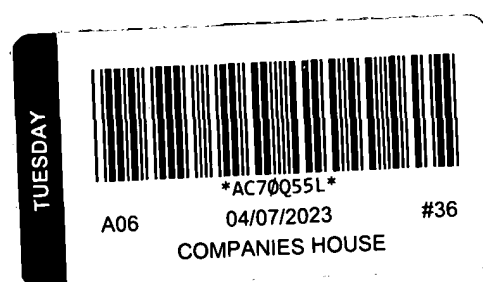


# REGISTRARS COPY

REGISTERED NUMBER: 01116428 (England and Wales)

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022  
FOR  
NAIM AUDIO LIMITED**



**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

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for the year ended 31 December 2022**

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**NAIM AUDIO LIMITED**  
**COMPANY INFORMATION**  
**for the year ended 31 December 2022**

**DIRECTORS:** C Magnaud  
M Michaud  
Vervent Audio Group

**REGISTERED OFFICE:** Southampton Road  
Salisbury  
Wiltshire  
SP1 2LN

**REGISTERED NUMBER:** 01116428 (England and Wales)

**AUDITORS:** Dafferns LLP  
Chartered Accountants  
Statutory Auditor  
One Eastwood  
Harry Weston Road  
Binley Business Park  
Coventry  
CV3 2UB

**GROUP STRATEGIC REPORT**  
for the year ended 31 December 2022

**PRINCIPAL ACTIVITY**

The principal activity of the company continued to be that of the design, manufacture and sale of world leading high definition audio equipment. Naim Audio has a wholly owned subsidiary, Focal.JMLab UK Limited, whose principle activity during the year continued to be that of the distribution of Focal speakers into the UK.

**BUSINESS REVIEW**

The directors are able to report that turnover has grown 7.6% to £41.8m (2021 restated: £38.8m) and that the Group has generated post-tax profits of £5.0m (2021: £3.7m). The domestic home market of the UK saw turnover of just over £13.5m (2021 restated: £12.1m) with Export sales equating to just over £28.3m (2021 restated: £26.7m).

The business has continued with significant investments across existing product platforms, alongside investment in research and development in new products and platforms. Naim continues to enjoy significant recognition, with several key award additions in the industry for its products.

2022 marked the 10 year anniversary of the merger between Focal and Naim, under parent company Vervent Audio Group. To celebrate this milestone, the Group released limited edition bundles of a selection of its most popular products in the Naim Classic series, combined with the superb Focal Sopra 2 loudspeakers. Elsewhere, the Uniti range was expanded with a special 'tin' finish of the Uniti Star to complement the limited-edition Focal Aria K2 loudspeakers. In the Focal line-up, alongside new products in the Custom Installation range, the entry level Vestia collection was introduced, and earning significant plaudits in the industry; the Focal Bathys noise cancelling wireless headphones.

**Service and repair**

Naim continues to support products from our Salisbury home, that our faithful customers utilise to care after their equipment with the same heritage and attention to detail and care that was used when the product was built, sometimes by the very same loyal Naim staff hands who had built it initially. Our service and repair business is the back-room team in the front-line of trying to keep the customer satisfied.

**Outlook**

Naim continues to expand into new and existing territories in partnership with Focal. The export market continues to reap significant opportunities for Naim, working with select partners, in reaching an audience who expect the very best. Next year, growth is forecast to continue, with new markets and territories joining the Naim family, and the continued expansion of the Focal Powered by Naim retail network, which has grown domestically as well as internationally.

**Key performance indicators**

	2022 (£000)	2021 (£000)
Turnover	41,766	38,811**
Gross profit	16,208	14,145**
Margin (%)	39%	36%**
EBITDA*	7,509	7,324
Profit before tax	5,745	4,909

\* EBITDA is calculated as earnings before interest, tax, depreciation, amortisation, as well as excluding exchange rate differences. The results for 2022 include foreign currency gains of £515,273 (2021: loss of £30,912).

\*\* Details regarding the prior year reclassification of certain costs can be found in the notes to the financial statements (note 13).

