high standards of business conduct
- the need to act fairly as between members.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006.

The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2023. We set out below how we have considered these matters in our decision making:

- **The Long term** – the Board is mindful of the long term and the consequence of any decision on this time frame. We have evolved our strategy since inception, continuing to invest in research and development of new products and technologies for the enhancement of principal and future activities, with the aim of continuing to be a market leader in the markets we serve. The Board continues to explore new markets and looks to mitigate the impact of current global economic uncertainties.
- **Employees** - the commitment of our employees to our goals and success is key to the performance of the company. Directors and senior management strive to provide an entrepreneurial culture for our employees, whilst encouraging the ethical pursuit of opportunities to expand product offerings. We engage with our workforce via team meetings, at least quarterly newsletters, updates from the directors and other than when impacted by local or regional travel restrictions, regular visits by the directors and senior leadership team to all company sites. This helps to ensure that we are fostering an environment that our employees are happy to work in and that best supports their well-being. The relocation to our new and expanded office building with additional facilities for employees is an example of this activity. Employees are supported to learn and are offered opportunities for training and their personal development.
- **Business Relationships** – the Board is committed to fostering productive business relationships. The company is a customer facing and customer focused organisation and seeks to deliver an excellent experience to all businesses and individuals we interact with, whether customers or suppliers. We continuously engage with our customers and suppliers in a multitude of ways. We seek independent third party feedback to understand our customers' needs and deliver an excellent service. This feedback also helps inform our decisions on products development. During the past year there has been an increased level of in person interaction, both in the UK and internationally, with customers and suppliers, which is a sign of our commitment in this regard.

DIGICO UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

- Community and environment – we are mindful of the communities in which our customers and employees live, as well as external factors and events, such as wars and other conflicts, that can adversely impact these. Considering such events and other challenges informs our charitable giving. We are aware of our carbon footprint and the impact our business has on the environment in manufacturing and delivering our products. Our carbon reduction plans have led to a significant decrease in our carbon footprint through the use of clean energy in our buildings. We completed the project to install solar power facilities at our own manufacturing premises during the year. We have continued to develop energy efficient products and we encourage environmentally friendly office practices.
- High standards of business conduct – responsibility for setting the values and standards of the company sits with the Board and it expects the highest standards of business conduct from everyone in the organisation. We strive to maintain high standards of probity, integrity and transparency in the operation of our people whilst interacting with customers. All suppliers are expected to adhere to our supplier code of conduct, with periodic on-site inspections undertaken by Audiotonix employees when not restricted by travel restrictions. All management and key externally facing employees receive anti-bribery and corruption training, as well as training on sanctions rules.
- Shareholders - we work to obtain investor support of both our strategic objectives and those of the wider Audiotonix Group, as well as the methods by which we go about executing them. This is to create long-term value for our shareholders that generates sustainable results that translate into enhanced shareholder value. The Chief Executive Office of Audiotonix group maintains regular contact with investors and provides regular opportunities to question the Board.

On behalf of the board



A. Freshwater
Director

23 August 2023

DIGICO UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Results and dividends

The results for the year are set out on page 13.

No interim ordinary dividends were paid during the year (2022: £45,000,000). The directors do not recommend payment of a final dividend (2022: £nil).

Directors

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

H M Culleton
A Freshwater
J D Gordon
J R Stadius

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

The Company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The company has no external borrowings. The company does not use hedge accounting and any payments made in foreign currencies are translated at the date of transaction or funded from a bank account denominated in the relevant currency meaning that its cash flow risk in respect of foreign exchange transactions is low.

Research and development

The Company has a policy of increasing the level of investment in research and development of new products. In the year to March 2023 in line with our accounting policy and as required by FRS 102, eligible R&D costs were capitalised. Amounts capitalised are amortised over three years starting from the start of the financial year following capitalisation.

Business relationships

The impact of business relationships with suppliers and customers on the decisions of the company is considered within the s.172 statement of the Strategic report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Streamlined Energy & Carbon Reporting (SECR)

Under the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we are mandated to disclose our UK Energy use and associated greenhouse gas (GHG) emissions. Specifically, and as a minimum we are required to report those GHG emissions relating to natural gas, electricity and transport fuel, as well as an intensity ratio, under the Streamlined Energy & Carbon Reporting (SECR) Regulations.

