



# Financial statements Audio Bath Limited

---

**For the Period from 26 May 10 to 31 March 2011**

THURSDAY



\*A00Q0UKR\*

A30

22/12/2011

#330

COMPANIES HOUSE

**Company No. 07266312**

## Contents

<b>Report of the directors</b>	3 - 4
<b>Independent auditor's report</b>	5 - 6
<b>Accounting policies</b>	7 - 8
<b>Profit and loss account</b>	9
<b>Balance sheet</b>	10
<b>Notes to the financial statements</b>	11 - 17

## Report of the directors

The directors present their report and the financial statements of the company for the period from 26 May 2010 to 31 March 2011

### **Incorporation**

The company was incorporated on 26 May 2010

### **Principal activities**

The principal activity of the company is an intermediate holding company for AudioGO Limited, a company incorporated in the United Kingdom

### **Directors**

The directors who served the company during the period were as follows

V Shah	(appointed 26 May 2010, resigned 9 July 2010)
M Ross	(appointed 9 July 2010)
M Kuhn	(appointed 9 July 2010)
T Fonternel	(appointed 9 July 2010)
S Louis	(appointed 9 July 2010)
J Scherer	(appointed 9 July 2010)

The directors interests in the share capital of the holding company are disclosed within Audio London Limited

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 those 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,

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Going concern**

The directors have considered the funding and liquidity position of the company. Following review of management forecasts the directors consider it appropriate to prepare the financial statements on the going concern basis.

### **Auditor**

Grant Thornton UK LLP were appointed auditors on 14 December 2010 to fill a casual vacancy in accordance with section 485 of the Companies Act 2006.

They have expressed their willingness to continue in office and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

### **Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

S Louis *Stephen Lewis*  
Director  
Date *19 July 2011*



## Independent auditor's report to the members of Audio Bath Limited

We have audited the financial statements of Audio Bath Limited for the period from 26 May 2010 to 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the members of Audio Bath Limited (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the report of the directors

Christine Corner

Christine Corner  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants

London

Date 1st August 2011

## Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standards in the United Kingdom. A summary of the company's principal accounting policies is set out below. These policies have been applied consistently throughout the current and preceding year to items considered material to the financial statements.

### Consolidation

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group, headed by Audio London Limited, the ultimate parent undertaking of AudioGO Limited, which is incorporated in the United Kingdom.

### Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (revised) to prepare a cash flow statement on the grounds that its ultimate parent undertaking owns over 90% of the issued share capital of the company and includes the company in its own published consolidated financial statements.

### Investments

Investments in subsidiary undertakings are shown at cost less amounts written off. Provisions are made for impairment and permanent diminution in value.

### Turnover

The turnover shown in the profit and loss account represents the total amount receivable for services provided in the period, exclusive of Value Added Tax.

### Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### Issue costs

In accordance with Financial Reporting Standard 4 "Capital Instruments", issue costs associated with borrowings have been deferred and are being expensed to the profit and loss account over the period of the loan repayments. Loans are therefore shown net of such amounts deferred.

**Financial Instruments**

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Deferred consideration**

Where deferred consideration is cash based and dependent upon future trading performance, an estimate of the present value of the likely consideration is made. This contingent deferred consideration is reassessed annually and corresponding adjustment is made to the cost of the investment.



## Profit and loss account

	Note	Period from 26 May 10 to 31 Mar 11 £
Turnover	1	190,253
Other operating charges	2	181,987
<b>Operating profit</b>	3	<u>8,266</u>
Interest payable and similar charges	5	963,881
<b>Loss on ordinary activities before taxation</b>		<u>(955,615)</u>
Tax on loss on ordinary activities	6	–
<b>Loss for the financial period</b>	13	<u><u>(955,615)</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

	Note	31 Mar 11 £
<b>Fixed assets</b>		
Investments	7	<u>12,622,730</u>
<b>Current assets</b>		
Debtors	8	<u>141,493</u>
Cash at bank		<u>18,762</u>
		<u>160,255</u>
<b>Creditors, amounts falling due within one year</b>	9	<u>2,726,575</u>
<b>Net current liabilities</b>		<u>(2,566,320)</u>
<b>Total assets less current liabilities</b>		<u>10,056,410</u>
<b>Creditors: amounts falling due after more than one year</b>	10	<u>11,011,925</u>
		<u>(955,515)</u>
<b>Capital and reserves</b>		
Called-up equity share capital	12	<u>100</u>
Profit and loss account		<u>(955,615)</u>
<b>Deficit</b>	14	<u>(955,515)</u>

