Registered Number 12356142 (England and Wales)

Audiotonix Holdings Limited
Annual Report and Consolidated Financial Statements
for the year ended 31 March 2023

AUDIOTONIX HOLDINGS LIMITED
Annual report and consolidated financial statements
31 March 2023

CONTENTS

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CORPORATE INFORMATION

Directors	J D Gordon H M Culleton N Beaumont A J Booker S Downing S Epin B Ladriere E Little O Personnaz B Witcher
Registered Office	Unit 5, The Distillery Silverglade Business Park Leatherhead Road Chessington Surrey KT9 2QL
Auditor	KPMG LLP Global House High Street Crawley RH10 1DQ
Registered number	12356142

STRATEGIC REPORT

The directors present their strategic report on Audiotonix Holdings Limited ('the group') for the year ended 31 March 2023.

Principal activities

Audiotonix Holdings Limited acts as a holding company for a group of companies whose principal activity is to develop, manufacture and sell audio solution hardware and software for the professional audio industry. Applications of the group's products include audio creation, broadcast, live events, recording studios, public performances and theatre production.

Review of the business

Trading for the year to 31 March 2023 was less impacted by the global Covid-19 pandemic than in the prior year, with all businesses recovering during the year, with sales and operating profits improved upon those reported for the previous financial year to 31 March 2022.

The group is proud that the work to support its staff, customers, and suppliers through the pandemic, helped contribute to the recovery of the arts and live events industries over the past 12 months. These industries have a huge impact on the lives of millions of people throughout the world. We are equally proud that our products and services that facilitate the creation of more music at home have continued to grow. The ongoing recovery of live audio events in the year led to further increases in new orders and sales across the group, alongside audio creation, DJ and studio markets which have also continued to grow.

Our research and development activities remain at the core of what the group does, and it was pleasing to be able to bring new products to market during the year. The group continues to develop and deliver additional new and innovative products. All group companies launched or have planned launches of new products into their respective marketplaces and work continued with developing technologies and platforms to be launched in future years. These launches will help achieve the group objective of expanding product offerings and the breadth of our customer base. It also helps ensure that existing products benefit from updates and new software releases.

During the year the group continued the multi-year process of implementing common operational practices across trading companies, in particular in research and development, supplier negotiations, systems and marketing. The group continued to invest in the roll-out of a new ERP system, where the focus in the year was embedding these systems where already implemented whilst also planning the roll out in 2023/4 at one of the largest subsidiary businesses. The objective remains to bring a harmonisation in best practices and a range of efficiencies in years to come.

The group carefully managed the integration of Sound Devices LLC and its subsidiaries, a global leader in the design and manufacture of audio recorders and field production mixers used by the film and TV industries, which had been acquired during the previous financial year. The Sound Devices teams are now embedded in the Audiotonix process of collaborating with other group companies and are further widening both their product offering and customer base.

On 22 September 2022 the group successfully refinanced its existing loan facilities. The existing loans were repaid and replaced with a new loan facility with new lenders. As part of this process, the new lenders provided the group with an acquisition facility on the same terms as the new loan. In addition, a new Revolving Credit Facility was arranged, jointly provided by two of the groups existing lenders.

On 1 October 2022 the group completed one of its largest ever acquisitions with the purchase of the Slate Digital group of companies comprising Slate Digital LLC, Slate Digital France SAS and Eiosis LLC (together "Slate Digital"). Slate Digital is one of the world's leading software plug-in developers for audio creation and production and has a strong subscription model which expands our footprint in the audio creation market, as well as offering technology synergies with other group companies. Slate Digital is headquartered in Los Angeles, California and Grenoble, France. Slate Digital teams are working with others throughout the group to evolve and develop established plans to deliver future growth.

Total group sales for the year were £270m (year ended 31 March 2022: £169.7m). The gross profit of £145.7m (2022: £90.0m) was delivered at a margin of 54% (2022: 53.1%). The group continued to take action to mitigate the impact of cost inflation and control administrative expenses, whilst maintaining investment in research and development, where expenditure has intentionally been increased year on year.

STRATEGIC REPORT (continued)

Intangible asset amortisation includes both the cost of expensing certain development costs capitalised in previous years, consistent with the previous financial year, as well as the amortisation of intangible assets that were initially identified and recognised upon the acquisition of Audiotonix Group Limited on 18 March 2020. Amortisation costs for the year includes a whole year of amortisation of intangible assets that arose on the acquisition of Sound Devices LLC last year. Amortisation costs for the year also includes six months of amortisation of intangible assets that arose on the acquisition of Slate Digital.

The change in the GBP:USD exchange rate between 31 March 2022 and 31 March 2023 led to a loss on translation of USD denominated bank loans of bank loans of £12.6m (2022: loss of £16.2m). Preference share dividends of £67.4m (year ended 31 March 2022: £61.3m) were accrued in the year, and bank interest expense of £38.5m (2022: £23.6m) was incurred. The carrying value of goodwill that had arisen upon the acquisition of Audiotonix Group Limited, Sound Devices and Slate Digital was reviewed at the 31 March 2023, as is required by the technical requirements of IAS 36. No impairment has been identified (2022: no impairment).

The group has seven core product brands (Allen & Heath, Calrec, DiGiCo, KLANG:technologies, Slate Digital, Solid State Logic and Sound Devices) with market leading positions in the design, manufacture and sale of audio mixing solutions and associated software solutions that service audio creation in multiple market segments. Around 90% of the group's products are exported to over 85 countries and territories worldwide primarily using a network of distribution partners.

The sustained multiyear investment in our research and development teams has helped the group maintain one of the largest teams of research and development engineers focused on audio mixing and related technology, services and products. The group increased the size of the research and development team during the year ended 31 March 2023 and has budgeted to do the same during the 2023/24 financial year. This is so we can continue to support the strategy of growth achieved via the launch of new products in both existing and new segments of the audio market, as well as to develop and enhance existing ranges of consoles, services and related products.

A core competency of the group is to provide resilient technical support services, and this has remained the case during the year. The group continues to believe these services help maintain a market leading position in an industry where products are used in very demanding environments. Our engineers provide a responsive and efficient service that has continued to be recognised throughout the industry. The group has continued to invest in these activities and related customer care as it is a core service that helps maintain sustainable success.

Key performance indicators

The group monitors several financial and operational Key Performance Indicators ("KPIs") as part of the ongoing management of the business. The source of this information is the consolidated statement of profit and loss and the consolidated balance sheet. These include:

	2023 £'000	2022 £'000	Change £'000	Change %
Revenue	£270,006	£169,672	+ £100,334	+59.1%
Gross Profit	£145,729	£90,033	+ £55,696	+61.9%
Gross Profit as a % revenue	54%	53.1%		+0.9%
Net current assets	£103.8m	£80.8m	£23m	+28.5%
Cash and cash equivalents	£29.1m	£20.6m	£8.5m	+41.3%

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 profit and cash; working capital management through monitoring of working capital requirements against forecasts; and ultimately net cash generation.

STRATEGIC REPORT (continued)

Future developments

As discussed in the review of the business above, during 2023/4 the group will continue to invest in research and development of new products, services and technologies as well as enhancing and further developing its existing range of mixing consoles and related products and services. Gross expenditure on research and development will increase from the year ending 31 March 2023 and is budgeted to be more than £18m in the year ending 31 March 2024, including amounts spent by Slate Digital, and it is anticipated to continue to increase in future years as the business further invests in new product development.

The group will continue to selectively explore further acquisition opportunities in related markets. Acquisitions are reviewed on a case by case basis and if an acquisition presents an opportunity to enhance the group it will be considered.

Going Concern

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements. In doing so they have considered cashflow forecasts for the period up to 31 March 2025 and have concluded that it is appropriate to prepare these financial statements on a going concern basis. Further details of these forecasts are provided in the Going Concern section of the accounting policies in the notes to the accounts.

Financial risk management objectives and policies

The group'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 group's operations. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The directors review and agree policies for managing each of these risks, which are summarised below.

Credit risk
The group's principal financial assets are cash and trade debtors.

The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the group's trade debtors.

To manage credit risk, the Directors set credit limits for customers, based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Where applicable, credit limits are reviewed on a consolidated group basis.

Liquidity risk
The group seeks to manage financial risk by ensuring sufficient liquidity is available within the group to meet foreseeable needs and to invest cash assets safely and profitably.

The group has strong cash balances and has therefore been able to meet its working capital requirements throughout the period under review.

Currency risk
The group is exposed to translation and transaction foreign exchange risk as the group has a global customer base, sales are denominated in various currencies and significant direct purchases are denominated in foreign currencies, while overhead costs are primarily in Sterling.

The group does not use foreign currency hedging or similar instruments, however, the sales and purchase ledgers which are denominated in foreign currencies are reviewed regularly to ensure foreign exchange exposure remains in line with management's expectations. Where both sales and purchase invoices are denominated in the same currency, the group's policy is to try to match the timing of the settling of the sales and purchase invoices so as to mitigate, as far as possible, currency exposures.

Recognising that a significant portion of group earnings are generated in US dollars, the group denominates bank borrowings in US dollars.

STRATEGIC REPORT (continued)

Interest rate risk
The group uses bank loans and preference shares to fund acquisitions. There is no interest rate risk associated with the preference shares as they are fixed at 11% and the dividends are rolled up until redemption. The group has two fixed term bank loans (Facility B and ACF) which both bear interest at SOFR plus 6.25% and are denominated in USD.

The group also had a £50m RCF facility (bearing interest at SOFR plus 3.5%, in a mix of GBP and USD available to it. As at 31 March 2023, £30m of this facility remained available for use (31 March 2022: £50m).

Financial assets

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

Market Value of Land and Buildings

In the opinion of the directors, the market value of the land and buildings is in line with or exceeds the book values of the assets included in the financial statements.

