

**ADELE UK BIDCO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2021**



# ADELE UK BIDCO LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A J Booker J Gillespie	(Appointed 19 October 2021) (Appointed 27 November 2020)
<b>Company number</b>	12355715	
<b>Registered office</b>	Unit 10 Silverglade Business Park Leatherhead Road Chessington Surrey KT9 2QL	
<b>Auditor</b>	KPMG LLP Regus, 4th Floor Salt Quay House 6 North East Quay Plymouth PL4 0HP	
<b>Business address</b>	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 PERIOD ENDED 31 MARCH 2021**

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The directors present the strategic report for the period ended 31 March 2021.

#### **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 period was the provision of management services. The company was incorporated on 9 December 2019.

#### **Review of Business**

The loss before tax for the period was £7,604,000.

The company was exposed to unfavourable FX movements in the period. The company also incurred several one-off expenses in order to simplify the group structure as part of the acquisition of Audiotonix Group Limited. The loss was partially offset by recharges to fellow subsidiaries of Audiotonix Holdings Limited for the provision of management services.

Agreements to provide management services to the Audiotonix Group were effective from 1st October 2020. As part of this agreement the company underwent a transfer of trade with the legacy provider of management services (A6 Audio BidCo Ltd), by which trading loan balances and assets were transferred at net book value.

#### **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 £356.4m.

#### **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.

The impact of Covid-19 is considered in the Directors report.

# **ADELE UK BIDCO LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2021**

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### **Interest rate risk**

#### **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.

Intercompany loans bear interest at SONIA plus 5.75%.

The company uses bank loans to fund acquisitions. The bank loans bear cash interest at LIBOR plus 4.5% to 8.5% per annum. Management regularly monitors base rate risk to ensure it remains in line with expectations.

### **Brexit**

The Board has considered the extent of challenges to our business model and operations arising from the withdrawal of the United Kingdom from the European Union ("Brexit"). The Board continues to envisage that Brexit will not have a significant impact on the Group, based on the proportion of operations and cash flow generating elements of the business residing outside the EU and the low level disruption experienced to date.

The Board will continue to monitor any risks emerging from the cessation of transitional arrangements as part of its business-as-usual activities.

### **Future Developments**

The company will continue operate as an intermediate holding company.

On behalf of the board



A J Booker  
Director

03 December 2021

# **ADELE UK BIDCO LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 MARCH 2021**

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The directors present their annual report and financial statements for the period ended 31 March 2021.

#### **Results and dividends**

The results for the period are set out on page 10.

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

#### **Directors**

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

J Barton	(Appointed 27 November 2020 and resigned 2 November 2021)
J Gillespie	(Appointed 27 November 2020)
E Little	(Appointed 28 February 2020 and resigned 27 November 2020)
O Personnaz	(Appointed 28 February 2020 and resigned 27 November 2020)
A J Booker	(Appointed 19 October 2021)

#### **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. However, the impact of the Covid-19 pandemic and subsequent recovery phase exposes the business to a wide ranging number of risks and opportunities which are separately considered in the going concern assessment.

#### **Auditor**

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Energy and carbon report**

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

# **ADELE UK BIDCO LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2021**

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### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose, with reasonable accuracy, at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **Strategic Report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out 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

### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any information and to establish that the company's auditor is aware of that information.

**ADELE UK BIDCO LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2021**

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On behalf of the board



A J Booker  
Director

03 December 2021

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



# **INDEPENDENT AUDITOR'S REPORT**

## **TO THE MEMBERS OF ADELE UK BIDCO LIMITED**

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### **Opinion**

We have audited the financial statements of Adele UK Bidco Limited ("the company") for the period ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Conclusions relating to going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ADELE UK BIDCO LIMITED**

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#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue relates to intercompany revenue for the provision of management services. This revenue is based on a management services agreement, and there is no judgment or complexity involved in the revenue recognition process. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations with cash accounts, and material post close adjustments.

##### *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.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

##### *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.

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## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ADELE UK BIDCO LIMITED**

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#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ADELE UK BIDCO LIMITED**

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#### **Use of our report**

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.

*Ian Brokenshire*

**Ian Brokenshire (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP**

03 December 2021

**Chartered Accountants**  
**Statutory Auditor**

Regus, 4th Floor  
Salt Quay House  
6 North East Quay  
Plymouth  
Devon  
United Kingdom  
PL4 0HP

# ADELE UK BIDCO LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Period ended 31 March 2021 £000
Turnover	3	885
Administrative expenses		(12,898)
<b>Operating loss</b>	4	(12,013)
Interest receivable and similar income	7	36,241
Interest payable and similar expenses	8	(31,832)
<b>Loss before taxation</b>		(7,604)
Tax on loss	9	-
<b>Loss for the financial period</b>		(7,604)

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

The accompanying notes form part of the financial statements.