**Other key performance objectives**

Our key objectives for the current and this coming year are brand awareness, releasing new products, and meeting demand to satisfy our customer expectations.

**GROUP STRATEGIC REPORT**  
**for the year ended 31 December 2022**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Foreign currency risk**

The risks going forward hinge on the political stability in various parts of the world which could impact on confidence and possibly slow growth. Naim's management team continue to carefully monitor and assess currency risk particularly that of sterling to the US dollar and Euro. However, the Group enjoys a natural hedge given the wide field of operation that limits the overall risk to the business, transacting both sales and purchases in these different currencies.

**Interest rate risk**

The Group has no external debt, and is therefore sheltered from movements in the underlying bank base rates.

**Credit risk**

In order to continue to protect itself from credit risk, the Group has renewed its credit insurance policy effective January 2023, continuing to require appropriate credit checks on potential customers before new accounts are accepted. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

**Liquidity risk**

Naim is cash generative and has cash flow support from its parent entity, Vervent Audio Group, if required. At the end of the year, the Group had cash in hand of £2.9m (2021: £4.4m). The Group has a policy of maintaining debt at an appropriate level to ensure that it is able to adequately manage debt servicing cash flows. Forecast cashflows for the year are regularly reviewed by management.

**Covid-19**

The Group acknowledges and welcomes the reduction in prevalence of Covid-19, however continues to monitor the situation in regards to the Covid pandemic. The physical and mental health and welfare of its workforce are its top priorities. All government guidelines and advice are adhered to, with management taking all appropriate steps to mitigate any impact on the business, its employees, stakeholders and community.

Naim has not been alone in the industry of the implications of Covid-19 on the global supply chain network, forcing significant and sustained effort to procure raw materials for manufacture. During 2022, the business has exerted extreme effort in order to bring back down the lead times that suffered in the 2020-2021 period. Management is pleased to report these efforts have succeeded and lead times have returned to acceptable levels for the vast majority of products. Management further would like to extend their sincere thanks for the efforts of all Group employees in this achievement, and generally for all on-going efforts in 2022 to meet our customers expectations and to realise the growth potential of the business.

**SECTION 172 STATEMENT**

In accordance with Section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- 1) The likely consequences of any decision in the long term;
- 2) The interests of the company's employees;
- 3) The need to foster the company's business relationships with suppliers, customers and others;
- 4) The impact of the company's operations on the community and the environment;
- 5) The desirability of the company maintaining a reputation for high standards of business conduct, and
- 6) The need to act fairly as between members of the company.

With the Group growing at a fast pace, it is recognised that there is a need to formalise training for directors on section 172, which is planned for early 2023. This however does not impact adherence to the section itself, moreover a framework to ensure earlier and more thorough impact assessment across stakeholder groups.

The Group engages with stakeholders in different ways, including:

**GROUP STRATEGIC REPORT**  
**for the year ended 31 December 2022**

**Employees**

- The Group employs near to 150 staff in the Salisbury region and beyond, including some who are remote workers. Decisions are taken at Group level to ensure employee attraction, retention and development is optimised.
- Monthly business reviews are communicated across the Group, and a Staff Consultation Committee (SCC) of both management and elected staff representatives meets regularly to raise concerns and suggest opportunities to benefit the employee body as a whole.
- The Group takes part in an apprenticeship scheme, and delivers both in house and external training as defined in the regular performance reviews undertaken. Development of employees is a critical factor for both employee wellbeing and company objectives and where possible the group looks to promote from within.

**Shareholders**

- The principal parent of Naim Audio Limited is Vervent Audio Holdings (VAH), who are 100% shareholders. The management of Naim and VAH maintain open channels of communication, with in-person visits at least on a monthly basis, reviewing both regular and ad-hoc topics requiring either alignment or decision.
- Performance results are shared on a monthly basis, with regular demand/supply reviews undertaken across appropriate departments forming the basis of updated forecasts.