These financial statements were approved by the directors and authorised for issue on 19/7/11, and are signed on their behalf by

S Louis  
Director

*Stephen Lewis*

Company Registration Number 07266312

## Notes to the financial statements

### 1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company  
An analysis of turnover is given below

	Period from 26 May 10 to 31 Mar 11 £
United Kingdom	<u>190,253</u>

### 2 Other operating charges

	Period from 26 May 10 to 31 Mar 11 £
Administrative expenses	<u>181,987</u>

During the period ended 31 March 2011 the audit fee of £3,500 was borne by AudioGO Limited

Fees paid to the company's auditor, Grant Thornton UK LLP, for the services other than the statutory audit of the company are not disclosed in the accounts since the consolidated accounts of the ultimate parent company Audio London Limited, are required to disclose non-audit fees on a consolidated basis

### 3 Operating profit

Operating profit is stated after crediting

	Period from 26 May 10 to 31 Mar 11 £
Net profit on foreign currency translation	<u>50,386</u>

**4 Particulars of employees**

The average number of staff employed by the company during the financial period amounted to

	Period from 26 May 10 to 31 Mar 11 No
Number of administrative staff	<u>2</u>

The aggregate payroll costs of the above were

	Period from 26 May 10 to 31 Mar 11 £
Wages and salaries	41,716
Social security costs	4,419
Pension costs	1,798
	<u>47,393</u>

No director received any remuneration from the company during the current period

**5 Interest payable and similar charges**

	Period from 26 May 10 to 31 Mar 11 £
Interest payable on bank borrowing	200,193
Interest payable on loan notes	577,835
Deferred issue costs amortisation	185,853
	<u>963,881</u>

## **6 Taxation on ordinary activities**

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28%

	Period from 26 May 10 to 31 Mar 11 £
Loss on ordinary activities before taxation	(955,615)
Loss on ordinary activities by rate of tax at 28%	(267,572)
Expenses not deductible for tax purposes	41,428
Transfer pricing adjustment	27,049
Group relief	199,095
Total current tax	-

## **7 Investments**

**Investments in subsidiary undertakings**

	£
Cost	
Additions	12,622,730
At 31 March 2011	12,622,730
Net book value	
At 31 March 2011	12,622,730

On 13 July 2010 Audio Bath Limited acquired 100% of the ordinary share capital of BBC Audiobooks Limited. On 14 July 2010 BBC Audiobooks Limited was renamed AudioGO Limited.

### **Holdings of more than 20%**

The company holds more than 100% of the share capital of the following companies

	Country of registration or incorporation	Class of share held	%
AudioGO Limited	United Kingdom	Ordinary	100

## Financial statements for the period from 26 May 2010 to 31 March 2011

In addition, the issued ordinary share capital of the following companies is wholly owned by AudioGO Limited or its subsidiaries,

	Country of registration or incorporation	Class of share held
Cover to Cover Cassettes Limited	United Kingdom	Ordinary
NA Services Inc	United States of America	Ordinary
Chivers NA Inc	United States of America	Ordinary

The aggregate amount of capital and reserves and the results of these undertakings for the year ended 31 March 2011 were as follows

	Capital and reserves 2011	Profit / (loss) for the year 2011	Capital and reserves 2010	Profit / (loss) for the year 2010
	£	£	£	£
AudioGO Limited	5,748,004	1,809,949	10,549,468	1,789,662
Cover to Cover Cassettes Limited	4,451,552	14,562	4,436,991	72,559
NA Services Inc	-	-	-	-
Chivers NA Inc	1,727,086	310,923	1,977,024	67,429

## 8 Debtors

	31 Mar 11
	£
Amounts owed by group undertakings	2,625
VAT recoverable	135,389
Prepayments and accrued income	3,479
	<u>141,493</u>

## 9 Creditors: amounts falling due within one year

	31 Mar 11
	£
Bank loan	1,037,159
Loan notes	323,012
Amounts owed to group undertakings	1,001,188
Amounts owed to related undertakings (see note 11)	359,015
Other creditors	6,201
	<u>2,726,575</u>

See note 10 below for further details of the terms and conditions associated with the Bank Loan and the Loan Notes

Amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date

**10 Creditors: amounts falling due after more than one year**

	31 Mar 11 £
Bank loan	2,465,730
Loan notes	7,927,180
Amounts owed to related undertakings (see note 11)	619,015
	<u>11,011,925</u>

The total outstanding borrowings at 31 March 2011 were as follows,

	Within 1 Year	Greater than 1 year	Total £
Bank loan	1,037,159	3,250,000	4,287,159
A Loan Notes	236,875	5,697,340	5,934,215
B Loan Notes (see note 11)	-	300,000	300,000
C Loan Notes	86,137	2,057,425	2,143,562
Total	<u>1,360,171</u>	<u>11,304,765</u>	<u>12,664,936</u>
Less, deferred issue costs			(911,855)
Total			<u>11,753,081</u>

**Bank Loan**

Interest is charged on the bank loan at LIBOR plus 4% on drawn monies. This term loan is repayable in quarterly instalments and will be fully repaid by 9 July 2014. At 31 March 2011 the outstanding balance was £4,250,000. The bank loan and revolving credit facility is secured on via a fixed and floating charge over the assets of both Audio Bath Limited and AudioGO Limited and has been guaranteed by the A and C Loan Note Holders. As at 31 March 2011 a LIBOR cap was in place, capping the LIBOR rate at 3% per annum.

**A Loan Notes**

On 13 July 2010 Audio Bath Limited issued £5,500,000 "A Loan Notes". Interest is charged at 6% per annum on a cash basis and 5% per annum on a rolled up basis. Of these loan notes, 50% are due for repayment in June 2015, with the remaining 50% due for repayment by June 2016. At 31 March 2011 the outstanding balance was £5,934,215, of which £2,750,000 is repayable in greater than 5 years.

**C Loan Notes**

On 13 July 2010 Audio Bath Limited issued £2,000,000 "C Loan Notes" Interest is charged at 6% per annum on a cash basis and 4% per annum on a rolled up basis Of these loan notes, 50% are due to repayment in June 2015, with the remaining 50% due for repayment by June 2016 At 31 March 2011 the outstanding balance was £2,143,562, of which £1,000,000 is repayable in greater than 5 years

**11 Related party transactions**

At 31 March 2011 Audio Bath Limited owed £1,278,030 to BBC Worldwide Limited, a company incorporated in United Kingdom This creditor is split between amounts due within 1 year (£359,015) and amounts due in greater than 1 year (£919,015) The balance due in greater than 1 year includes £300,000 of non-interest bearing "B" Loan Notes, which are repayable 50% by 30 June 2015 and 50% by 30 June 2016 Also included within the total liability is deferred consideration of £400,000, payable to BBC Worldwide Limited following the acquisition of AudioGO Limited (formerly BBC Audiobooks Limited)

BBC Worldwide Limited have a minority interest in the ordinary share capital of Audio London Limited, the immediate parent undertaking of Audio Bath Limited

On 23 July 2010 Audio Bath Limited issued loan notes to the shareholders of its parent undertaking, Audio London Limited As part of these security loan notes, Audio London Limited and its subsidiaries became party to an Intercreditor Deed

During the period ended 31 March 2011 the company was charged consultancy fees of £17,600 by Qwerty Films Limited, a company controlled by M Kuhn

During the period ended 31 March 2011 the company was charged consultancy fees of £11,200 by Ross Fonternal Associates Limited, a company controlled by T Fonternal and M Ross

**12 Share capital**

Authorised share capital

31 Mar 11  
£

1,000 Ordinary shares of £1 each

1,000

Allotted, called up and fully paid

No £

100 Ordinary shares of £1 each

100 100

On 26 May 2010 the company issued 100 Ordinary shares of £1 each at par

**13 Profit and loss account**

Period from  
26 May 10 to  
31 Mar 11  
£

Loss for the financial period

(955,615)

Balance carried forward

(955,615)



**14 Reconciliation of movements in shareholders' funds**

	31 Mar 11 £
Loss for the financial period	(955,615)
New ordinary share capital subscribed	<u>100</u>
Net reduction to shareholders' funds	<u>(955,515)</u>
Closing shareholders' deficit	<u>(955,515)</u>

**15 Ultimate parent company**

The company's immediate and ultimate parent undertaking is Audio London Limited

The smallest, and largest group in which the results of Audio Bath Limited are consolidated is that headed by Audio London Limited

The consolidated accounts of Audio London Limited can be obtained from Audio London Limited, St James House, Lower Bristol Road, Bath, BA2 3BH