# ADELE UK BIDCO LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £000	£000
<b>Fixed assets</b>			
Intangible assets	10		1,284
Tangible assets	11		12
Investments	12		287,479
			<u>288,775</u>
<b>Current assets</b>			
Debtors	14	607,328	
Cash at bank and in hand		2,730	
		<u>610,058</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(299,905)</u>	
<b>Net current assets</b>			<u>310,153</u>
<b>Total assets less current liabilities</b>			<u>598,928</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(356,376)</u>
<b>Net assets</b>			<u>242,552</u>
<b>Capital and reserves</b>			
Called up share capital	20		241,728
Share premium account			524
Other reserves			7,659
Profit and loss reserves	21		<u>(7,359)</u>
<b>Total equity</b>			<u>242,552</u>

The financial statements were approved by the board of directors and authorised for issue on 03 December 2021 and are signed on its behalf by:



A J 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 PERIOD ENDED 31 MARCH 2021**

		Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000	£000
<b>Period ended 31 March 2021:</b>						
Profit 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
Other movements	21	-	-	-	245	245
<b>Balance at 31 March 2021</b>		<b>241,728</b>	<b>524</b>	<b>7,659</b>	<b>(7,359)</b>	<b>242,552</b>

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 PERIOD ENDED 31 MARCH 2021

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### 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 Accounting convention

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

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

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

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

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

The financial statements of the company are consolidated in the financial statements of Audiotonix Group Limited. These consolidated financial statements are available from its registered office, Unit 10 Silverglade Business Park, Leatherhead Road, Chessington, Surrey, England, KT9 2QL.



# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2021

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#### 1 Accounting policies

(continued)

##### 1.2 Going concern

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

Adele UK BidCo Limited is a wholly owned subsidiary of Audiotonix Holdings Limited, which has available banking facilities to meet financial requirements for at least twelve months from the date of signing these financial statements. 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. These factors, combined with the results achieved to date against budget, give the directors confidence that the group has sufficient funding to continue to meet liabilities that fall due for a period of at least twelve months from the approval of these financial statements, and as such they have been prepared on a going concern basis.

The directors have prepared cash flow forecasts for a period to 31 March 2023 which indicate that, taking account of severe but plausible possible downside scenarios, the company will have sufficient funds to meet its liabilities as they fall due for that period. Under all downside scenarios prepared the wider Audiotonix group remains cash generative.

New financing was put in place on 18 March 2020 when Audiotonix Group Limited was acquired by Adele UK Bidco 2 Limited, a fellow subsidiary of Audiotonix Holdings Limited. The financing is in form of 1st and 2nd lien debt. It includes a £50m RCF facility which remains available.

The company and group cash flow forecasts give the directors confidence that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

##### 1.3 Reporting period

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

##### 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

##### 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 PERIOD ENDED 31 MARCH 2021

### 1 Accounting policies

(continued)

Depreciation 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:

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 Cash and cash equivalents

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

#### 1.9 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.

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

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### 1. Accounting policies

(continued)

#### **Impairment of financial assets**

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

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

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

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

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

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

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

#### **Other financial liabilities**

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

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

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

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### 1 Accounting policies

(continued)

#### *Derecognition of financial liabilities*

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

#### 1.10 Taxation

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

##### *Current tax*

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

##### *Deferred tax*

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

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

#### 1.11 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 has been treated as an expense in the company and accounted as a capital contribution. The bonus has been spread over the service period.

#### 1.12 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.

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 1 Accounting policies

(continued)

#### 1.13 Interest receivable and Interest payable

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

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

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover

	2021 £000
<b>Turnover analysed by geographical market</b>	
United Kingdom and Europe	831
North America	54
	<hr/>
	885

### 4 Operating loss

	2021 £000
Operating loss for the period is stated after charging:	
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	10,683
Research and development costs	82
Fees payable to the company's auditor for the audit of the company's financial statements	5
Depreciation of owned tangible fixed assets	5
	<hr/>

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 5 Employees

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

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

Their aggregate remuneration comprised:

	2021 £000
Wages and salaries	743
Social security costs	99
Pension costs	30
	<u>872</u>

Audiotonix Group Limited paid an exceptional bonus to the company's employees in the period. The bonus has been spread over the service period and the amount recognised in the period is £245,000.

### 6 Directors' remuneration

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

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2.