Principal risks and uncertainties

Like all businesses, the group faces a number of risks and challenges, and many of these risks are not fundamentally different from those faced by the group in previous years, although the impact of Covid-19 has had a significant bearing on the risks faced by the group, as discussed above. Notwithstanding this, the directors take comfort from the extensive skills and track record of the wider leadership team in managing and mitigating these risks, so far as practical, whilst also maintaining or enhancing the performance of the group. 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.

Competition
The group designs, manufactures and sells professional audio mixing consoles and associated products. Our products sell in a competitive environment where other brands look to differentiate their products through features and design. As described above, the group continues to invest extensively in product research and development to ensure that it maintains its established position in the market and remains at the forefront of advances in audio mixing and related technologies.

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

Supply Chain
The management of supply chain risk commences with component selection - the design team works with the purchasing department and component manufacturers to ensure any newly selected component is from a reputable source and the road map for component life cycle is fully understood, ensuring raw material supply is robust. In addition, second sourcing of components will be considered during the development of a new product, again minimising risk. Like most businesses involved in manufacturing, the group is exposed to the risk of volatility in global prices of specialist electronic commodities. For some products the group plans many months ahead and secures components in advance of being required for manufacturing to mitigate the risk of interruptions to supply.

Audiotonix has the benefit of both in-house production facilities in the UK and offshore manufacturing partners operating a number of factories in overseas territories. These relationships have been nurtured over more than twenty years, leading to an extremely reliable supply chain for the group's products.

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

STRATEGIC REPORT (continued)

Compliance
The group is required to comply with many increasingly complex laws, regulations and other standards. During the year the Directors continued to monitor processes previously implemented to comply with GDPR laws, sanctioned country monitoring, supplier payment practices and gender pay gap reporting. Towards the end of the year procedures were reviewed to ensure compliance with regulations implemented as a result of the invasion of Ukraine by Russia.

During the year, mandatory training programmes were again undertaken across the group for all employees other than those engaged solely in manufacturing. The group has agreed Environmental, Social and Governance processes which continue to be reviewed against annual KPI targets.

S172 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 the company's business relationships with suppliers, customers and others
- the impact of operations on the community and the environment
- the desirability of the company 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 its principal and future activities, with the aim of continuing to be a market leader in the main markets we serve. The Board continues to explore new markets and looks to mitigate the impact of uncertainties since leaving the European Union and uncertainties caused by Covid-19.

- *Employees* - The commitment of our employees to our goals and success is key to the performance of the group. 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 travel restrictions, regular visits by the directors and senior leadership team to all group sites. This helps to ensure that we are fostering an environment that employees are happy to work in and that best supports their well-being. Employees are supported to learn and are offered opportunities for training. During the year under review investment was made in a number of group office locations, providing additional facilities to employees.

- *Business Relationships* – The board is committed to fostering productive business relationships. The group is a customer facing and customer focused organisation, seeking to deliver an excellent experience to all businesses and individuals we interact with, whether customers or suppliers. We continuously engage with our customers in a multitude of ways and seek independent third party feedback to understand our customers' needs and deliver an excellent service. This feedback also informs 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 a sign of our commitment in this regard.

- *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 Covid-19 that can adversely impact these. Considering such events and other challenges within our communities informs our charitable giving. Our charitable giving throughout the year and in the future is often in support the local communities of our subsidiaries. We are aware of our carbon footprint and the impact our business has on the environment in

STRATEGIC REPORT (continued)

manufacturing and delivering our products. We monitor our carbon emissions and have established targets to increase the proportion of energy sourced from renewal sources. During the year ended 31 March 2023, solar power facilities were installed at the majority of UK company premises, and we will look to increase the number of locations with such equipment in future. We continue 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 group sits with the board and it expects the highest standards of business conduct. We strive to maintain high standards of probity, integrity and transparency in the operation of our employees and representatives 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 Covid-19 or similar 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 act fairly between the needs of all stakeholders, including shareholders and investors. *We seek to obtain investor support of our strategic objectives and also the methods by which* we go about executing them. This is in order to create long-term value for our shareholders that generates sustainable results that translate into enhanced shareholder value. The Chief Executive Officer maintains regular contact with investors and provides regular opportunities to question the board.

By order of the board

AJBooker

A J Booker

Date: 23 August 2023

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the group for the year 31 March 2023.

Directors

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

J D Gordon
H M Culleton
N Beaumont
A J Booker
S Downing
S Epin
B Ladriere
E Little
O Personnaz
M Van Cauwenberge resigned 28 February 2023
B Witcher

Dividends

The directors do not recommend the payment of a dividend (2022: £nil).

Strategic Report

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

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

Qualifying third-party indemnity provisions

Throughout the year, a qualifying third-party indemnity provision for the benefit of the directors was in force.

Research and development

The group has a policy of investing in research and development of new products. In the year to 31 March 2023, in line with our accounting policy, subsidiary companies of the group capitalised eligible R&D costs and started amortisation of capitalised costs incurred in the previous year.

Employees

The group employed an average of 649 people in the financial year (period ended 31 March 2022: 568 people). Through its diversity policy, the group seeks to ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities.

It is the group's policy to ensure continued employment, where possible, to employees who become temporarily or permanently disabled and to provide training, career development and promotion to disabled employees wherever appropriate.

The group is responsive to the needs of its employees. To satisfy that need, consultative procedures enable management and other employees to discuss matters of mutual interest, including health and safety. Through these procedures, departmental channels and the publication of financial economic information, employees are kept informed about the group's affairs.

Further information on consultation with employees is disclosed in the section 172 statement presented in the Strategic Report.

DIRECTORS' REPORT (continued)

Business relationships

The impact of business relationships with suppliers and customers on the decisions of the group is considered within the s172 statement of the Strategic Report.

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 by our stakeholders.

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

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

Audiotonix Holdings Limited has assessed GHF emissions in accordance with 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 invoices from energy suppliers to each group location, estimated fuel usage from group vehicles and by staff claiming mileage allowances when using their own vehicles on group business.

Results

The table below shows Audiotonix GHG emissions during the reporting year ended 31 March 2023, with comparative information shown for the year ending 31 March 2022:

Element	2021/22 (tCO2e)	2022/23 (tCO2e)
Direct emissions (Scope 1) - natural gas and company car fuel	196.2	213.9
Indirect emissions (Scope 2) - from purchased electricity	282.5	230.6
Other indirect emissions (Scope 3) - grey fleet travel	0.2	0.3
Gross Total Emissions	**478.9**	**444.8**
Carbon neutral natural gas and renewable electricity purchased	384.8	404.3
Net Total Emissions	**94.1**	**40.5**
Intensity metric (Net Emissions): Tonnes of CO2e per employee	0.2	0.1
Intensity metric (Net Emissions): Tonnes of CO2e per £M of revenue	0.8	0.2

UK Energy Use	Unit	2021/22	2022/23
Electricity & Gas	kWh	2,060,694	1,948,927
Fuel used on business use	Litres	22,188	21,932

DIRECTORS' REPORT (continued)

Streamlined Energy & Carbon Reporting (SECR) (continued)

Energy Efficiency

The strategy of purchasing carbon neutral natural gas and renewable electricity commenced in 2019/20 (by Audiotonix Group Limited) with 37.5% of energy provided by green sources, this continued to increase to 59.3% in 2020/21, then 79.9% in 2021/22, in the year under review carbon neutral energy rose to 89.9%. The focus of the management team is to be 100% carbon neutral on energy purchased by the end of calendar year 2024. The business has made substantial investments in generating clean energy with the installation of solar panels at sites in Cornwall, Scotland and Oxfordshire. In the reporting period solar contributed to the electricity consumed, this is expected to increase as the full potential is recognised in the next reporting period.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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.

By order of the board

A J Booker

Date: 23 August 2023

Unit 5, The Distillery
Silverglade Business Park
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Chessington
Surrey
KT9 2QL

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

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUDIOTONIX HOLDINGS LIMITED

Opinion

We have audited the financial statements of Audiotonix Holdings Limited ("the Company") for the year ended 31 March 2023 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows and related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework, and
- the financial statements 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 Group 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 Group or the Company or to cease their operations, and as they have concluded that the Group and 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 their 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 Group's business model and analysed how those risks might affect the Group and 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 Group or 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 Group or the Company will continue in operation.

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 Group'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.

Annual report and consolidated financial statements

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 Group management may be in a position to make inappropriate accounting entries;
- the risk that revenue from the sale of goods is overstated (for all except one component) through recording in the wrong period;
- the risk that revenue from the sale of goods is understated in relation to one component through recording in the wrong period; and
- the risk of bias in accounting estimates such as goodwill impairment and acquisition accounting.

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 either side of the balance sheet date are recorded in the correct period by vouching a sample of transactions to supporting documentation to ensure the revenue recognition criteria was met for revenue transaction recognized in each period.
- Assessing whether the judgements made are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-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 the auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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 Group 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 Group 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, employment laws and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. 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.

Annual report and consolidated financial statements

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Directors' responsibilities

As explained more fully in their statement set out on page 11, 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 Group and parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy Rush (Senior Statutory Auditor)
for and behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Global House
High Street
Crawley
RH10 1DQ

24 August 2023

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2023

	Note	**2023 £000**	2022 £000
Revenue	5	**270,006**	169,672
Cost of sales		**(124,277)**	(79,639)
Gross profit		**145,729**	90,033
Other income	6	**1,852**	1,865
Administrative expenses (excluding amortisation and non-recurring expenses)		**(56,037)**	(33,904)
Amortisation of intangible assets	13	**(38,150)**	(32,852)
Administrative Expenses		**(94,187)**	(66,756)
Operating Profit		**53,394**	25,142
Finance income	10	**190**	42
Finance expense	11	**(123,522)**	(98,650)
Net finance expense		**(123,332)**	(98,608)
Loss before taxation		**(69,938)**	(73,466)
Income tax expense	12	**(2,262)**	(15,338)
Loss for the financial year		**(72,200)**	(88,804)

The consolidated income statement has been prepared on the basis that all operations are continuing operations.