**Customers**

- The companies customers are geographically diverse, spread throughout the world. Regular communication occurs at several levels within the company, and in person visits are planned regularly. Where possible, we welcome customers to the Salisbury base to maintain contact with Operations, as well as for demonstration, feedback, and training purposes.
- The nature of the industry in which we operate provides for exhibition platforms to further engage both with existing and potentially new customers. Key Group management regularly attend these events where is practical to do so.
- The company is proud of the online forum (<https://community.naimaudio.com/>) it manages for end-users to discuss audio products; many employees monitor feedback and discussion points, and also engage directly with users.
- An in-house technical support team provides multichannel support to both direct customers as well as end-users, providing technical assistance and also monitoring customer feedback which is regularly shared with management.

**Suppliers**

- The Group works with many suppliers across a diverse geographic base, many of whom have been working with us for a considerable period of time, and whom we rely upon to partner with us in the development and supply of new and innovative components.
- Regular communication is in place across our supplier base to align on purchasing, product, and process. The Group also conducts regular supplier on site visits and assessments, along with quality audits, with wider Group employees located in proximity to some of our key suppliers.

**Community & Environment**

- Naim strives to be a recognised member of the local community and to fulfil its responsibilities to the community in which we operate.
- The Group actively encourages employees to engage with charitable activities in the local community, benefitting a range of causes nominated by the SCC.
- Group events and occasions always use local providers, strengthening our links to the local community and maintaining our reputation within it.
- The Group put in place in 2022 a Corporate and Social Responsibility policy to govern and guide the internal communications covering both the workplace and also community and environment aspects.

**GROUP STRATEGIC REPORT**  
**for the year ended 31 December 2022**

**STREAMLINED ENERGY AND CARBON REPORTING**

CO2 emissions are a point of focus for all businesses. Regulatory reviews including the Energy Savings Opportunity Scheme (ESOS) and other specific reports have assisted the Group in identifying improvements to reduce CO2 emissions.

Improvements initiated by the Group to reduce its carbon footprint include complete revision of the on site boiler system to a more modern and fuel efficient system, a strong focus on transport methodology and fill rates, and sensors around the building to automatically shut off lighting when not required.

The business continues to minimise emissions and its carbon footprint where opportunities lie, and it is practical to do so. A group-wide initiative covering Social Corporate Responsibility has been launched in 2022 - with a survey carried out between August and September and different interviews with various stakeholders between November and December.

A working group has been setup and has defined our priorities. Axis n°2 will have a direct impact on our carbon footprint:

- Design reliable and high quality products we can maintain and repair over the longest possible period of time;
- Limit the carbon footprint over the life-cycle of the product (local suppliers when possible; eco-friendly components, energy and CO2 emissions);
- Reduce, reuse and recycle more of our waste.

During the year the calculated CO2 emissions for the business were 156,592 kg from Electricity, Gas and own transport. This gives a ratio of Kg of CO2 per £ of turnover of 0.0037 for the year.

The methodology for calculating the CO2 emissions was:

- Annual Electricity consumption 400,089 kwh x UK Govt 2022 conversion factor 0.19388 gives 77,369 kg CO2;
- Annual Gas consumption 288,209 kwh x UK Govt 2022 conversion factor 0.18254 gives 52,610 kg CO2;
- Annual purchases of fuel for transport 15,663 litres converts at x 10 to 156,630 kwh and converts at individual fuel rates to 26,613 kg CO2

The methodology for calculating the CO2 emissions has been determined using the latest government conversion factors relative to the total electricity and gas consumption used in our operations as well as the business mileage undertaken by staff in carrying out their roles.

**FUTURE DEVELOPMENTS AND R&D**

The Group has embarked upon a program of significant investment in its product range and expects to launch these new products throughout 2023 and going forward. The Group maintains a policy of continuing development of its existing products together with research into other areas of audio reproduction from which new products are being developed that are complementary to the Group's existing range.

**ON BEHALF OF THE BOARD:**



.....  
C Magnaud - Director

Date: 18.04.2023  
.....

**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**REPORT OF THE DIRECTORS  
for the year ended 31 December 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2022.

