Company registration number 10636930 (England and Wales)

AUDIO UK 3 LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

AUDIO UK 3 LIMITED

COMPANY INFORMATION

Directors	A J Booker H M Culleton J D Gordon
Company number	10636930
Registered office	Unit 5 Silverglade Business Park Leatherhead Road Chessington Surrey KT9 2QL
Business address	Unit 5 Silverglade Business Park Leatherhead Road Chessington Surrey KT9 2QL

AUDIO UK 3 LIMITED

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AUDIO UK 3 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Principal activity
Audio UK 3 Limited (the company) is an intermediate holding company and part of the Audiotonix Holdings Limited group of companies. The company did not trade during the year.

Review of business
The company continued to operate as an intermediate holding company..

Principal risks and uncertainties
The principal risk faced by the company is the valuation and performance of investments. The investments primarily relate to the trading subsidiaries of Audiotonix Holdings Limited. These companies are ultimately managed by the directors and senior leadership team of Audiotonix Holdings Limited who have a strong track record in managing and mitigating risks, so far as practical, whilst maintaining and growing the profitability of trading subsidiaries.

The balance sheet of year ended March 2022 has been restated to reflect an additional investment in subsidary. There has been no activity in the current year.

On behalf of the board

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A J Booker
Director

Date: 21 September 2023

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.

Principal activity
The company is an intermediate holding company and part of the Audiotonix Holdings Limited group of companies. The company did not trade during the year.

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

A J Booker
H M Culleton
J D Gordon

Results and dividends
No ordinary dividends were paid (2022: £Nil). The directors do not recommend payment of a final dividend.

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.

Post reporting date events
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.

Energy and carbon report
Energy and carbon information is disclosed in the consolidated accounts of Audiotonix Holdings Limited.

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; and
Principal risks and uncertainties.

On behalf of the board

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A J Booker
Director

Date: 21 September 2023

AUDIO UK 3 LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	4		169,417		169,417
Current assets					
Debtors (including £28,001k (2022: £28,001k)) due after more than one year	6	28,001		28,001	
Creditors: amounts falling due within one year	7	(28,001)		(28,001)	
Net current assets			-		-
Net assets			169,417		169,417
Capital and reserves					
Called up share capital	8		167,315		167,315
Share premium account			2,102		2,102
Total equity			169,417		169,417

For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The financial statements were approved by the board of directors and authorised for issue on 21 September 2023 and are signed on its behalf by:

A J Booker
Director

Company Registration No. 10636930

AUDIO UK 3 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £'000	Share premium account £'000	Total £'000
As restated for the period ended 31 March 2022:				
Balance at 1 April 2021		167,315	-	167,315
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	-	-
Issue of share capital	8	0	2,102	2,102
Balance at 31 March 2022		167,315	2,102	169,417
Year ended 31 March 2023:				
Profit and total comprehensive income for the year		-	-	-
Balance at 31 March 2023		167,315	2,102	169,417

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1 Accounting policies

Company information

Audio UK 3 Limited is a private company limited by shares incorporated in England and Wales. 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 £'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. These consolidated financial statements are available from its registered office, Unit 5 Silverglade Business Park, Leatherhead Road, Chessington, Surrey, England, KT9 2QL.

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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.

Audio UK 3 Limited is a wholly owned subsidiary of Audiotonix Holdings Limited (together with its subsidiaries "the group"). The group has extensive financial resources from its diversified income streams, sales in over 85 counties worldwide supported from a well-established network of distributors and the company has the benefit of sharing expertise amongst fellow subsidiary undertakings of the wider group. These factors, combined with the results achieved to date against budget, give the directors confidence that the group has sufficient funding to continue to meet liabilities that fall due for a period of at least twelve months from the approval of these financial statements, and as such they have been prepared on a going concern basis.

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.

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.

1.3 Profit and loss account

The company has not traded during the year or the preceding financial period. During this time, the company received no income and incurred no expenditure and therefore no profit and loss is presented in these financial statements.