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	2023 £000	2022 £000
Loss for the financial year	**(72,200)**	(88,804)
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently recycled to the income statement		
Other movements	-	686
Foreign currency translation	**(5,636)**	228
Other comprehensive income for the financial year	**(5,636)**	914
Total comprehensive expense for the financial year	**(77,836)**	(87,890)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED BALANCE SHEET

As at 31 March 2023

	Note	31 March 2023	31 March 2022
Assets		£000	£000
Non-current assets			
Intangible assets	13	**686,506**	644,759
Property, plant and equipment	14	**7,427**	6,098
Right-of-use assets	15	**11,150**	7,824
Deferred tax asset	22	**4,463**	3,533
		709,546	662,214
Current assets			
Inventories	17	**91,663**	51,477
Trade and other receivables	18	**49,567**	55,103
Current tax receivables		-	3,445
Cash and cash equivalents		**29,136**	20,587
		170,366	130,612
Total assets		**879,912**	792,826
Equity attributable to owners of the parent			
Share capital	23	**100**	100
Share premium account	23	**900**	900
Capital contribution reserve	24	**0**	0
Other reserve	24	**(160)**	26
Merger reserve	24	**3**	3
Own Shares Reserve	24	**(142)**	(50)
Foreign exchange translation reserve	24	**(4,920)**	530
Retained earnings	24	**(406,978)**	(334,778)
Total equity		**(411,197)**	(333,269)
Liabilities			
Current liabilities			
Trade and other payables	19	**62,714**	48,436
Corporation tax liability		**2,168**	-
Financial liabilities – borrowings	15,20	**1,703**	1,365
		66,585	49,801
Non-current liabilities			
Owing to banks and third parties	20	**449,598**	376,126
Preference Shares	20	**681,975**	614,557
Lease liabilities	15,20	**10,561**	6,976
Financial liabilities – borrowings	20	**1,142,134**	997,659
Deferred Consideration	13	**4,300**	-
Provision for liabilities	21,22	**78,090**	78,635
		1,224,524	1,076,294
Total liabilities and equity		**879,912**	792,826

These financial statements were approved by the board of directors on 23 August 2023 and were signed on its behalf by:

A J Booker
Director
Company registered number: 12356142 (England and Wales)

The accompanying notes form an integral part of these financial statements

COMPANY BALANCE SHEET
As at 31 March 2023

	Note	**31 March 2023**	31 March 2022
		£000	£000
Assets			
Non current assets			
Investments	16	**512,546**	512,546
		512,546	512,546
Current assets			
Trade and other receivables	18	**-**	-
Total assets		**512,546**	512,546
Equity attributable to owners of the parent			
Share capital	23	**100**	100
Share premium account	23	**900**	900
Capital contribution reserve	24	**7,659**	7,659
Merger reserve	24	**3**	3
Retained earnings	24	**(186,410)**	(118,261)
Shareholders' equity		**(177,748)**	(109,599)
Liabilities			
Current liabilities			
Trade and other payables	19	**914**	914
		914	914
Non-current liabilities			
Preference Shares	20	**689,380**	621,231
Total liabilities and equity		**512,546**	512,546

These financial statements were approved by the board of directors on 23 August 2023 and were signed on its behalf by:

A J Booker

A J Booker
Director
Company registered number: 12356142 (England and Wales)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Share Capital	Share premium	Retained earnings	Capital contribution	Other reserve	Merger reserve	Own Shares Reserve	Foreign exchange translation reserve	Total attributable to the owners of the company
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Note:	23	23	24	24	24	24	24	24	
Balance at 31 March 2021	100	900	(245,974)	7,659	(660)	-	-	302	(237,673)
Loss for the year	-	-	(88,804)	-	-	-	-	-	(88,804)
Other movements	-	-	-	-	686	-	-	-	686
Currency translation differences on foreign exchange	-	-	-	-	-	-	-	228	228
Total comprehensive income / (expense) for the year	-	-	(88,804)	-	686	-	-	228	(87,890)
Issue of shares	-	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	(7,659)	-	3	(50)	-	(7,706)
Balance at 31 March 2022	100	900	(334,778)	-	26	3	(50)	530	(333,269)
Loss for the year	-	-	(72,200)	-	-	-	-	-	(72,200)
Other movements	-	-	-	-	(186)	-	-	-	(186)
Currency translation differences on foreign exchange	-	-	-	-	-	-	-	(5,450)	(5,450)
Total comprehensive income / (expense) for the year	**-**	**-**	**(72,200)**	**-**	**(186)**	**-**	**-**	**(5,450)**	**(77,836)**
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(92)**	**-**	**(92)**
Balance at 31 March 2023	**100**	**900**	**(406,978)**	**-**	**160**	**3**	**(142)**	**(4,920)**	**(411,197)**

The accompanying notes form an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Share Capital £000	Share premium £000	Retained earnings £000	Capital contribution £000	Merger reserve £000	Total attributable to the owners of the company £000
Note:	23	23	24	24	24	
Balance at 31 March 2021	100	900	(56,972)	7,659	-	(48,313)
Loss for the year	-	-	(61,289)	-	-	(61,289)
Other movements					3	3
Total comprehensive income / (expense) for the year	-	-	(61,289)	-	3	(61,286)
Balance at 31 March 2022	100	900	(118,261)	7,659	3	(109,599)
Loss for the year	-	-	(68,149)	-	-	(68,149)
Total comprehensive income / (expense) for the year	**-**	**-**	**(68,149)**	**-**	**-**	**(68,149)**
Balance at 31 March 2023	**100**	**900**	**(186,410)**	**7,659**	**3**	**(177,748)**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

	2023 £000	2022 £000
Cash flows from operating activities		
Loss for the year	**(72,200)**	(88,804)
Adjustments for:		
Amortisation of intangible assets	**38,150**	32,852
Impairment of goodwill	**0**	0
Foreign exchange gain on translation of bank loans	**12,614**	16,131
Depreciation of tangible fixed assets	**3,757**	3,334
Loss on fixed asset disposal	**6**	120
Bank Loan Interest	**38,509**	20,157
Preference share dividend payable	**67,418**	60,057
Amortisation of capitalised debt costs	**4,248**	1,845
Interest received	**(190)**	(19)
Interest on right-of-use assets	**733**	460
R&D Tax Credit	**(1,224)**	(991)
Taxation	**2,262**	15,338
(Increase)/decrease in trade and other receivables	**(3,728)**	(23,657)
(Increase)/decrease in inventories	**(39,327)**	(19,596)
Increase/(decrease) in trade and other payables	**6,502**	20,984
Increase in provision for liabilities	**365**	7
Cash generated by operations	**57,895**	38,218
Tax received	**(1,182)**	(378)
Net cash inflow from operating activities	**56,712**	37,840
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	**(63,449)**	(14,545)
Purchase of own shares	**(92)**	0
Purchase of intangible assets	**(10,421)**	(7,857)
Finance income	**190**	19
Purchase of property, plant and equipment	**(3,246)**	(2,167)
Net cash outflow from investing activities	**(77,018)**	(24,550)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**0**	0
Proceeds from capital contribution	**0**	0
Proceeds of bank loans	**491,117**	0
Repayment of bank loan	**(424,911)**	0
Proceeds from issue of preference shares	**0**	0
Repayment of finance leases	**(1,887)**	(1,236)
Interest paid	**(36,942)**	(17,051)
Net cash (outflow) / inflow from financing activities	**(27,377)**	(18,287)
Net (decrease) / increase in cash and cash equivalents	**7,072**	(4,997)
Foreign exchange translation	**1,664**	189
Movement in other reserves	**(186)**	686
Cash and cash equivalents at beginning of year	**20,587**	24,709
Cash and cash equivalents at end of year	**29,136**	20,587

The company had no cash flows in either the current year or prior year.
The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 *General Information*

The company is a private company, limited by shares and is registered in England and Wales, its registration number is 12356142. The address of its registered office is Unit 5 The Distillery, Silverglade Business Park, Leatherhead Road, Chessington, Surrey, KT9 2QL.

2 Statement of compliance

The Group company financial statements have been prepared and approved by the directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The Company has elected to prepare its parent company financial statements in accordance with FRS 101. The company loss for the year was £68,149k (2022: loss for the year £61,289k).

2.1 New Standards, Amendments and Interpretations

The Company and the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods beginning 1 April 2022. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Company and Group.

Standards and interpretations in issue but not yet adopted.

The following UK-adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.
• IFRS 17 Insurance Contracts, Amendments to IFRS 17 and Initial Application of IFRS17 and IFRS 9 – Comparative Information (effective date 1 January 2023)
• Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed).
• Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023).
• Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023).
• Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023).

As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed. The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.

3 Accounting policies

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group 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 4.

(a) Basis of preparation

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

The financial statements are presented in GBP (000).

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The company loss for the year was £68,149k, prior year loss was £61,289k.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Accounting policies (continued)

(b) Going concern (continued)

The group meets its day-today working capital requirements from the positive cash flows generated by its trading activities from its diversified income streams, with sales in over 85 countries worldwide supported by a well-established network of distributors and the benefit of sharing expertise with fellow subsidiary undertakings amongst the wider Audiotonix group New financing was put in place on 22 September 2022 when the existing 1st and 2nd lien loans were repaid and replaced with a new debt facility, and the existing £50m Revolving Credit Facility ("RCF") was renewed. As disclosed in note 27 the Group is now funded by the new $495m debt facility, a new $55m Acquisition facility and the renewal of its existing £50m RCF facility. Subsequent to signing an agreement on 12th September to purchase the Slate Digital group comprising Slate Digital LLC, Slate Digital France S.A.S. and Eiosis LLC as disclosed in note 13, which completed on 30th September 2022, the group drew down the Acquisition facility and £20m of the RCF facility. As at the date of approval of these financial statements all facilities remain drawn other than £30m of the RCF facility.