**DIRECTORS**

Vervent Audio Group has held office during the whole of the period from 1 January 2022 to the date of this report.

Other changes in directors holding office are as follows:

C Magnaud - appointed 28 July 2022

M Michaud - appointed 28 July 2022

A Brooke - resigned 28 July 2022

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

Qualifying third party indemnity provisions for the benefit of the directors remain in force at the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

The Group has chosen in accordance with section 414C(11) to set out in the strategic report information required by this Schedule to be contained in the director's report in respect of financial risk management, objectives and policies, information on exposure to credit risk, liquidity risk and cash flow risk, as well as future developments and R&D activities.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**REPORT OF THE DIRECTORS  
for the year ended 31 December 2022**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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 group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



.....  
C Magnaud - Director

Date: 18.04.2023 .....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NAIM AUDIO LIMITED**

### **Opinion**

We have audited the financial statements of Naim Audio Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NAIM AUDIO LIMITED**

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
NAIM AUDIO LIMITED**

**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 a Report of the Auditors 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.



Andy Bewick FCCA (Senior Statutory Auditor)  
for and on behalf of Dafferns LLP  
Chartered Accountants  
Statutory Auditor  
One Eastwood  
Harry Weston Road  
Binley Business Park  
Coventry  
CV3 2UB

18 April 2023

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

**CONSOLIDATED  
INCOME STATEMENT**  
for the year ended 31 December 2022

	Notes	2022 £	2021 £
<b>TURNOVER</b>	5	41,765,592	38,811,346
Cost of sales		(25,557,415)	(24,666,683)
<b>GROSS PROFIT</b>		16,208,177	14,144,663
Distribution costs		(764,863)	(533,630)
Administrative expenses		(9,828,387)	(9,003,888)
		5,614,927	4,607,145
Other operating income	6	129,744	304,018
<b>OPERATING PROFIT</b>	8	5,744,671	4,911,163
Interest receivable and similar income		-	1,174
		5,744,671	4,912,337
Interest payable and similar expenses	9	-	(3,530)
<b>PROFIT BEFORE TAXATION</b>		5,744,671	4,908,807
Tax on profit	10	(766,698)	(1,169,857)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		4,977,973	3,738,950
Profit attributable to: Owners of the parent		4,977,973	3,738,950

The notes form part of these financial statements

**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**CONSOLIDATED  
OTHER COMPREHENSIVE INCOME  
for the year ended 31 December 2022**

Notes	2022 £	2021 £
<b>PROFIT FOR THE YEAR</b>	4,977,973	3,738,950
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>4,977,973</u>	<u>3,738,950</u>
Total comprehensive income attributable to: Owners of the parent	<u>4,977,973</u>	<u>3,738,950</u>

The notes form part of these financial statements

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

CONSOLIDATED BALANCE SHEET  
31 December 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Intangible assets	14	8,246,844	7,772,071
Tangible assets	15	2,360,716	2,277,978
Investments	16	-	-
		<u>10,607,560</u>	<u>10,050,049</u>
<b>CURRENT ASSETS</b>			
Stocks	17	13,088,948	11,232,642
Debtors	18	9,158,821	7,960,485
Cash at bank		2,882,085	4,418,822
		<u>25,129,854</u>	<u>23,611,949</u>
<b>CREDITORS</b>			
Amounts falling due within one year	19	(8,468,480)	(11,211,853)
<b>NET CURRENT ASSETS</b>		<u>16,661,374</u>	<u>12,400,096</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>27,268,934</u>	<u>22,450,145</u>
<b>PROVISIONS FOR LIABILITIES</b>	21	(2,330,259)	(2,489,443)
<b>NET ASSETS</b>		<u>24,938,675</u>	<u>19,960,702</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	4,375	4,375
Capital redemption reserve	23	625	625
Merger reserve	23	259,999	259,999
Retained earnings	23	24,673,676	19,695,703
<b>SHAREHOLDERS' FUNDS</b>		<u>24,938,675</u>	<u>19,960,702</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18.04.2023 and were signed on its behalf by:



C Magnaud - Director

The notes form part of these financial statements

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

COMPANY BALANCE SHEET  
31 December 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Intangible assets	14	8,246,844	7,772,071
Tangible assets	15	2,360,716	2,277,978
Investments	16	1	1
		<u>10,607,561</u>	<u>10,050,050</u>
<b>CURRENT ASSETS</b>			
Stocks	17	12,286,532	10,547,040
Debtors	18	9,572,613	8,987,427
Cash at bank		2,571,169	4,080,873
		<u>24,430,314</u>	<u>23,615,340</u>
<b>CREDITORS</b>			
Amounts falling due within one year	19	(7,729,042)	(11,143,354)
<b>NET CURRENT ASSETS</b>		<u>16,701,272</u>	<u>12,471,986</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>27,308,833</u>	<u>22,522,036</u>
<b>PROVISIONS FOR LIABILITIES</b>	21	(2,330,259)	(2,489,443)
<b>NET ASSETS</b>		<u>24,978,574</u>	<u>20,032,593</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	4,375	4,375
Capital redemption reserve	23	625	625
Retained earnings	23	24,973,574	20,027,593
<b>SHAREHOLDERS' FUNDS</b>		<u>24,978,574</u>	<u>20,032,593</u>
Company's profit for the financial year		<u>4,945,981</u>	<u>3,645,368</u>

The financial statements were approved by the Board of Directors and authorised for issue on .....18.04.2023..... and were signed on its behalf by:

  
.....  
C Magnaud - Director

The notes form part of these financial statements



NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Merger reserve £	Total equity £
<b>Balance at 1 January 2021</b>	4,375	18,172,753	625	259,999	18,437,752
<b>Changes in equity</b>					
Dividends	-	(2,216,000)	-	-	(2,216,000)
Total comprehensive income	-	3,738,950	-	-	3,738,950
<b>Balance at 31 December 2021</b>	<u>4,375</u>	<u>19,695,703</u>	<u>625</u>	<u>259,999</u>	<u>19,960,702</u>
<b>Changes in equity</b>					
Total comprehensive income	-	4,977,973	-	-	4,977,973
<b>Balance at 31 December 2022</b>	<u>4,375</u>	<u>24,673,676</u>	<u>625</u>	<u>259,999</u>	<u>24,938,675</u>

The notes form part of these financial statements

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

COMPANY STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 January 2021</b>	4,375	18,598,225	625	18,603,225
<b>Changes in equity</b>				
Dividends	-	(2,216,000)	-	(2,216,000)
Total comprehensive income	-	3,645,368	-	3,645,368
<b>Balance at 31 December 2021</b>	<u>4,375</u>	<u>20,027,593</u>	<u>625</u>	<u>20,032,593</u>
<b>Changes in equity</b>				
Total comprehensive income	-	4,945,981	-	4,945,981
<b>Balance at 31 December 2022</b>	<u>4,375</u>	<u>24,973,574</u>	<u>625</u>	<u>24,978,574</u>

The notes form part of these financial statements

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 December 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,414,441	5,084,281
Interest paid		-	(3,530)
Tax paid (net of R&D tax credits)		(3,659)	(811,184)
Net cash from operating activities		<u>2,410,782</u>	<u>4,269,567</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(2,252,858)	(1,943,378)
Purchase of tangible fixed assets		(588,328)	(1,062,984)
Sale of tangible fixed assets		1,667	-
Interest received		-	1,174
Net cash from investing activities		<u>(2,839,519)</u>	<u>(3,005,188)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(1,108,000)	(1,108,000)
Repayment of loan with parent company		-	(382,875)
Net cash from financing activities		<u>(1,108,000)</u>	<u>(1,490,875)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(1,536,737)</u>	<u>(226,496)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>4,418,822</u>	<u>4,645,318</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,882,085</u></u>	<u><u>4,418,822</u></u>