1.4 Fixed asset investments

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

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

1.5 Impairment of fixed assets

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

1 Accounting policies **(Continued)**

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

1.6 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.

1.7 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.

1 Accounting policies **(Continued)**

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

1.8 Taxation

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

Current tax

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

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.

1.9 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 Accounting policies **(Continued)**

1.10 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.

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.

There are no key sources of estimation uncertainty or critical accounting adjustments in the reporting period.

3 Profit before taxation

No directors' emoluments or staff costs were incurred directly by the company.

4 Fixed asset investments

	Notes	2023 £'000	2022 £'000
Investments in subsidiaries	5	169,417	169,417

5 Subsidiaries

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

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
A6 Audio Bidco Limited	b	Management company	Ordinary	100.00
Calrec Audio Limited	c	Audio	Ordinary	100.00
Allen & Heath Limited	a	Audio	Ordinary	100.00
DiGiCo UK Limited	b	Audio	Ordinary	100.00
DiGiCo Limited	b	Dormant	Ordinary	100.00
Group One Limited	d	Audio	Ordinary	100.00
Solid State Logic Holdings Ltd	e	Dormant	Ordinary	100.00
Solid State Logic UK Limited	e	Audio	Ordinary	100.00
Solid State Logic SARL	f	Audio	Ordinary	100.00
Solid State Logic Limited	e	Dormant	Ordinary	100.00
Klang: technologies GmbH	g	Audio	Ordinary	100.00
Audiotonix US HoldCo Inc	h	Holding	Ordinary	100.00
Audiotonix US 2 Corp	h	Holding	Ordinary	100.00
Sound Devices LLC	i	Audio	Ordinary	100.00
East Main Street Holdings LLC	i	Property	Ordinary	100.00
Sound Devices Europe GmbH	j	Audio	Ordinary	100.00
Audio Limited	k	Audio	Ordinary	100.00
Slate Digital LLC	l	Audio	Ordinary	100.00
Slate Digital France SAS	m	Audio	Ordinary	98.00
Eiosis LLC	l	Semi-Dormant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

a Kernick Industrial Estate, Penryn, Cornwall, TR10 9LU
b Unit 5 Silverglade Business Park, Leatherhead Road, Chessington, Surrey, KT9 2QL
c Nutclough Mill, Valley Road, Hebden Bridge, West Yorkshire, HX7 8EZ
d 70 Sea Lane, Farmingdale, NY 22735, USA
e 25 Spring Hill Road, Begbroke, Oxford OX5 1RU
f 7 Bis rue la Victoire, 93150 - Le Blanc Mesnil, France
g Wespienstraße 8-10, 52062, Aachen, Germany
h Corporation Service Company, 251 Little Falls Drive. Wilmington,, 19808, USA
i PO Box 576, E7556 State Road 23 and 33, Reedsburg, WI, 53959, USA
j KoBa Treuhand GmbH, Beethovenplatz 2, 80336, Munich, Germany
k 7 Century Court, Tolpits Lane, Watford, Herts, WD18 9RS
l 3330 W Cahuengua Blvd W, Suite 510, Los Angeles, CA 90068-1677, USA
m 2 Allée Aloyizi Kospicki 38100 GRENOBLE, France

6 Debtors

Amounts falling due within one year:	**2023 £'000**	**2022 £'000**
Amounts owed by group undertakings	28,001	28,001

7 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Amounts owed to group undertakings	28,001	28,001

8 Share capital

	2023 £'000	2022 £'000
Ordinary share capital		
Issued and fully paid		
16,731,513,411 Ordinary shares of 1p each	167,315	167,315

9 Related party transactions

The company has taken advantage of the exemption under the terms of FRS 102 from disclosing related party ransactions 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.

10 Ultimate controlling party

The company is 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 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 Audio UK 3 Limited is Audio UK 2 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.