The Going Concern assessment prepared by management is based on these secured facilities, the covenant attached to these facilities and takes into account the impact of the acquisition the Slate Digital group of companies together with acquisitions made since the balance sheet date.

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements. In doing so they have considered cashflow forecasts 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. The combined effect of this is to reduce EBITDA by 19% compared to the base case.

Under both the base case and the severe but plausible downside scenario, the forecasts indicate that the group and 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.

(c) Basis of consolidation

The group financial statements consolidate the financial statements of Audiotonix Holdings Limited and all its subsidiary undertakings drawn up to 31 March 2023.

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

The group has an established Employee Benefit Trust ("EBT") of which a subsidiary is the sponsoring entity. Notwithstanding the legal duties of the independent trustees, the group considers it has 'de facto' control. The EBT is accordingly accounted for as if part of the group and included in the consolidated financial statements.

Details of the group's trading subsidiary companies are set out in Note 16. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(d) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method of accounting. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Costs directly attributable to the business combination have been written off as incurred.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Accounting policies (continued)

(e) Revenue recognition

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

Sale of equipment

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

Where relevant, the group 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.

Software

Sale of software is recognised at the point in time that the performance obligation is delivered. Revenue for perpetual software licenses is recognised upon delivery of the license.

Subscription software revenue is recognised as the performance obligation is satisfied over time, calculated by day.

Volume rebates

The group provides retrospective volume rebates to certain customers once the quantity and value of products purchased during the year exceeds an agreed threshold. Rebates are offsetable only against amounts payable by the customer. The group recognises an immediate refund liability for the expected future rebates, which are treated as a reduction in revenue. Unused rebates are released to profit when it is clear that those rebates will not be earned by the customer.

Financing arrangements

Occasionally the group 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.

(f) Finance income and expense

Finance expense 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 and amortised over the remaining period of the borrowings. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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

(g) Employee benefits / Retirement Benefits

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

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

(h) Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Accounting policies (continued)

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

Deferred tax
Deferred tax is recognised on all temporary differences at the reporting date except for unrelieved tax losses and other deferred tax assets which are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the temporary difference.

(i) Foreign currency

The company's functional currency is Sterling. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

For each entity, transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

(j) Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

The group has elected to present grants related to income separately under the heading "Other income".

(k) Intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred, other than for certain research and development costs as disclosed below.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Trade names	20 to 35 years
Technical Know-how	7 years
Development and software costs	3 years
Customer relationships	8 years

(l) Goodwill

Goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and valued at cost less any necessary provision to reflect the perceived impairment of that goodwill. In determining whether or not an impairment provision is required, the directors take into account a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Accounting policies (continued)

(m) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

Plant and machinery, fixtures and fittings	1 to 7 years
Vehicles	4 years
IT equipment	4 years
Short leasehold improvements	Over the term of the lease
Freehold property	10 or 25 years

(n) Impairment of non-financial assets

At each reporting date non-financial assets are reviewed to determine whether there is any indication that the assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the asset is the greater of the 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.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed and an impairment loss is reversed on intangible assets only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss is recognised in the current year.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) 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. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. For work in progress and finished goods cost is taken as production cost.

(p) Receivables

A trade receivable represents the right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

A contract asset is recognised as a receivable, if the right to consideration in exchange for goods or services delivered to the customer arises before the customer pays, or before payment is due. If the customer has paid in advance, then that advance is recognised as a liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Accounting policies (continued)

(q) Leases

The company applies IFRS 16 Leases. Accordingly leases are all accounted for in the same manner:

- A right of use asset and lease liability is recognised on the statement of financial position, initially measured at the present value of future lease payments;
- Depreciation of right-of-use assets and interest on lease liabilities are recognised in the statement of comprehensive income;
- The total amount of cash paid is recognised in the statement of cash flows, split between payments of principal (within financing activities) and interest (also within financing activities).

The initial measurement of the right of use asset and lease liability takes into account the value of lease incentives such as rent free periods.

The costs of leases of low value items and those with a short term at inception are recognised as incurred.

For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms

(r) Investments in subsidiaries

Investments in subsidiary companies in the company's financial statements are held at historical cost less accumulated impairment losses.

(s) Financial instruments

Short-term debtors and creditors

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

Cash and cash equivalents

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

Preference shares

Preference shares are included in the accounts at their issue price. Interest accrues on a compound basis at 11% but is payable only on redemption or exit and has, therefore, been added to the principal debt.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial assets

Financial assets 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Accounting policies (continued)

(t) Classification of shares as debt or equity

To be classified as equity, shares must have the right to benefit from all the risks and rewards of the business. Ordinary shares in the company have this right and are treated as equity capital. Preference shares have a fixed right to capital and a pre-determined rate of return and so do not benefit from the relevant risks and rewards of operations – and so are treated as loan capital.

(u) Provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

(v) Research and development

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

- an asset is created that can be identified (for example related to new processes or as products);

- it is probable that the asset will generate future economic benefits; and

- the product or process is technically and commercially feasible; and
- the Company intends, 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 three years on a straight line basis, starting from the year after capitalisation.

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

4 Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Intangible assets

The group establishes a reliable estimate of the useful life of intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the intangibles are attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

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.

4 Significant judgements and estimates (continued)

Impairment of debtors
When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Impairment of goodwill
In determining whether or not an impairment provision is required, the directors take into account a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses. In calculating value in use management use estimates for discount rates, long term plan projections and the terminal growth rate.

Acquisition accounting
The group estimates fair value adjustments for assets in acquired businesses, measures intangible assets, with any amount paid that is greater than the fair value of resulting net assets categorised as goodwill. Goodwill is not amortised but subject to annual impairment reviews.

5 Revenue

Revenue arose from the sale of goods and may be analysed geographically between markets as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
UK and Europe	**86,020**	28,223
North America	**119,614**	103,199
Other	**64,372**	38,250
	270,006	169,672

6 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
Government grants (Incl. Job Retention Scheme)	**628**	874
RDEC	**1,224**	991
	1,852	1,865

The government grants relate to; UK regional development awards, US covid job retention schemes and payments to UK companies for participation in new technology. There are no unfulfilled conditions or other contingencies attached to these grants. The group did not benefit directly from any other forms of government assistance.

7 Profit before taxation

Profit before taxation is stated after:

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Depreciation of owned fixed assets	**1,999**	1,940
Depreciation of assets held under finance lease	**-**	-
Depreciation of rights-of-use assets	**1,758**	1,394
Amortisation of intangible fixed assets (excluding goodwill)	**38,150**	32,852
Research and development expenditure	**4,975**	3,547
Foreign exchange (gains) / losses	**19,223**	(2,029)
Operating lease rentals	**-**	2
Auditor's remuneration		
Audit of these financial statements	**251**	194
Audit of the financial statements of subsidiaries of the company	**341**	268
Taxation compliance services	**0**	0
	592	462

Audit fees are disclosed on a consolidated bases, and as such individual company fees are not disclosed.

8 Staff numbers and costs

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Staff costs during the period were as follows:		
Wages and salaries	**33,166**	24,426
Social security costs	**3,379**	2,646
Other pension costs	**1,611**	1,254
	38,156	28,326

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

	Year ended 31 March 2023 No.	Year ended 31 March 2022 No.
Sales and marketing	**97**	72
Research and development	**220**	201
Manufacturing	**182**	161
Administration, support and service	**150**	134
	649	568

9 Directors' emoluments

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Emoluments	**1,211**	**1,279**
Defined contribution pension scheme contributions	**30**	**38**
	1,181	**1,317**

	No.	No.
Members of money purchase pension schemes	**2**	**5**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Directors' emoluments (continued)

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
The emoluments of the highest paid director are as follows:		
Emoluments	380	362
Value of company pension contributions to money purchase schemes	4	11

10 Finance income

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Bank interest receivable	-	4
Other interest receivable	190	38
	190	42

11 Finance expense

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Accrued preference share dividend	67,418	60,057
Bank loan interest	38,509	20,157
Interest on right-of-use assets	733	460
Amortisation of capitalised debt costs	4,248	1,845
Foreign exchange loss on translation of bank loan	12,616	16,131
	123,522	98,650

12 Income tax expense

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Corporation tax:		
UK corporation Tax	3,665	1,109
Overseas Tax	3,554	46
Adjustments in respect of prior year	148	(414)
Total current tax	7,367	741
Deferred taxation	(4,863)	(2,919)
Adjustments in respect of prior year	(722)	463
Effect of changes in tax rate	480	17,053
Total deferred tax	(5,105)	14,597
Total tax on results on ordinary activities	2,262	15,338

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Income tax expense (continued)

Reconciliation of tax charge

Tax assessed for the year is higher than the standard rate of corporation tax in the UK for the year ended 31 March 2023 of 19%. The differences are explained below:

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Loss for the financial year	**(72,200)**	(88,804)
Total tax (credit) / charge	**2,262**	15,338
Loss before tax	**(69,938)**	(73,466)
Loss multiplied by the standard rate of tax in the UK of 19%	**(13,288)**	(13,959)
Preference share interest not deductible for tax purposes	**12,948**	11,407
Other expenses not deductible for tax purposes	**2,582**	2,210
Income not taxable	-	(88)
Tax rate changes	**480**	17,053
Transfer pricing adjustment	-	(479)
Adjustments in respect of prior years	**(528)**	49
Effects of overseas tax rates	**477**	(641)
FX USD denominated tax assets	**(177)**	-
Group relief	-	99
Tax relief and credit	**(166)**	-
Amounts not recognised	**(66)**	-
Other	-	(313)
	2,262	15,338