### 7 Interest receivable and similar income

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

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 8 Interest payable and similar expenses

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

### 9 Taxation

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

	2021 £000
Profit before taxation	(7,604)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	(1,445)
Tax effect of expenses that are not deductible in determining taxable profit	84
Group relief	1,361
Taxation charge for the period	<u>-</u>
Taxation charge in the financial statements	<u>-</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset/(liability) as at 31 March 2021 was calculated at 19% (2020: 17%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future tax charges.

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 10 Intangible fixed assets

	Software £000
<b>Cost</b>	
At 9 December 2019	-
Transfers	1,118
Additions	166
	<hr/>
At 31 March 2021	1,284
	<hr/>
<b>Amortisation and impairment</b>	
At 9 December 2019 and 31 March 2021	-
	<hr/>
<b>Carrying amount</b>	
At 31 March 2021	1,284
	<hr/>

Intangible assets remained under construction at the end of the reporting period.

### 11 Tangible fixed assets

	Fixtures and fittings £000
<b>Cost</b>	
At 9 December 2019	-
Additions	17
	<hr/>
At 31 March 2021	17
	<hr/>
<b>Depreciation and impairment</b>	
At 9 December 2019	-
Depreciation charged in the period	5
	<hr/>
At 31 March 2021	5
	<hr/>
<b>Carrying amount</b>	
At 31 March 2021	12
	<hr/>

### 12 Fixed asset investments

	Notes	2021 £000
Investments in subsidiaries	13	287,479
		<hr/>



# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 12 Fixed asset investments

(continued)

#### Movements in fixed asset investments

	Shares in subsidiaries £000
<b>Cost or valuation</b>	
At 9 December 2019	
Additions	287,479
At 31 March 2021	287,479
<b>Carrying amount</b>	
At 31 March 2021	287,479

### 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
Adele UK BidCo 2 Limited	a	Ordinary	100.00	-
Audiotonix Group Limited	a	Ordinary	-	100.00
Audio UK 2 Limited	a	Ordinary	-	100.00
Audio UK 3 Limited	a	Ordinary	-	100.00
A6 Audio BidCo Limited	a	Ordinary	-	100.00
Calrec Audio Limited	b	Ordinary	-	100.00
Allen & Heath Limited	c	Ordinary	-	100.00
DiGiCo UK Limited	a	Ordinary	-	100.00
DiGiCo Limited	a	Ordinary	-	100.00
Group One Limited	d	Ordinary	-	100.00
Blue Sky International	d	Ordinary	-	50.00
Solid State Logic Holdings Limited	e	Ordinary	-	100.00
Solid State Logic UK Limited	e	Ordinary	-	100.00
Solid State Logic Inc	f	Ordinary	-	100.00
Solid State Logic SARL	g	Ordinary	-	100.00
Solid State Logic Limited	e	Ordinary	-	100.00
Klang: Technologies GmbH	h	Ordinary	-	100.00
Adele US BidCo LLC	i	Ordinary	100.00	-

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 13 Subsidiaries

(continued)

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 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 545 8th Avenue, Suite 2110, New York, NY 10018, USA
- 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

### 14 Debtors

	2021 £000
<b>Amounts falling due within one year:</b>	
Amounts owed by group undertakings	595,924
Other debtors	11,156
Prepayments and accrued income	150
	<u>607,230</u>
<b>Amounts falling due after more than one year:</b>	2021 £000
Deferred tax asset (note 18)	98
<b>Total debtors</b>	<u>607,328</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.

### 15 Creditors: amounts falling due within one year

	2021 £000
Trade creditors	66
Amounts owed to group undertakings	296,225
Accruals and deferred income	3,614
	<u>299,905</u>

Amounts owed to 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	2021 £000
Bank loans and overdrafts	17	<u>356,376</u>

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 17 Loans and overdrafts

2021  
£000

Bank loans 356,376

Payable after one year 356,376

Interest payable on the term bank loans is variable being based on the Sterling Overnight Index Average (SONIA) plus margin.

### 18 Deferred taxation

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

Assets  
2021  
£000

#### Balances:

Transfer of trade 98

#### Movements in the period:

2021  
£000

Asset at 9 December 2019

Movement arising from transfer of trade (98)

Asset at 31 March 2021

(98)

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.

### 19 Retirement benefit schemes

2021  
£000

#### Defined contribution schemes

Charge to profit or loss in respect of defined contribution schemes 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.

# ADELE UK BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

### 20 Share capital

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

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

### 21 Profit and loss reserves

Other movements relates to an exceptional bonus paid by Audiotonix Group Limited to the company's employees, and as a true and fair view judgement, the arrangement has been treated as an expense in the company and accounted as a capital contribution. The bonus has been 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.