The notes form part of these financial statements

**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2022**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021
	£	£
Profit before taxation	5,744,671	4,908,807
Depreciation charges	502,429	408,861
Loss on disposal of fixed assets	1,494	-
Amortisation charges	1,778,085	1,972,862
Movement in provisions	(15,308)	(33,309)
Other income (R&D tax credit)	(128,938)	(296,973)
Government grants	-	(7,057)
Finance costs	-	3,530
Finance income	-	(1,174)
	<u>7,882,433</u>	<u>6,955,547</u>
Increase in stocks	(1,856,306)	(5,193,670)
(Increase)/decrease in trade and other debtors	(1,329,653)	8,836
(Decrease)/increase in trade and other creditors	<u>(2,282,033)</u>	<u>3,313,568</u>
<b>Cash generated from operations</b>	<u><u>2,414,441</u></u>	<u><u>5,084,281</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2022**

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>2,882,085</u>	<u>4,418,822</u>

**Year ended 31 December 2021**

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>4,418,822</u>	<u>4,645,318</u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
<b>Net cash</b>			
Cash at bank	<u>4,418,822</u>	<u>(1,536,737)</u>	<u>2,882,085</u>
	<u>4,418,822</u>	<u>(1,536,737)</u>	<u>2,882,085</u>
<b>Total</b>	<u><u>4,418,822</u></u>	<u><u>(1,536,737)</u></u>	<u><u>2,882,085</u></u>

The notes form part of these financial statements

**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2022**

**1. STATUTORY INFORMATION**

Naim Audio Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements and functional currency of the Group is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

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

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

**Going concern**

The directors have considered the working capital requirements of the group and believe that with the resources available to the business, coupled with the assessment of detailed budgets and forecasts, the Group is expected to remain in a strong financial position moving forwards. As a result of this assessment, the going concern assumption continues to be adopted in the preparation of these financial statements.

**Basis of consolidation**

The consolidated financial statements present the results of the company and its subsidiary ("the Group") as if they form a single entity. The financial statements of subsidiaries are included in the consolidated financial statements from the point control commences to the point that control ceases.

Intercompany balances, income, expenses and any unrealised gains or losses arising from such intercompany transactions have been eliminated in preparation of the consolidated financial statements.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and rebates, excluding value added tax and other sales taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, typically on dispatch of the goods.

Royalty income is recognised in the period in which it is earned.

**Intangible assets**

Intangible assets are recognised at cost and subsequently measured under the historical cost model being cost less accumulated depreciation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available to use. The estimated useful lives are as follows:

Capitalised development costs                      - 3 - 10 years

The estimated useful lives are based on similar products that have been sold in the past, whilst also taking into account the fast pace at which technology advances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Tangible fixed assets are recognised at cost and subsequently measured under the historical cost model being cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any direct expenditure incurred to bring the asset to its current location and condition necessary for the asset to work as intended by management.

Repairs and maintenance costs are charged to the Income Statement in the period in which they are incurred.

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal installments over their estimated useful lives as follows:

Freehold property	- 4 - 5 years
Land	- Not depreciated
Plant and machinery	- 3 - 8 years
Fixtures and fittings	- 4 - 5 years
Motor vehicles	- 4 - 5 years
Computer equipment	- 3 - 10 years

Any gains and losses on the disposal of tangible fixed assets are recognised in the Income Statement in the year that the disposal takes place.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. The cost of raw materials, sub assembly stock and finished goods purchased for resale, includes all costs in bringing the product to its current location and condition. The cost of manufactured finished goods includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Stocks are maintained on a first in, first out basis.

As stocks are sold, the carrying amount of those stocks is recognised as an expense in the year in which the related revenue is recognised.

At each reporting date, stocks are assessed for impairment and due allowances are made for obsolete and slow-moving items to reduce the carrying amount of these goods to their estimated selling price less costs to complete and sell. The amount of any write-down is recognised as an expense in the year that the write-down occurs. The reversal of any previous write-down is recognised as a reduction in the amount of stock expensed in the year that the reversal occurs.

**Financial instruments**

The Group accounts for all financial assets and liabilities as basic financial instruments in accordance with FRS 102 and has no financial instruments carried at fair value.