To ensure we achieve the transparency required, and deliver effective emissions management, we must implement and utilise accepted methods. Accordingly, whilst the Regulations provide no prescribed methodology, we collate our GHG data annually, and completed carbon footprint calculation is used as a KPI within the business and our stakeholders.

DIGICO UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The period covered for the purposes of the Streamlined Energy & Carbon Reporting section is 1st April 2022 to 31st March 2023 with the calculations for the following scope:

- Buildings-related energy – natural gas (Scope 1) and electricity (Scope 2); and
- Employee owned vehicle (grey fleet) (Scope 3)

The company has assessed GHF emissions in accordance with the reporting the Defra's 'Environmental reporting guidelines: including Streamlined Energy & Carbon Reporting requirements' and uses the 2019 emission conversion factors developed by Defra and BEIS.

Consumption was determined by using data directly from the utility supplier and estimated fuel usage from staff claiming mileage allowances when using their own vehicles on company business.

Results

The table below shows the company's GHG emissions during the reporting year from 1st April 2022 to 31st March 2023:

Element	2021/22 (tCO ₂ e)	2022/23 (tCO ₂ e)
Direct emissions (Scope 1) - natural gas and company car fuel	91.3	86.9
Indirect emissions (Scope 2) - from purchased electricity	61.3	47.8
Other indirect emissions (Scope 3) - grey fleet travel	0.0	0.1
Gross Total Emissions	152.6	134.8
Carbon neutral natural gas and renewable electricity purchased	152.6	134.7
Net Total Emissions	0.0	0.1
Intensity metric (Net Emissions): Tonnes of CO ₂ e per employee	0.0	0.00
Intensity metric (Net Emissions): Tonnes of CO ₂ e per £M of revenue	0.0	0.00

Energy Efficiency

The strategy of renewable electricity and natural gas commenced in 2019/20 with 69.5% of energy provided by green sources, this has increased to 100% in this year. In addition, the installation of solar panels in 2022 has contributed to some consumed electricity being self-generated.

DIGICO UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of directors' responsibilities

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 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 controls 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.

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report the following information which would otherwise be required to appear in the directors' report.

Review of business, including future developments;
Financial risk management objectives; and
Principal risks and uncertainties.

Statement of disclosure 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.

Charitable Donations and Expenditure

The company made charitable donations of £2,910 during the year (2022: £150). There were no political donations in either the current or previous year.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

On behalf of the board

A Freshwater
Director
23 August 2023



Unit 5, Silverglade Business Park
Leatherhead Road, Chessington
Surrey, KT9 2QL

INDEPENDENT AUDITOR'S 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 2023 which comprise the Statement of Comprehensive income, Balance Sheet, 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 March 2023 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DIGICO UK LIMITED

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 as to the company's high-level policies and procedures to prevent and detect fraud, 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 management may be in a position to make inappropriate accounting entries; and
- the risk that revenue from the sale of goods is overstated through recording in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on high risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations with revenue and cash accounts, journals posted to seldom used accounts and material post close adjustments.
- Assessing whether revenue from sale of goods transactions recorded in the period leading up to the year-end are accounted for in the correct period by vouching a sample of transactions to supporting documentation to ensure the revenue recognition criteria was met.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to 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 discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DIGICO UK LIMITED

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.

Firstly, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DIGICO UK LIMITED

Responsibilities of directors

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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 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 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.



Neha Shah (Senior Statutory Auditor)
For and on behalf of KPMG LLP

Chartered Accountants

Global House
High Street
Crawley
RH10 1DQ

Date: 24 August 2023

DIGICO UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Turnover	3	53,693	33,027
Cost of sales		(26,184)	(16,318)
Gross profit		27,509	16,709
Administrative expenses		(7,037)	(5,918)
Other operating income	4	250	319
Operating profit	5	20,722	11,110
Interest receivable and similar income	9	134	341
Interest payable and similar expenses	10	(85)	-
Profit before taxation		20,771	11,451
Tax on profit	11	(1,003)	(544)
Profit for the financial year		19,768	10,907

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

There was no other comprehensive income in the year (2022: £Nil).

