


Company Registration No. 12355715 (England and Wales)

ADELE UK BIDCO LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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ADELE UK BIDCO LIMITED

COMPANY INFORMATION

Directors	J Gillespie A Booker H Culleton	(Appointed 19 October 2021) (Appointed 29 July 2022)
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Company number	12355715
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Registered office	Unit 10 Silverglade Business Park Leatherhead Road Chessington Surrey KT9 2QL
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Business address	Unit 10 Silverglade Business Park Leatherhead Road Chessington Surrey KT9 2QL
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ADELE UK BIDCO LIMITED

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ADELE UK BIDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Principal activity

The company is an intermediate holding company and part of the Audiotonix Holdings Limited group of companies ("Audiotonix Group"). The company's principal activity during the year was the provision of management services.

Review of Business

The profit before tax for the period was £7,232,000 (2021: Loss £7,604,000).

The company had a full year of incurring head office costs on behalf of the wider Audiotonix Group. The company also incurred several one-off expense as part of actual or prospective acquisitions. The loss was partially offset by recharges to fellow subsidiaries of Audiotonix Holdings Ltd for the provision of management services.

Financial risk management objectives and policies

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

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

Liquidity risk

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

Foreign currency risk

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

Financial assets

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

Borrowing facilities

The company has USD denominated bank borrowings. As at the balance sheet date these were valued at £376.1m.

Principal risks and uncertainties

Like all businesses, the company faces a number of risks and challenges. The directors take comfort from the extensive skills and track record of the leadership team in managing and mitigating these risks, so far as practical, whilst maintaining or enhancing the profitability of the company. The directors have set out below the principal risks facing the business.

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

Currency risk

The company is exposed to translation and transaction foreign exchange risk on financial instruments. The company does not use foreign currency hedging or similar instruments. However, as part of Audiotonix Group which trades with customers and suppliers globally in various currencies, foreign exchange exposure is regularly reviewed to ensure it is in line with management expectations.

Interest rate risk

Intercompany loans bear interest at SONIA plus 5.75%.

The company uses bank loans to fund acquisitions. The bank loans bear cash interest at varying interest rates based upon US LIBOR plus 4.5% to 8.5% per annum. Base rate risk is regularly monitored to ensure it remains in line with expectations.

ADELE UK BIDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Future Developments

The company will continue operate as an intermediate holding company.

On behalf of the board



A Booker
Director

20 December 2022

ADELE UK BIDCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Results and dividends

The results for the year are set out on page 4.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

J Barton	(Resigned 2 November 2021)
J Gillespie	
A Booker	(Appointed 19 October 2021)
H Culleton	(Appointed 29 July 2022)

Post reporting date events

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

Energy and carbon report

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

Qualifying third party indemnity provisions

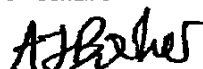
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out the following information which would otherwise be required to be contained in the Report of the Directors:

Review of the business; and
Principal risks and uncertainties

On behalf of the board



A Booker
Director

20 December 2022

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

ADELE UK BIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

		Year ended 31 March 2022 £000	Period ended 31 March 2021 £000
	Notes		
Turnover	3	3,178	885
Administrative expenses		(4,638)	(12,898)
Other operating income		57	-
Operating loss	4	(1,403)	(12,013)
Interest receivable and similar income	7	33,381	36,241
Interest payable and similar expenses	8	(24,746)	(31,832)
Profit/(loss) before taxation		7,232	(7,604)
Tax on profit/(loss)	9	(96)	-
Profit/(loss) for the financial year		7,136	(7,604)

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

There was no other comprehensive income in the year (2021: £Nil).

The accompanying notes form part of the financial statements.