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 deferred tax has been recognised at 25%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Intangible assets

	Goodwill £000	Trade names £000	Technical Know how £000	Customer relationships £000	Research & development £000	Software £000	Total £000
Cost							
As at 1 April 2022	**519,657**	**226,566**	**139,443**	-	**30,267**	**1,440**	**917,373**
Acquisitions through business combination	47,855	3,468	15,045	8,952	1,899	-	**77,219**
Additions	-	15	-	-	10,265	141	**10,421**
Exchange on *translation*	(5,698)	(38)	(1,311)	(1,081)	332	-	**(7,796)**
As at 31 March 2023	**561,814**	**230,011**	**153,177**	**7,871**	**42,763**	**1,581**	**997,217**
Amortisation and impairment							
As at 1 April 2022	**207,955**	**12,825**	**38,817**	-	**12,536**	**481**	**272,614**
Amortisation of intangibles	-	6,658	20,607	511	9,849	525	**38,150**
Exchange on translation	-	-	-	-	(53)	-	**(53)**
As at 31 March 2023	**207,955**	**19,483**	**59,424**	**511**	**22,332**	**1,006**	**310,711**
Net book value							
As at 31 March 2023	**353,859**	**210,528**	**93,753**	**7,360**	**20,431**	**575**	**686,506**
As at 31 March 2022	**311,702**	**213,741**	**100,626**	-	**17,731**	**959**	**644,759**

Trade names are amortised evenly over the directors' estimate of its useful life of 35 years, technical know-how is amortised evenly over the directors' estimate of its useful life of 7 years and development and software costs are amortised evenly over the directors' estimate of their useful lives of 3 years.

	Goodwill £000	Trade names £000	Technical Know how £000	Research & development £000	Software £000	Total £000
Cost	535,890	223,044	134,917	19,206	1,284	**914,341**
As at 1 April 2021	1,274	3,457	4,526	3,360	-	**12,617**
Acquisitions through business combination	-	-	-	7,701	-	**7,701**
Additions	-	65	-	-	156	**221**
Other acquisitions – externally purchased	(17,507)	-	-	-	-	**(17,507)**
As at 31 March 2022	**519,657**	**226,566**	**139,443**	**30,267**	**1,440**	**917,373**
Amortisation and impairment						
As at 1 April 2021	207,955	6,373	19,274	6,160	-	**239,762**
Amortisation of intangibles	-	6,452	19,543	6,376	481	**32,852**
Impairment loss on goodwill	-	-	-	-	-	-
As at 31 March 2022	**207,955**	**12,825**	**38,817**	**12,536**	**481**	**272,614**
Net book value						
As at 31 March 2022	**311,702**	**213,741**	**100,626**	**17,731**	**959**	**644,759**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Intangible assets (continued)

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement:

	2023	2022
	£000	£000
Amortisation of intangible assets	**38,150**	32,852
Impairment charge	**-**	-
	38,150	32,852

Goodwill, which arises when upon acquisition of a business where a greater amount is paid than the fair value of net assets, is not amortised but subject to annual impairment reviews. The aggregate of carrying amount of goodwill is allocated to identify cash generating units or groups of identified cash generating units.

Movement on goodwill	**2023**	2022
	£000	£000
At start of year	**311,702**	327,935
Acquisition of Sound Devices LLC – 1 November 2021	**-**	1,274
Acquisition of Slate Digital LLC – 1 October 2022	**47,855**	-
Adjustments to goodwill	**-**	(17,507)
Currency Translation	**(5,698)**	-
At end of year	**353,859**	311,702

The recoverable amount of each cash generating unit is considered as part of the impairment review as at 31 March 2023 and has been calculated with reference to its respective value in use. The key assumptions of these calculations are shown below:

	2023	2022
Period on which management approved forecasts are based	**5 years**	5 years
Growth rate applied beyond approved forecast period	**2.1%**	1.5%
Discount rate range	**12.9% to 16.0%**	9.6% to 15.5%

The growth rates used for value in use calculation reflect the average growth rate experienced by group companies for their product industry over 10 years, adjusted downwards by between 1% and 2%, depending on company.

Managements approach to each key assumption is as follows:

- Forecast period – based on internal long term planning analysis, including the budget for the first year (year 1) and benchmarked against external reports with information showing long term trends for the key markets served by group companies.
- Growth rate beyond forecast period – in line with US inflation rate.
- Discount rate – this is an independently benchmarked rate and been calculated using the Capital Asset Pricing Model and incorporates risk free rate, equity market risk premium, company size premium, company risk profile and the cost of debt.

The recoverable amount of each cash generating unit has been calculated with reference to its respective value in use. In calculating this value, management have used the following assumptions: a rate of projected growth (from the base year of CGU budgets for the year ending 31 March 2023) over the forecast that differs per CGU, discount rates of between 12.9% and 16.0%, and growth rate beyond the forecast period of 2.1%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Intangible assets (continued)

The value in use sensitivities were assessed for sensitivity to possible changes to these estimates and whether these would indicate an impairment, or not. The sensitivities included a 1% increase or decrease in long term growth rates, and a 1% increase or decrease in discount rate, as follows:

- If the long growth rate was 1% higher than forecast the impairment charge would have been £nil.
- If the long growth rate was 1% lower than forecast the impairment charge would have been £3.1m.
- If the discount rate was 1% higher than forecast the impairment charge would have been £nil.
- If the discount rate was 1% lower than forecast the impairment charge would have been £nil.

Under the scenario of 1% lower growth rate Calrec Audio Ltd would be impaired by £3.1m

Acquisition analysis for acquisitions after 1 April 2022

Acquisition of Slate Digital LLC
On 1 October 2022 the group entered into a share purchase agreement to acquire the entire share capital of Slate Digital LLC and its subsidiaries. Slate Digital LLC headquartered is in California and is a leading designer and manufacture of digital audio tools used by musicians, producers and engineers. The total adjusted consideration paid was £73m. The consolidated revenue and profit before tax of Slate Digital LLC and its subsidiaries included in the consolidation are £8.9m and £1.5m respectively.

In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 April 2023.

Slate Digital LLC has been included in the consolidated balance sheet at fair value at the acquisition date.

Slate Digital LLC acquisition analysis:	**2023 Fair value £000**
Tangible assets	**(21)**
Intangible assets	**29,363**
Stocks	**859**
Trade Debtors	**528**
Prepayments	**232**
Sales Tax	**91**
Cash	**5,192**
Creditors due within one year	**(4,832)**
Taxation	**(9)**
Deferred Revenue	**(1,753)**
Accruals	**(518)**
Deferred Tax	**(3,908)**
Net assets/(liabilities)	**25,224**
Goodwill arising on acquisition	**47,855**
	73,079
Discharged by:	
Cash	**68,641**
Deferred consideration at fair value	**4,223**
Contingent consideration expected to be paid at fair value	**215**
	73,079

Contingent consideration is payable based upon revenue targets agreed in the sale and purchase agreement, a probability weighted expected value has been calculated using managements latest expectations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Intangible assets (continued)

Acquisition analysis for acquisitions before 1 April 2022

Acquisition of SCI
On 17 June 2021 a subsidiary of the group acquired the trade and assets of SCI, a US based distributor of broadcasting equipment for nominal consideration. The difference between acquisition cost and net book value of assets is recognised as trade names and amortised over 2 years.

Acquisition of Sound Devices LLC
On 1 November 2021 the group entered into a share purchase agreement to acquire the entire share capital of Sound Devices LLC and its subsidiaries. Sound Devices is headquartered in Reedsburg, Wisconsin and is a leading designer and manufacture of audio recorders and field production mixers used by the film and TV industries. The total adjusted consideration paid was £18m.

Sound Devices LLC has been included in the consolidated balance sheet at fair value at the acquisition date.

Sound Devices LLC acquisition analysis:	Book value	Fair value adjustments	**2022 Fair value**
	£000	£000	**£000**
Tangible assets	1,286	-	**1,286**
Intangible assets	425	10,918	**11,343**
Stocks	3,619	(198)	**3,421**
Trade Debtors	1,799	-	**1,799**
Prepayments	164	-	**164**
Corporation Tax	13	-	**13**
Cash	1,334	-	**1,334**
Creditors due within one year	(1,657)	-	**(1,657)**
Deferred Revenue	(1)	-	**(1)**
Accruals	(756)	-	**(756)**
Deferred Tax	0	(239)	**(239)**
Net assets/(liabilities)	6,226	10,481	**16,707**
Goodwill arising on acquisition			**1,274**
			17,981
Discharged by:			
Cash			**15,879**
Shares			**2,102**
			17,981

The consolidated turnover and profit before tax of Sound Devices LLC and its subsidiaries included in the consolidation are £6.9m and £1.6m respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 Property, plant and equipment

Group

	Freehold properties £000	Short leasehold £000	Plant and Machinery, fixtures and fittings £000	Motor vehicles £000	IT equipment £000	**2023 Total £000**
Cost						
As at 1 April 2022	3,688	442	3,905	(82)	941	8,894
Acquisitions through business combinations	-	-	-	-	-	-
Additions	165	1,769	1,089	-	201	**3,224**
Disposals	(1)	1	(1,044)	-	(66)	**(1,110)**
Exchange on translation	17	-	130	4	24	**175**
As at 31 March 2023	**3,869**	**2,212**	**4,080**	**(78)**	**1,100**	**11,183**
Depreciation						
As at 1 April 2022	516	186	1,783	(170)	481	2,796
Charge for the year	302	145	1,358	5	189	1,999
Disposals	-	-	(1,035)	(1)	(68)	(1,104)
Exchange on translation	-	-	49	-	16	65
As at 31 March 2023	**818**	**331**	**2,155**	**(166)**	**618**	**3,756**
Net book value						
As at 31 March 2023	**3,051**	**1,881**	**1,925**	**88**	**482**	**7,427**
As at 31 March 2022	3,172	256	2,122	88	460	6,098

Included within the cost of £11,183,000 is £40,000 and included within accumulated depreciation of £3,758,000 is £40,000 relating to assets held under finance lease agreements. The finance lease is secured over the asset it relates to.