The accompanying notes form part of the financial statements.


DIGICO UK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000	2022 £'000
Fixed assets				
Intangible assets	13		2,931	2,848
Tangible assets	14		2,821	185
			<u>5,752</u>	<u>3,033</u>
Current assets				
Stocks	15	26,035		14,600
Debtors (including £4,195k (2022: £4,063k) due after more than one year	16	25,440		19,047
Cash at bank and in hand		4,439		4,115
		<u>55,914</u>		<u>37,762</u>
Creditors: amounts falling due within one year	17	(16,475)		(16,351)
Net current assets			<u>39,439</u>	<u>21,411</u>
Total assets less current liabilities			<u>45,191</u>	<u>24,444</u>
Provisions for liabilities				
Provisions	18	1,040		53
Deferred tax liability	19	591		599
		<u>(1,631)</u>		<u>(652)</u>
Net assets			<u>43,560</u>	<u>23,792</u>
Capital and reserves				
Called up share capital	21		206	206
Share premium account			446	446
Capital redemption reserve			1,120	1,120
Profit and loss reserves			41,788	22,020
Total equity			<u>43,560</u>	<u>23,792</u>

The financial statements were approved by the board of directors and authorised for issue on 23 August 2023 and are signed on its behalf by:


A. Freshwater
Director

Company Registration No. 04336508

The accompanying notes form part of the financial statements.

DIGICO UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2021		206	446	1,120	56,113	57,885
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	10,907	10,907
Dividends	12	-	-	-	(45,000)	(45,000)
Balance at 31 March 2022		206	446	1,120	22,020	23,792
Year ended 31 March 2023:						
Profit and total comprehensive income for the year		-	-	-	19,768	19,768
Balance at 31 March 2023		206	446	1,120	41,788	43,560

The accompanying notes form part of the financial statements.

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Digico UK Limited is a private company limited by shares incorporated in England and Wales, its registered number is 04336508. The registered office is Unit 5, Silverglade Business Park, Leatherhead Road, Chessington, Surrey, United Kingdom, KT9 2QL.

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 £1,000.

The financial statements have been prepared under the historical cost convention. 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 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- 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': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; 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 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Audiotonix Holdings Limited, which are prepared in accordance with International Financial Reporting Standards as adopted by the UK. These consolidated financial statements are available from its registered office, Unit 5 Silverglade Business Park, Leatherhead Road, Chessington, Surrey, England, KT9 2QL.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons set out below.

DiGiCo UK Limited is a wholly owned subsidiary of Audiotonix Holdings Limited (together with its subsidiaries "the group"). The company meets its working capital requirements through its available cash balances generated through trading activities.

The group has extensive financial resources from its diversified income streams, sales in over 85 countries worldwide supported from a well-established network of distributions and the company has the benefit sharing expertise amongst fellow subsidiary undertakings of the wider group.

New financing was put in place on 22 September 2022 when the group secured a new \$495m debt facility which replaced existing loans, a new \$55m acquisition facility and renewed a £50m Revolving Credit Facility ("RCF") facility. Loans are held by Adele UK Bidco Limited, a fellow subsidiary undertaking of the ultimate parent company. As at the date of approval of these financial statements the facilities are all drawn other than £30m of the RCF facility.

The Going Concern assessment prepared by management is based on these secured facilities and the covenant attached to them. It takes into account interest on the facilities which is serviced by cash generated by the company and its fellow trading subsidiaries of the ultimate parent company.

The directors have performed an assessment of going concern covering a period of at least twelve months from the date of approval of these financial statements. In doing so they have considered cash flow forecasts prepared for the period up to 31 March 2025.