ADELE UK BIDCO LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	10	959	1,284
Tangible assets	11	3	12
Investments	12	289,582	287,479
		<u>290,544</u>	<u>288,775</u>
Current assets			
Debtors	14	648,959	607,328
Cash at bank and in hand		1,580	2,730
		<u>650,539</u>	<u>610,058</u>
Creditors: amounts falling due within one year	15	<u>(313,038)</u>	<u>(299,905)</u>
Net current assets		<u>337,501</u>	<u>310,153</u>
Total assets less current liabilities		<u>628,045</u>	<u>598,928</u>
Creditors: amounts falling due after more than one year	16	(376,126)	(356,376)
Provisions for liabilities			
Deferred tax liability	18	129	-
		<u>(129)</u>	<u>-</u>
Net assets		<u>251,790</u>	<u>242,552</u>
Capital and reserves			
Called up share capital	20	241,728	241,728
Share premium account		2,626	524
Other reserves		7,659	7,659
Profit and loss reserves	21	(223)	(7,359)
Total equity		<u>251,790</u>	<u>242,552</u>

For the financial year ended 31 March 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

ADELE UK BIDCO LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2022

The financial statements were approved by the board of directors and authorised for issue on 20 December 2022 and are signed on its behalf by:



A Booker
Director

Company Registration No. 12355715

The accompanying notes form part of the financial statements.

ADELE UK BIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £000	Share premium account £000	Other reserves £000	Profit and loss reserves £000	Total £000
Balance at 9 December 2019		-	-	-	-	-
Period ended 31 March 2021:						
Loss and total comprehensive income for the period		-	-	-	(7,604)	(7,604)
Issue of share capital	20	241,728	524	-	-	242,252
Capital contribution		-	-	7,659	-	7,659
Exit bonus and capital contribution		-	-	-	245	245
Balance at 31 March 2021		241,728	524	7,659	(7,359)	242,552
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	7,136	7,136
Issue of share capital	20	-	2,102	-	-	2,102
Balance at 31 March 2022		241,728	2,626	7,659	(223)	251,790

The capital contribution reserve represents an additional investment made in the company by its shareholder on 18th March 2020. Proceeds of the capital contribution were invested in its immediate subsidiary.

The accompanying notes form part of the financial statements.

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Adele UK BidCo Limited is a private company limited by shares incorporated in England and Wales, the company registration number is 12355715. The registered office is Unit 10, Silverglade Business Park, Leatherhead Road, Chessington, Surrey, United Kingdom, KT9 2QL.

1.1 Reporting period

The financial statements are prepared for the year end 31 March 2022. The previous reporting period financial statements are for the 16 month period commencing at incorporation on 9 December 2019 until 31 March 2021.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Audiotonix Holdings Ltd, which are prepared in accordance with International Financial Reporting Standards as adopted by the UK. These consolidated financial statements are available from its registered office, Unit 10 Silverglade Business Park, Leatherhead Road, Chessington, Surrey, England, KT9 2QL.

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

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

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.3 Going concern

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

A6 Audio BidCo Limited is a wholly owned subsidiary of Audiotonix Holdings Limited (together with its subsidiaries "the group"). The company meets its working capital requirements through its available cash balances generated through trading activities.

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

The directors have made an assessment of the going concern covering a period of at least twelve months from the date of approval of these financial statements. In doing so they have considered cash flow forecasts prepared for the period up to 31 March 2024.

The base forecast reflects the approved budgets for the year ending 31 March 2023 updated for current trading as well as forecasts to 31 March 2024 using historical growth trajectories and expected costs. The directors have also considered a severe but plausible downside scenario which has a reduction in growth, an increase in direct material costs and an increase in salary costs above those budgeted in the base forecast. Under this downside scenario the company remains cash generative.

On 22nd September the Group refinanced its debt and secured a new \$495m debt facility which replaced its existing facility, a new \$55m Acquisition facility and a renewal of its existing £50m RCF facility. The loan is held by Adele UK BidCO Limited, a fellow subsidiary of Audiotonix Holdings Limited, and A6 Audio BidCo Limited is party to the inter-group cross guarantee in respect of these debt facilities. As at the date of approval of the financial statements all facilities were drawn other than £30m of the RCF facility.

The going concern assessment prepared by the directors was based on the new secured facilities, the covenants attached to these and took into consideration the interest on the facilities, which is serviced by the cash generated through trading activities of fellow subsidiaries of the ultimate parent company.

Under both the base case and the severe but plausible downside scenario, taking into account the refinancing mentioned above, 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 covenants for a period of at least 12 months from the date of approval of the financial statements.

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

1.4 Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and VAT. Revenue comprises management fee income from group companies.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases.

Software

Over 3 years straight line

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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

Freehold land and buildings	10 or 25 years
Plant and equipment	1 - 5 years
Fixtures and fittings	1 - 5 years
No depreciation is provided on freehold land.	