	Freehold properties £000	Short leasehold £000	Plant and Machinery, fixtures and fittings £000	Motor vehicles £000	IT equipment £000	**2022 Total £000**
Cost						
As at 1 April 2021	2,680	483	2,660	25	329	**6,177**
Acquisitions through business combinations	810	-	316	81	94	**1,301**
Additions	168	19	1,308	-	657	**2,152**
Disposals	(8)	(61)	(237)	(193)	(111)	**(610)**
Exchange on translation	38	1	(142)	5	(28)	**(126)**
As at 31 March 2022	**3,688**	**442**	**3,905**	**(82)**	**941**	**8,894**
Depreciation						
As at 1 April	260	95	839	2	150	**1,346**
Charge for the year	256	124	1,112	7	441	**1,940**
Disposals	-	(33)	(168)	(179)	(110)	**(490)**
As at 31 March 2022	**516**	**186**	**1,783**	**(170)**	**481**	**2,796**
Net book value						
As at 31 March 2022	**3,172**	**256**	**2,122**	**88**	**460**	**6,098**

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 *Right-of-use assets*

The company leases properties and vehicles. Rental contracts are typically made for fixed periods of 3 to 13 years. There are no options to purchase at the end of the lease lives. In all cases, the lease obligations are secured by the lessor's title to the leased assets.

The right-of-use assets included in the statement of financial position are as follows:

	Properties	**Vehicles**	**Totals**
	£000	***£000***	***£000***
At 1 April 2022	7,757	67	7,824
Acquisitions through business acquisitions	-	-	-
Additions	5,560	14	5,574
Disposal	(490)	-	(490)
Depreciation charge in year	(1,739)	(19)	(1,758)
At 31 March 2023	**11,088**	**62**	**11,150**

The right-of-use assets included in the statement of financial position on 31 March 2022 are as follows:

	Properties	Vehicles	Totals
	£000	£000	£000
At start of year	8,243	20	8,263
Acquisitions through business acquisitions	-	-	-
Additions	882	73	955
Depreciation charge in year	(1,368)	(26)	(1,394)
At 31 March 2022	7,757	67	7,824

Amounts recognised in profit and loss

	2023	2022
	£000	£000
Depreciation expense on right-of-use assets	**1,758**	1,394
Interest expense on lease liabilities	**733**	460
Expense relating to leases of low-value assets	-	12

None of the company's property leases contain variable payment terms.

The total cash outflow relating to leases in the year amounted to £2,579k (2022: £1,236k).

Lease liability	**2023**	2022
	£000	£000
Current	**1,703**	1,365
Non-current	**10,561**	6,976
	12,264	8,341

Maturity analysis (Undiscounted cashflows)	**2023**	2022
	£000	£000
Not later than one year	**2,336**	1,789
Later than one year and not more than five years	**8,192**	6,125
Later than five years	**5,324**	1,955
	15,852	9,869

The aggregate undiscounted commitments for short-term and low value leases at the year end was £nil (FY22: £12k).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16 Investments

Company	**Shares in group undertakings £'000**	**Total £'000**
Cost		
At 1 April 2021	510,444	**510,444**
Additions	2,102	2,102
At 31 March 2022	512,546	512,546
Additions	-	-
At 31 March 2023	512,546	512,546
Net Book Value		
At 31 March 2023	512,546	512,546
At 31 March 2022	512,546	512,546

Details of the company's subsidiaries owned directly and indirectly at 31 March 2023, all of which are registered in England and Wales unless otherwise stated, are as follows:

The subsidiary undertakings as specifically identified below with an "+" are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

Subsidiary undertaking	**Country of Incorporation**	**Registered office**	**Principal activity**	**Type of shares held**	**Proportion held directly**	**Proportion held indirectly**
Adele UK HoldCo Limited+		a	Dormant holding company	Ordinary	100%	-
Adele UK ParentCo Limited+		a	Dormant holding company	Ordinary	-	100%
Adele UK Bidco Limited+		a	Management company	Ordinary	-	100%
Adele US BidCo LLC	United States of America	h	Dormant	Ordinary	-	100%
Adele UK Bidco 2 Limited+		a	Holding company	Ordinary	-	100%
Audiotonix Group Limited+		a	Dormant holding company	Ordinary	-	100%
Audio UK 2 Limited+		a	Dormant holding company	Ordinary	-	100%
Audio UK 3 Limited+		a	Dormant holding company	Ordinary	-	100%
A6 Audio Bidco Limited+		a	Management company	Ordinary	-	100%
Calrec Audio Limited+		b	Audio	Ordinary	-	100%
Allen & Heath Limited+		c	Audio	Ordinary	-	100%
DiGiCo UK Limited+		a	Audio	Ordinary	-	100%
DiGiCo Limited+		a	Dormant	Ordinary	-	100%
Group One Limited	United States of America	d	Audio	Ordinary	-	100%
Solid State Logic Holdings+ Limited		e	Holding company	Ordinary	-	100%
Solid State Logic UK Limited+		e	Audio	Ordinary	-	100%
Solid State Logic SARL	France	f	Audio	Ordinary	-	100%
Solid State Logic Limited+		e	Dormant	Ordinary	-	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Investments (continued)

Subsidiary undertaking	Country of Incorporation	Registered office	Principal activity	Type of shares held	Proportion held directly	Proportio held indirectly
Audiotonix US 2 Corp	United States of America	j	Holding company	Ordinary	-	100%
Sound Devices LLC	United States of America	i	Audio	Ordinary	-	100%
East Main Street Holdings LLC	United States of America	i	Property company	Ordinary	-	100%
Audio Limited+		k	Audio	Ordinary	-	100%
Sound Devices Europe GmbH	Germany	l	Audio	Ordinary	-	100%
KLANG: Technologies GmbH	Germany	g	Audio	Ordinary	-	100%
Audiotonix US Holdco Inc	United States of America	j	Holding company	Ordinary	-	100%
Slate Digital LLC	United States of America	m	Audio	Ordinary	-	100%
Slate Digital France SAS	France	n	Audio	Ordinary	-	100%
Eiosis LLC	United States of America	m	Semi-Dormant	Ordinary	-	100%

Registered office addresses:-

a) Unit 5, Silverglade Business Park, Leatherhead Road, Chessington, Surrey KT9 2QL
b) Nutclough Mill, Valley Road, Hebden Bridge, West Yorkshire, HX7 8EZ
c) Kernick Industrial Estate, Penryn, Cornwall, TR10 9LU
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) Wespienstraβe 8-10, 52062, Aachen, Germany
h) Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA
i) PO Box 576, E7556 State Road 23 and 33, Reedsburg, WI, 53959, USA
j) Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, USA
k) 7 Century Court, Tolpits Lane, Watford, WD18 9RS
l) KoBa Treuhand GmbH, Beethovenplatz 2, 80336, Munich, Germany.
m) 3330 W Cahuengua Blvd W, Suite 510, Los Angeles, CA 90068-1677, USA
n) 2 Allée Aloyizi Kospicki 38100 GRENOBLE, France

17 Inventories

	2023	2022
	£000	£000
Demonstration and loan equipment	1,677	1,387
Components in manufacture	45,713	40,652
Finished goods	44,273	9,438
	91,663	51,477

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £102,689,000 (2022: £59,327,000).

The difference between the carrying value of stocks and their replacement cost is not material.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade receivables	**35,429**	35,119	-	-
Prepayments	**4,125**	2,704	-	-
Contract assets	-	1,013	-	-
Other receivables	**10,013**	16,267	-	-
	49,567	55,103	-	-

Included within Other receivables is £3,996,000 (2022: £4,161,000) of restricted cash.

19 Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade payables	**31,810**	22,720	-	-
Other taxation and social security	-	143	-	-
Other payables	**2,431**	3,494	-	-
Accruals and deferred income	**28,473**	22,079	-	-
Amounts owed by group undertakings	-	-	**914**	914
	62,714	48,436	**914**	914

Amounts owed to group undertakings that are a result of cash transfers to fellow group undertakings are subject to interest at Secured Overnight Financing Rate (SOFR) plus 6.5%. The loans are for a maximum period of 10 years. There is no penalty or premium attached to early repayment.

20 Financial liabilities – borrowings

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Current borrowings – amounts due within one year:				
Rights of use liability	**1,703**	1,365	-	-
	1,703	1,365	-	-
Non-current borrowings - amounts falling due after more than one year:				
Bank loans (secured) – note 27	**449,598**	376,126		-
Preference share capital	**497,570**	497,570	**502,970**	502,970
Preference share dividends	**184,405**	116,987	**186,410**	118,261
Rights of use liability	**10,561**	6,976	-	-
	1,142,134	997,659	**689,380**	621,231
	1,143,837	999,024	**689,380**	621,231

The bank loans terms and debt repayment schedule is included in note 27.

The Bank term loans and Revolving Credit Facility are guaranteed by a collection of group companies, with security held over their major investments, assets and cash balances.

The preference shares are redeemable at any time at the election of the company or upon a sale or listing. The shares accrue a dividend at 11% per annum on the amount subscribed for the shares (including premium) until the redemption date. A cumulative dividend of £186m (2022: £118m) was accrued at the balance sheet date. The dividend not accrued at the balance sheet date amounted to £nil (2022: £nil).