The base forecast reflects management's approved budgets for the year ending 31 March 2024 updated for current trading as well as forecasts to 31 March 2025 using historical growth trajectories and expected costs. The forecasts reflect growth in revenues from both new and existing customers compared to the year ended 31 March 2023. The directors have also considered a severe but plausible downside scenario which has a reduction in revenue, an increase in direct material costs, an increase in costs, including salary costs above those budgeted, as well as further increases in interest rates. Under the downside scenario the company remains cash generative.

Under both the base case and the severe but plausible downside scenario, the forecasts indicate that the company will have sufficient liquidity to continue to settle its liabilities as they fall due and be in compliance with its banking covenant for a period of at least 12 months from the date of approval of the financial statements.

Consequently, the Directors believe it is appropriate to continue to prepare the financial statements on a going concern basis.

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, exclusive of Value Added Tax and discounts.

The company is in the business of designing, manufacturing and selling audio mixing equipment, accessories, spares and warranty repair and maintenance services. Turnover from contracts with customers is recognised when control of the goods is transferred to the customer for an amount that reflects the consideration appropriate to those goods. The company is the principal in these arrangements as it controls the goods or services prior to sale.

Sale of equipment

Revenue from the sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, usually on delivery. The normal credit term is 30 to 90 days upon delivery.

Where relevant, the company allocates a portion of the transaction price to any additional warranty obligations agreed. Any amounts not used to meet claims are released to profit and loss account as the obligations expire.

Volume rebates

The company provides retrospective volume rebates to certain customers once the quantity and value of products purchased during the period exceeds an agreed threshold. Rebates are offsettable only against amounts payable by the customer. The company recognises an immediate refund liability for the expected future rebates. Unused rebates are released to profit when it is clear that those rebates will not be earned by the customer.

Financing arrangements

Occasionally the company receives short-term advances or deposits from its customers against contracts. No adjustment is made for the effect of this financing arrangement as delivery of the goods or services is expected to be completed within one year.

1.4 Research and development expenditure

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 product or process is technically and commercially feasible; and
- the Company intends, and has the technical ability and sufficient resources, to complete development; and
- the costs of this asset development can be measured reliably.

Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

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.

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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 on a straight-line methodology so as to write off the cost or valuation of assets less their residual values over their useful lives.

Development costs

3 years straight line basis

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 on a straight-line methodology so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Buildings	10 or 25 years straight line
Leasehold land and buildings	Straight line over the lease term
Plant and equipment	1 - 5 years straight line
Fixtures and fittings	1 - 5 years straight line
Computers	3 - 4 years straight line

No depreciation is provided on freehold land.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Impairment of fixed assets

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. As a policy of revaluation has not been adopted, impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 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.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.9 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.

1.10 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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, loans from fellow group companies and preference shares 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 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.

1.12 Taxation

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

DIGICO UK LIMITED

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

1 Accounting policies

(Continued)

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.

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.

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.14 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.

1.15 Retirement benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.16 Leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.17 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.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they are accrued, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.20 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

DIGICO UK LIMITED

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 directors are 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.

Capitalised development costs

The company capitalises certain development costs which are amortised over three years starting from the year after capitalisation. Management consider the nature of development costs incurred with reference to timing of particular projects and the likelihood of the work leading to production of new or improved products, and whether such products are expected to be profitable.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Net realisable value of stock

The company makes an estimate of the net realisable values of stock which is based on assessments of current costs and prevailing market conditions. These are re-assessed annually and amended where necessary to reflect current estimates.

DIGICO UK LIMITED

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

3 Turnover

	2023 £'000	2022 £'000
Turnover analysed by geographical market		
UK and Europe	17,848	11,981
North America	22,052	13,211
Other	13,793	7,835
	<u>53,693</u>	<u>33,027</u>

4 Other operating income

	2023 £'000	2022 £'000
Grants received	-	75
Sundry income	250	244
	<u>250</u>	<u>319</u>

5 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging/(crediting):		
Foreign exchange differences	(133)	(59)
Research and development costs	652	629
Government grants	-	(75)
Depreciation of owned tangible fixed assets	180	92
Amortisation of intangible assets	1,407	1,337
Operating lease charges	129	130
	<u></u>	<u></u>