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

1.7 Fixed asset investments

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

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

1.8 Impairment of fixed assets

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

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

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

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

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.11 Taxation

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

Current tax

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

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Audiotonix Group Limited paid an exceptional bonus to the company's employees, and as a true and fair view judgement, the arrangement was treated as an expense in the company and accounted as a capital contribution. The bonus was spread over the service period.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

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

1.15 Interest receivable and Interest payable

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

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

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3 Turnover

	2022 £000	2021 £000
Turnover analysed by geographical market		
United Kingdom and Europe	2,926	831
North America	252	54
	<u>3,178</u>	<u>885</u>

4 Operating loss

	2022 £000	2021 £000
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(256)	10,684
Research and development costs	-	82
Government grants	(57)	-
Depreciation of owned tangible fixed assets	11	5
Amortisation of intangible assets	481	-
	<u>481</u>	<u>-</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Manufacturing	1.00	0.50
Sales and marketing	1.00	0.50
Administration, support and service	7.00	3.00
Research and development	1.00	0.50
Total	<u>10.00</u>	<u>4.50</u>

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £000	2021 £000
Wages and salaries	2,015	743
Social security costs	249	99
Pension costs	51	30
	<u>2,315</u>	<u>872</u>

6 Directors' remuneration

	2022 £000	2021 £000
Remuneration for qualifying services	579	138
Company pension contributions to defined contribution schemes	18	4
	<u>597</u>	<u>142</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 2).

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

	2022 £000	2021 £000
Remuneration for qualifying services	245	155
Company pension contributions to defined contribution schemes	6	8
	<u></u>	<u></u>

7 Interest receivable and similar income

	2022 £000	2021 £000
Interest income		
Interest receivable from group companies	33,381	36,241
	<u></u>	<u></u>

8 Interest payable and similar expenses

	2022 £000	2021 £000
Interest on bank overdrafts and loans	20,155	22,973
Interest payable to group undertakings	2,746	735
Other interest on financial liabilities	-	6,279
Amortisation of debt finance costs	1,845	1,845
	<u>24,746</u>	<u>31,832</u>

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

9 Taxation

	2022 £000	2021 £000
Deferred tax		
Origination and reversal of timing differences	96	-

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

	2022 £000	2021 £000
Profit/(loss) before taxation	7,232	(7,604)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,374	(1,445)
Tax effect of expenses that are not deductible in determining taxable profit	332	84
Effect of change in corporation tax rate	(1)	-
Group relief	(1,609)	1,361
Taxation charge for the year	96	-

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%.

10 Intangible fixed assets

	Software £000
Cost	
At 1 April 2021	1,284
Additions	156
At 31 March 2022	1,440
Amortisation and impairment	
At 1 April 2021	-
Amortisation charged for the year	481
At 31 March 2022	481
Carrying amount	
At 31 March 2022	959
At 31 March 2021	1,284

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Tangible fixed assets

	Fixtures and fittings £000
Cost	
At 1 April 2021	17
Additions	2
At 31 March 2022	19
Depreciation and impairment	
At 1 April 2021	5
Depreciation charged in the year	11
At 31 March 2022	16
Carrying amount	
At 31 March 2022	3
At 31 March 2021	12

12 Fixed asset investments

	Notes	2022 £000	2021 £000
Investments in subsidiaries	13	289,582	287,479

Movements in fixed asset investments

	Shares in subsidiaries £000
Cost or valuation	
At 1 April 2021	287,479
Additions	2,103
At 31 March 2022	289,582
Carrying amount	
At 31 March 2022	289,582
At 31 March 2021	287,479

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Subsidiaries

(Continued)