21 Provision for liabilities

	2023	2022
	Total	Total
	£000	£000
Deferred tax liability (note 22)	**77,448**	78,357
Sales and warranty provisions	**452**	128
Dilapidation provision	**190**	150
	78,090	78,635

	Deferred *tax liability* £000	***Dilapidation* £000**	***Sales and* warranty *provision* £000**	**2023 *Total* £000**
At start of year	**78,357**	**150**	**128**	**78,635**
Adjustments in respect of prior year	**311**	**-**	**-**	**311**
Charge/(credit) to the consolidated income *statement*	**(5,758)**	**40**	**324**	**(5,393)**
Amounts arising from acquisition	**3,908**	**-**	**-**	**3,908**
Other – equity/FX	**(294)**	**-**	**-**	**(294)**
Transfer between asset to liability	**924**	**-**	**-**	**924**
Balance at 31 March 2023	**77,448**	**190**	**452**	**78,090**
Non-current	**77,448**	**190**	**-**	**77,638**
Current	**-**	**-**	**452**	**452**
	77,448	**190**	**452**	**78,090**

	Deferred tax liability £000	**Dilapidation £000**	**Sales and warranty provision £000**	**2022 Total £000**
At start of year	70,271	190	81	70,542
Charge/(credit) to the consolidated income statement	7,847	(40)	47	7,854
Amounts arising from acquisition	239	-	-	239
Balance at 31 March 2022	78,357	150	128	78,635
Non-current	78,357	150	-	78,507
Current	-	-	128	128
	78,357	150	128	78,635

22 Net deferred tax

	2023	2022
Split as:	**£000**	£000
Deferred tax asset	**4,463**	3,533
Deferred tax liability (note 21)	**(77,448)**	(78,357)
	(72,985)	(74,824)

Deferred tax

The provision for deferred tax consists of:

	2023	2022
Accelerated capital allowances	**1,360**	(3,070)
Temporary differences – trading	**3,105**	1,788
Consolidation intangibles	**(77,448)**	(75,479)
Loan relationships	**-**	1,617
Losses	**-**	320
	(72,985)	(74,824)

Movement in deferred tax assets and liabilities (2023):

	Deferred tax asset £000	**Deferred tax liability £000**	**Deferred tax net £000**
At start of year	3,533	(78,357)	(74,824)
Adjustments in respect to prior year	947	(311)	636
Amount on acquisition	-	(3,908)	(3,908)
Charge to the consolidated income statement	(1,376)	5,758	4,382
Foreign currency translation	(2)	294	291
Transfer between asset and liability	1,361	(924)	437
Balance at 31 March 2023	**4,463**	**(77,448)**	**(72,985)**

Movement in deferred tax assets and liabilities (2022):

	Deferred tax asset £000	Deferred tax liability £000	Deferred tax net £000
At start of year	10,187	(70,271)	(60,084)
Amount on acquisition	-	(239)	(239)
Charge to the consolidated income statement	(6,654)	(7,847)	(14,501)
Balance at 31 March 2022	3,533	(78,357)	(74,824)

23 Share capital

Class of shares	Nominal value per share (£)	Number of shares in issue	Nominal value (£)	Share Premium (£)	Total (£)
Authorised, allotted and fully paid					
Amounts presented in equity					
A1 Ordinary shares	0.01	5,083,933	50,839	457,554	508,393
A2 Ordinary shares	0.01	1,497,395	14,974	134,766	149,740
B Ordinary shares	0.01	950,102	9,501	82,680	92,181
C Ordinary shares	0.01	2,500,000	25,000	225,000	250,000
			100,314	900,000	1,000,314

On 9 December 2019, 1 Ordinary share of £1 per share was issued.

On 17 March 2020, a sub-division of shares was exercised, converting 1 Ordinary share of £1 per share to 10 Ordinary shares at £0.10 per share. On the 18 March 2002, the 10 Ordinary shares were re-designated as 10 A1 ordinary shares and the previous share certificate for the 10 shares cancelled.

On 18 March 2020, the following shares were issued:

5,083,933 A1 Ordinary shares of £0.01 per share were issued for £0.10 per share. The share premium of £457,554, arising on issue, has been credited to the share premium account.

1,497,395 A2 Ordinary shares of £0.01 per share were issued for £0.10 per share. The share premium of £134,766, arising on issue, has been credited to the share premium account.

918,672 B Ordinary shares of £0.01 per share were issued for £0.10 per share. The share premium of £82,680, arising on issue, has been credited to the share premium account.

2,500,000 C Ordinary shares of £0.01 per share were issued for £0.10 per share. The share premium of £225,000, arising on issue, has been credited to the share premium account.

On 1 November 2021 the following shares were issued:

31,430 B Ordinary shares of £0.01 per share were issued for £0.10 per share. The share premium of £2,829, arising on issue, has been credited to the merger reserve account.

Class of shares	Nominal value per share (£)	Number of shares in issue	Nominal value (£)	Total (£)
Amounts presented in liabilities				
Redeemable A preference shares (note 19)	0.000001	497,099,210	497	497
Redeemable B preference shares (note 19)	0.000001	5,871,211	6	6
			503	503

On 18 March 2020, 497,099,210 A Preference shares of £0.00001 per share were issued for £1 per share and 3,772,165 B Preference shares of £0.000001 per share were issued for £1 per share.

On 01 November 2021, 2,099,046 B Preference shares of £0.000001 per share were issued for £1 per share.

£0.01 A1 Ordinary, £0.01 A2 Ordinary, £0.01 B Ordinary

Voting, dividend, and capital contribution rights:
The holders of these Shares shall have full voting, dividend and capital distribution rights (see separate note).

Redemption rights:
These shares do not carry redemption rights.

23 Share capital – continued

£0.01 C Ordinary

Voting, dividend, and capital contribution rights:
The holders of these Shares shall have non-voting rights. They hold dividend and capital distribution rights (see separate note).

Redemption rights:
These shares do not carry redemption rights

£0.00001 Preference A and B Shares

Voting, dividend, and capital contribution rights:
The holders of these Shares shall have non-voting rights. They hold capital distribution and redemption rights (see separate note) and entitled to a fixed cumulative preferential dividend.

Capital Redemption Rights

On a distribution or a return of capital to Shareholders the proceeds will be distributed as follows:

Preference share holders will receive the entire nominal value together with the value of unpaid accrued preference share interest. This will be settled on a pari passu basis if insufficient distributions are available.

Remaining distribution value will be distributed to the holders of A1 Shares, A2 Shares, B Ordinary Shares and C Shares; and allocated in proportion to ratchet percentages defined in the articles of association depending upon the distribution value.

24 Reserves

Share premium account – includes any premiums received on issue of share capital less transaction costs associated with the issue of shares.

Capital contribution reserve – includes exchange gain on issuing of share capital.

Other reserves – includes other miscellaneous balances.

Merger reserve – includes premiums received above nominal value relating to the fair value issue of shares as a result of the application of merger relief.

Retained earnings – includes all retained profits and losses and another movement in relation to an exit bonus.

Foreign exchange translation reserve – includes currency translation differences on foreign currency net investments.

Own shares held reserve – the 'Audiotonix Employee Benefit Trust' ('EBT') is a discretionary trust, with an independent trustee, Rose Limited (Isle of Man). It was established to ensure employees benefitted from the ongoing development of the group and to provide a market for those shares held by employees leaving employment of the group.

The costs of administering the EBT are charged to the profit and loss account as incurred.

At the balance sheet date, the EBT held 83,070 (2022: 81,465) ordinary B shares and 255,600 (2022: 416,336) ordinary C shares in Audiotonix Holdings Limited. These shares are classified as own shares held on consolidation.

25 Related party transactions

The following related parties held preference shares, the terms of which are disclosed in note 23.

At the balance sheet date the group owed £467,914,671 (2022: £421,686,095) to a shareholder, Ardian. The preference share dividend charged during the year on this balance amounts to £46,228,575 (year ended 31 March 2022: £41,685,540). *The group owed £136,936,272 (2022: £123,407,377) to another shareholder,* Astorg. The preference share dividend charged during the year on this balance amounts to £13,528,895 (year ended 31 March 2022: £12,199,366).

25 Related party transactions (continued)

No fees were paid to members of Ardian or Astorg. Reasonable travel expenses for attending board and management meetings are reimbursed on request.

At the balance sheet date the group owed £32,525,508 (2022: £36,139,744) to the directors. The preference share dividend charged during the year on these balances amounts to £3,213,423 (year ended 31 March 2022: £3,572,574).

At the balance sheet date the group owed £7,405,514 (2022: £6,673,872) to Rose Limited (as trustees for the Audiotonix Employee Benefits Trust). The preference share dividend charged during the year on this balance amounts to £731,643 (year ended 31 March 2021: £659,742).

At the balance sheet date the group owed £44,392,275 (2022: £33,139,212) to Pencaster Limited (as trustees for certain other shareholders. The preference share dividend charged during the year on this balance amounts to £4,425,404 (year ended 31 March 2022: £3,153,700).

The dividend charged in the year to 31 March 2023 was accrued and is only payable on redemption.

The directors are the only key management.

Details of directors' emoluments are disclosed in Note 9.

26 Controlling parties

The company is majority owned by Ardian Buyout Fund VII B S.L.P. incorporated in 20 Place Vendome, 75001 Paris, France.

27 Financial instruments

	Group		Company	
	2023	2022	**2023**	2022
Categories of financial instruments	**£000**	£000	**£000**	£000
Financial assets designated as amortised cost				
Cash and cash equivalents	**29,136**	20,587	-	-
Trade receivables	**35,429**	35,119	-	-
Other financial assets	**10,013**	12,257	-	-
Financial liabilities designated as amortised cost				
Trade and other payables	**(34,241)**	(26,477)	**(914)**	(914)
Borrowings	**(1,131,573)**	(1,005,461)	**(689,380)**	(621,231)

Fair value of financial instruments

The fair value of the group's financial instruments and its long term loan note borrowing at 31 March 2023 did not differ materially from their carrying values.