6 Auditor's remuneration

	2023 £'000	2022 £'000
For audit services		
Audit of these financial statements	81	39
	<u>81</u>	<u>39</u>

DIGICO UK LIMITED

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

7 Employees

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2023 Number	2022 Number
Manufacturing	60	53
Sales	17	13
Administration	8	10
Research and development	25	26
Total	<u>110</u>	<u>102</u>

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	4,868	3,729
Social security costs	428	627
Pension costs	174	217
	<u>5,470</u>	<u>4,573</u>

8 Directors' remuneration

	2023 £'000	2022 £'000
Remuneration for qualifying services	487	238
Company pension contributions to defined contribution schemes	7	2
	<u>494</u>	<u>240</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 1).

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

	2023 £'000	2022 £'000
Remuneration for qualifying services	269	238
Company pension contributions to defined contribution schemes	-	2
	<u>-</u>	<u>2</u>

Some of the directors of the company were paid £631,805 (2022: £590,892) for services by other group companies.

DIGICO UK LIMITED

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

9 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest income		
Interest on bank deposits	-	4
Interest receivable from group companies	134	337
Total income	134	341

10 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable to group undertakings	44	-
Other interest	41	-
	85	-

11 Taxation

	2023 £'000	2022 £'000
Current tax		
UK corporation tax on profits for the current period	1,190	421
Adjustments in respect of prior periods	(177)	(60)
Total current tax	1,013	361
Deferred tax		
Origination and reversal of timing differences	(17)	37
Changes in tax rates	(4)	143
Adjustment in respect of prior periods	11	3
Total deferred tax	(10)	183
Total tax charge	1,003	544

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Taxation

(Continued)

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

	2023 £'000	2022 £'000
Profit before taxation	20,771	11,451
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	3,946	2,176
Tax effect of expenses that are not deductible in determining taxable profit	(924)	6
Adjustments in respect of prior years	(166)	(57)
Group relief	(1,849)	(1,244)
Other adjustments	-	(480)
Tax rate changes	(4)	143
Taxation charge for the year	1,003	544

Adjustments to prior periods primarily arise where an outcome is obtained on certain tax matters, which differs from expectations held when the related provision was made. Where the outcome is more favourable than the provision made, the difference is released, lowering the current year tax charge. Where the outcome is less favourable than our provision, an additional charge to current year tax will occur. The current tax charge includes a £177,000 (2022: £60,000) credit relating to prior years, and the deferred tax charge includes a £11,000 (2022: £3,000) charge relating to prior years.

In the March 2021 Budget, the UK government announced an increase in the standard rate of corporation tax from the current rate of 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021, and accordingly, the deferred tax liability at 31 March 2023 has been recognised at 25%.

12 Dividends

	2023 £'000	2022 £'000
Interim paid	-	45,000

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Intangible fixed assets

	£'000	£'000	Total £'000
Cost			
At 1 April 2022	52	6,618	6,670
Additions	-	1,490	1,490
Disposals	(52)	-	(52)
At 31 March 2023	-	8,108	8,108
Amortisation and impairment			
At 1 April 2022	52	3,770	3,822
Amortisation charged for the year	-	1,407	1,407
Disposals	(52)	-	(52)
At 31 March 2023	-	5,177	5,177
Carrying amount			
At 31 March 2023	-	2,931	2,931
At 31 March 2022	-	2,848	2,848

The amortisation charge is recognised within administrative expenses in the profit and loss account.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

14 Tangible fixed assets

	Buildings £'000	Leasehold land and buildings £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Computers £'000	Total £'000
Cost						
At 1 April 2022	373	-	413	584	376	1,746
Additions	142	862	1,607	160	45	2,816
At 31 March 2023	515	862	2,020	744	421	4,562
Depreciation and impairment						
At 1 April 2022	279	-	387	554	341	1,561
Depreciation charged in the year	21	32	72	22	33	180
At 31 March 2023	300	32	459	576	374	1,741
Carrying amount						
At 31 March 2023	215	830	1,561	168	47	2,821
At 31 March 2022	94	-	26	30	35	185

DIGICO UK LIMITED

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

15 Stocks

	2023 £'000	2022 £'000
Work in progress, raw materials and consumables	23,481	12,499
Finished goods and goods for resale	2,554	2,101
	<u>26,035</u>	<u>14,600</u>

The write-down of stocks to net realisable value amounted to £351,000 (2022: £520,000).