13 Subsidiaries

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Adele UK BidCo 2 Limited	a	Management company	Ordinary	100.00	-
Audiotonix Group Limited	a	Holding company	Ordinary	-	100.00
Audio UK 2 Limited	a	Dormant holding company	Ordinary	-	100.00
Audio UK 3 Limited	a	Dormant holding company	Ordinary	-	100.00
A6 Audio BidCo Limited	a	Management company	Ordinary	-	100.00
Calrec Audio Limited	b	Audio	Ordinary	-	100.00
Allen & Heath Limited	c	Audio	Ordinary	-	100.00
DiGiCo UK Limited	a	Audio	Ordinary	-	100.00
DiGiCo Limited	a	Dormant	Ordinary	-	100.00
Group One Limited	d	Audio	Ordinary	-	100.00
Solid State Logic Holdings Limited	e	Dormant holding company	Ordinary	-	100.00
Solid State Logic UK Limited	e	Audio	Ordinary	-	100.00
Solid State Logic SARL	g	Audio	Ordinary	-	100.00
Solid State Logic Limited	e	Dormant	Ordinary	-	100.00
Klang: Technologies GmbH	h	Audio	Ordinary	-	100.00
Adele US BidCo LLC	i	Dormant	Ordinary	100.00	-
Audio Limited	j	Audio	Ordinary	-	100.00
Audiotonix US Holdco Inc	k	Holding company	Ordinary	-	100.00
Audiotonix US 2 Corp	k	Holding company	Ordinary	-	100.00
Sound Devices LLC	l	Audio	Ordinary	-	100.00
East Main Street Holdings LLC	l	Property Company	Ordinary	-	100.00
Sound Devices Europe GmbH	f	Audio	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

- a Unit 10 Silverglade Business Park, Leatherhead Road, Chessington, Surrey, KT9 2QL
- b Nutclough Mill, Valley Road, Hebden Bridge, West Yorkshire, HX7 8EZ
- c Kemick Industrial Estate, Penryn, Cornwall, TR10 9LU
- d 70 Sea Lane, Farmingdale, NY 22735, USA
- e 25 Spring Hill Road, Begbroke, Oxford OX5 1RU
- f KoBa Treuhand GmbH, Beethovenplatz 2, 80336, Munich, Germany.
- g 7 Bis rue la Victoire, 93150 - Le Blanc Mesnil, France
- h Wespienstraße 8-10, 52062, Aachen, Germany
- i Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA
- j 7 Century Court, Tolpits Lane, Watford, Herts WD18 9RS
- k Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, USA
- l PO Box 576, E7556 State Road 23 and 33, Reedsburg, WI, 53959, USA

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Debtors

	2022	2021
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertakings	639,440	595,924
Other debtors	9,226	11,156
Prepayments and accrued income	162	150
	<u>648,828</u>	<u>607,230</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 18)	131	98
	<u>131</u>	<u>98</u>
Total debtors	<u>648,959</u>	<u>607,328</u>

15 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	77	66
Amounts owed to group undertakings	311,048	296,225
Accruals and deferred income	1,913	3,614
	<u>313,038</u>	<u>299,905</u>

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

16 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£000	£000
Bank loans and overdrafts	17	<u>376,126</u>	<u>356,376</u>

17 Loans and overdrafts

	2022	2021
	£000	£000
Bank loans	<u>376,126</u>	<u>356,376</u>
Payable after one year	<u>376,126</u>	<u>356,376</u>

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Loans and overdrafts

(Continued)

Interest payable on the term bank loans is variable being based on the US Dollar London interbank offered rate plus margin.

18 Deferred taxation

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

	Liabilities 2022 £000	Liabilities 2021 £000	Assets 2022 £000
Balances:			
Accelerated capital allowances	129	-	131
	<u>129</u>	<u>-</u>	<u>131</u>
Movements in the year:			2022 £000
Asset at 1 April 2021			(98)
Charge to profit or loss			96
Asset at 31 March 2022			<u>(2)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2022 £000	2021 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	51	30

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	241,728,369	241,728,367	241,728	241,728

On 18 March 2020, 241,728,367 Ordinary shares of £1 per share were issued.

On 1 November 2021, 2 ordinary shares of £1 were issued.

ADELE UK BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

21 Profit and loss reserves

Other movements in the prior year related to an exceptional bonus paid by Audiotonix Group Limited to the company's employees, and as a true and fair view judgement, the arrangement was treated as an expense in the company and accounted as a capital contribution. The bonus expense was spread over the service period.

22 Related party transactions

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

23 Ultimate controlling party

The company is a subsidiary of Audiotonix Holdings Limited, which is majority owned by Ardian Buyout Fund VII B S.L.P. incorporated in 20 Place Vendome, 75001 Paris, France.

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

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

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