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. *derived from prices);*
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the group's assets and liabilities are categorised in Level 1 in the fair value hierarchy.

Risk management objectives and policies
Risk management objectives and policies are more fully described in the Strategic Report of the directors.

27 Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers.

The concentration of credit risk for trade receivables at the balance sheet date from customers was:

	Group	
	2023	2022
	£000	£000
Customers		
Credit quality of financial assets and impairment losses		
The ageing of trade receivables at the balance sheet date was:		
Not past due	**22,959**	23,941
Past due 0 - 30 days	**10,445**	8,302
Past due 31 – 120 days	**1,203**	2,322
More than 120 days	**822**	554
	35,429	35,119

The company had no trade receivables at the balance sheet date.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group	
	2023	2022
	£000	£000
At start of the year	**983**	1,320
Amount on acquisition	**-**	8
Increase during the year	**463**	29
Amounts subsequently received	**(376)**	(374)
Balance at 31 March	**1,070**	983

At the balance sheet date overdue trade receivables against which no provision was recorded were £11,400k (FY22: £10,195k).

Liquidity risk – group

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

		2023			
Group	**Carrying *amount* £000**	**1 year *or less* £000**	**1 to *2 years* £000**	**2 to 5 *years* £000**	**5 years & over £000**
Non-derivative financial liabilities					
Secured bank loans	**449,598**	**-**	**-**	**-**	**449,598**
Lease liability (undiscounted)	**15,851**	**-**	**-**	**2,187**	**13,664**
Preference share capital	**497,570**	**-**	**-**	**-**	**497,570**
Preference share interest	**184,405**	**-**	**-**	**-**	**184,405**
Trade and other payables	**65,675**	**65,675**	**-**	**-**	**-**
		65,675	**-**	**2,187**	**1,145,237**

27 Financial instruments (continued)

		2022			
Group	Carrying amount £000	1 year or less £000	1 to 2 years £000	2 to 5 years £000	5 years & over £000
Non-derivative financial liabilities					
Secured bank loans	376,126	-	-	-	376,126
Lease liability (undiscounted)	9,869	1,789	1,798	4,327	1,955
Preference share capital	614,557	-	-	-	614,557
Preference share interest	-	-	-	-	-
Trade and other payables	48,436	48,436	-	-	-
		50,225	1,798	4,327	992,638

Secured bank loans in the group:

	Nominal Interest rate	Period of Maturity	Face Value
Facility B	SOFR + 6.25%	2029	£399,103,428
Acquisition Credit Facility	SOFR + 6.25%	2029	£44,344,825
Revolving Credit Facility	SOFR + 3.5%	2028	£17,229,555

The bank loans are secured by way of a fixed and floating charge over the assets of the group.

The company had no financial liabilities in 2023, other than the preference share capital shown above which is payable after more than five years.

Market risk – group
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments.

Market risk – foreign currency risk

Group	**Sterling**	**US Dollar**	**Euro**	**Yen**	**CAD**	**Total**
31 March 2023	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cash and cash equivalents	4,040	24,782	306	8	-	**29,136**
Trade receivables	8,921	26,151	364	(7)	-	**35,429**
Forward exchange contracts	-	-	-	-	-	**-**
Secured bank loans	-	(449,598)	-	-	-	**(449,598)**
Trade payables	(20,816)	(10,901)	(93)	-	-	**(31,810)**
Balance sheet exposure	**(7,855)**	**(409,566)**	**577**	**1**	**-**	**(416,843)**
Estimated forecast sales	71,090	153,049	1,908	220	-	**226,267**
Estimated forecast purchases	(52,936)	(82,440)	(828)	-	-	**(136,204)**
Net exposure	**10,299**	**(338,957)**	**1,657**	**221**	**-**	**(326,780)**

A 5 percent weakening / (strengthening) of the US dollar against Sterling at 31 March 2023 would have increased/(decreased) the profit by £3,655,000. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

The company had no exposure to foreign currency risk.

27 Financial instruments (continued)

Group	**Sterling**	**US Dollar**	**Euro**	**Yen**	**CAD**	**Total**
31 March 2022	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cash and cash equivalents	10,606	9,163	814	3	1	20,587
Trade receivables	5,874	29,031	102	112	-	35,119
Forward exchange contracts	-	-	-	-	-	-
Secured bank loans	-	(376,126)	-	-	-	(376,126)
Trade payables	(5,691)	(17,014)	(15)	-	-	(22,720)
Balance sheet exposure	10,789	(354,946)	901	115	1	(343,140)
Estimated forecast sales	65,159	145,328	1,878	200	0	212,565
Estimated forecast purchases	(45,110)	(90,384)	(731)	-	0	(136,225)
Net exposure	30,838	(300,002)	2,048	315	1	(266,453)

Market risk – interest rate risk

Profile

At the balance sheet date the interest rate profile of the group's interest-bearing financial instruments before capitalised debt costs were:

	Group		**Company**	
	2023 **£000**	2022 £000	**2023** **£000**	2022 £000
Fixed rate instruments				
Fixed rate borrowings	**681,975**	621,231	**689,380**	621,231
Variable rate instruments				
Floating rate borrowings	**449,598**	376,126	-	-

Sensitivity analysis

The group does not account for any fixed rate borrowings at fair value through the income statement; therefore a change in interest rates at the reporting date would not affect equity or income.

An increase/(decrease) of 50 basis points in interest rates on floating rate borrowings would have (decreased)/increased the profit by £2,303,000. This calculation assumes that the change occurred at the beginning of the period and had been applied to risk exposures existing at that balance sheet date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps.

28 Off balance sheet arrangement

There are no material off-balance sheet arrangements.

29 Contingent liabilities and events since the balance sheet date

There were no contingent liabilities as at 31 March 2023.

Subsequent to the year end the group agreed and completed acquisitions of three companies, all of which complement and build on activities of existing group companies. These acquisitions, made through wholly owned intermediate holding companies, comprise Harrison Audio LLC, based in Tennessee, USA the acquisition of which completed on 4th April 2023, Fourier Audio Ltd, based in London, UK the acquisition of which completed on 5th May 2023 and sonible GmbH, based in Graz, Austria, the acquisition of which completed on 31st May 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 Changes in financial activities

	Liability			Equity				
	Loans and borrowings	Shares classified as debt	Finance lease liabilities	Share capital/ premium	Other reserves/ Merger Reserve	Transaction Bonus	Own Shares Reserve	**Total**
	£000	£000	£000	£000	£000	£000	£000	**£000**
Balance at 1 April 2022	376,126	497,570	8,341	1,000	29	7,484	(50)	890,500
Changes from financing cash flows								
Issue of bank loans	491,117	-	-	-	-	-	-	**491,117**
Repayment of bank loans	(424,911)	-	-	-	-	-	-	**(424,911)**
Shares issued	-	-	-	-	-	-	-	**-**
Payment of finance lease liabilities	-	-	(1,887)	-	-	-	-	**(1,887)**
Cost of transaction bonus	-	-	-	-	-	-	-	**-**
Bank loan interest paid	(36,942)	-	-	-	-	-	-	**(36,942)**
Total changes from financing cash flows	**29,264**	**-**	**(1,887)**	**-**	**-**	**-**	**-**	**27,377**
The effect of changes in foreign exchange rates	**5,699**	**-**	**-**	**-**	**-**	**-**	**-**	**5,699**
Other changes								
Other reserves movement	-	-	-	-	(186)	-	(92)	**(278)**
Finance lease additions	-	-	5,647	-	-	-	-	**5,647**
Finance lease disposal	-	-	(529)	-	-	-	-	**(529)**
Interest expense	38,509	-	692	-	-	-	-	**39,201**
Total other changes	**38,509**	**-**	**5,810**	**-**	**(186)**	**-**	**(92)**	**43,545**
Balance at 31 March 2023	**449,598**	**497,570**	**12,264**	**1,000**	**(157)**	**7,484**	**(142)**	**967,617**

30A Changes in financial activities (prior year)

	Liability			Equity					
	Loans and borrowings	Shares classified as debt	Finance lease liabilities	Share capital/ premium	Other reserves/ Merger Reserve	Transaction Bonus	Own Shares Reserve	Capital contribution	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	356,376	500,871	8,162	1,000	(660)	7,484	-	7,659	880,89
Changes from financing cash flows									
Issue of bank loans	-	-	-	-	-	-	-	-	
Repayment of bank loans	-	-	-	-	-	-	-	-	
Shares issued	-	-	-	-	-	-	-	-	
Payment of finance lease liabilities	-	-	(1,236)	-	-	-	-	-	(1,236
Cost of transaction bonus	-	-	-	-	-	-	-	-	
Bank loan interest paid	(17,051)	-	-	-	-	-	-	-	(17,051
Total changes from financing cash flows	(17,051)	-	(1,236)	-	-	-	-	-	(18,287
The effect of changes in foreign exchange rates	16,644	-	-	-	-	-	-	-	16,64
Other changes									
Other reserves movement	-	(5,400)	-	-	686	-	(50)	(7,659)	(12,423
Finance lease additions	-	-	955	-	-	-	-	-	95
Sound Devices Acquisition Share Disbursement	-	2,099	-	-	3	-	-	-	2,10
Interest expense	20,157	-	460	-	-	-	-	-	20,61
Total other changes	20,157	(3,301)	1,415	-	689	-	(50)	(7,659)	11,25
Balance at 31 March 2022	376,126	497,570	8,341	1,000	29	7,484	(50)	-	890,500