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £21,079,000 (2022: £13,194,000)

16 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	4,866	3,325
Corporation tax recoverable	824	522
Amounts owed by group undertakings	19,210	13,907
Other debtors	392	1,208
Prepayments and accrued income	148	85
	<u>25,440</u>	<u>19,047</u>

Amounts owed by group undertakings includes £4,195k (2022: £4,063k) due after more than one year.

Amounts owed by group undertakings that are a result of cash transfers to fellow group undertakings are subject to interest at Sterling Overnight Index Average (SONIA) plus 5.75%. The loans are for a maximum period of 10 years. There is no penalty or premium attached to early repayment.

No impairment loss was recognised against trade debtors. (2022: £109k reversal).

17 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	7,153	4,379
Amounts owed to group undertakings	4,498	6,666
Other creditors	173	194
Accruals and deferred income	4,651	5,112
	<u>16,475</u>	<u>16,351</u>

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

18 Provisions for liabilities

	2023 £'000	2022 £'000
Sales and warranty provisions	137	53
Dilapidation provision	903	-
	<u>1,040</u>	<u>53</u>

Movements on provisions:

	Sales and warranty provisions £'000	Dilapidation provision £'000	Total £'000
At 1 April 2022	53	-	53
Additional provisions in the year	84	903	987
At 31 March 2023	<u>137</u>	<u>903</u>	<u>1,040</u>

19 Deferred taxation

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

	Deferred tax liabilities	
	2023 £'000	2022 £'000
Balances:		
Accelerated capital allowances	666	616
Timing differences	(75)	(17)
	<u>591</u>	<u>599</u>
Movements in the year:		2023 £'000
Net liability at 1 April 2022		599
Credit to profit or loss		(8)
Net liability at 31 March 2023		<u>591</u>

The deferred tax liability set out above is expected to reverse in more than 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Retirement benefit schemes

	2023 £'000	2022 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	174	217

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.

21 Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
Ordinary share capital Issued and fully paid				
Ordinary of 5p each	4,128,696	4,128,696	206	206

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22 Other Financial Commitments

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

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 £'000	2022 £'000
Within one year	238	125
Between two and five years	1,200	498
In over five years	4,275	125
	5,713	748

During the year £129k (2022: £130k) was recognised as an expense in the profit and loss account in respect of operating leases.

24 Contingent Liability

The company has guaranteed the loans of Adele UK Bidco Limited, a fellow subsidiary of the current ultimate parent company, Audiotonix Holdings Limited, which total £460,678,233 (2022: £376,125,743). Management consider that it is impractical to estimate the possibility of reimbursement or timing of outflows.

25 Events after the reporting date

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

DIGICO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

26 Related party transactions

The company has taken advantage of the exemption under the terms of FRS 102 from disclosing related party transactions with entities that are wholly owned by Audiotonix Holdings Limited and form part of the Audiotonix Holdings Limited group, provided these are included in the consolidated group accounts.

27 Ultimate controlling party

During the year the company was a subsidiary of Audiotonix Holdings Limited (formerly Adele UK Topco Limited), which is majority owned by Ardian Buyout Fund VII B S.L.P. incorporated in 20 Place Vendome, 75001 Paris, France.

The smallest and largest group in which the results of the company are consolidated is that headed by Audiotonix Holdings Limited, incorporated in the UK.

The immediate parent company of Digico UK Limited is A6 Audio Bidco Limited, the registered address of which is Unit 5, Silverglade Business Park, Leatherhead Road, Chessington, KT9 2QL.

Audiotonix Holdings Limited produces group accounts. Copies of these accounts can be obtained from Unit 5, Silverglade Business Park, Leatherhead Road, Chessington, KT9 2QL.