Basic financial instruments in debtors and creditors with no stated interest rate, and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other administrative expenses.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

In the research phase of an internal project, if it is not possible to demonstrate that the project will generate future economic benefits all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate that the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to administrative expenses on a straight line basis over their estimated useful economic lives, which is 3 - 10 years.

The expected useful economic life of development costs are estimated based on business plans, which set out the development plan and time to market, similar products that have been sold in the past, as well as taking into account the fast pace at which technology advances.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only, with all costs being expensed.

R&D expenditure tax credits are recognised as other operating income within the Income Statement.

**Foreign currencies**

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

**Pensions**

The Group operates a defined contribution pension scheme for its employees. Contributions payable to the pension scheme are charged to the Income Statement in the period to which they relate. A defined contribution plan is a pension scheme under which the Group pays fixed contributions into an independently administered fund and has no further obligations once the contributions have been paid.

Any difference between contributions payable and contributions actually paid is reflected as a liability on the balance sheet.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022**

**3. ACCOUNTING POLICIES - continued**

**Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation at the balance sheet date, that probably requires settlement by transfer of economic benefit, and a reliable estimate can be made as to the amount of the obligation.

Provisions are charged accordingly to the Income Statement in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date, of the expected outflow of resources required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, these are then charged against the provision being carried on the balance sheet.

**Warranty provision**

Upon sale of goods, a provision is made in respect of future warranty periods granted to customers on goods sold. Warranty periods vary between 2 - 5 years, depending on the product and territory of sale.

**Sales returns adjustment**

An adjustment is made for returns in respect of pre-year end sales where returned product has been received back to the Group. Revenue is adjusted for the value of returns and cost of sales is adjusted for the value of corresponding goods returned. As a result of this approach the adjustment for returns are measured as the margin on these sales returns.

**Operating lease commitments**

Rentals payable under operating leases are charged as an expense to the Income Statement on a straight line basis over the period of the lease.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2022

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experiences may differ from these estimates and assumptions. The key estimates that involve management's judgement in arriving at the carrying amounts of certain assets and liabilities in the financial statements are discussed below.

**Capitalised development costs**

Development costs that meet the qualifying criteria are capitalised and systematically amortised over the expected useful economic life of the intangible asset. Determining whether the development costs qualify for capitalisation requires judgement, including estimates of the technical and commercial viability of the asset created and its applicable useful economic life. These estimates are continually reviewed and updated based on past experience and reviews of competitor products available on the market.

The qualifying criteria for capitalisation includes the Group having to demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its ability to complete and use or sell the asset, how the asset will generate future economic benefits, having the availability of resources to complete the asset, as well as the ability to reliably measure the expenditure during the development period.

Research costs and any development expenditure that doesn't meet the capitalisation criteria is recognised as an expense when it is incurred.

**Useful lives of tangible fixed assets**

Depreciation is provided to write down assets to their residual values over their estimated useful lives as set out in the Group's accounting policy. The selection of these estimated useful lives requires the exercise of management judgment. Useful lives are regularly reviewed and should management's assessment of the useful lives changes then the depreciation charges and carrying value of the fixed assets in the financial statements would change accordingly.

**Stock provision**

A stock provision is made when the recoverable value of stock is lower than its carrying value, which requires management's judgement as to whether stock is valued at the lower of cost or estimated selling price less costs to complete and sell. Where management consider stocks to be impaired at the balance sheet date, a stock provision is made to reduce the carrying value of the goods accordingly.

**Warranty provision**

Determining the amount to provide in respect of warranty terms of up to 5 years offered on products requires the exercise of management's judgement in determining the expected level of warranty costs to be incurred on products sold.

**5. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sale of goods	40,667,853	38,047,629
Royalties	1,097,739	763,717
	<u>41,765,592</u>	<u>38,811,346</u>

**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022**

**5. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	2022 £	2021 £
United Kingdom	13,524,620	12,125,935
Europe	11,125,793	13,503,705
Rest of World	17,115,179	13,181,706
	<u>41,765,592</u>	<u>38,811,346</u>

**6. OTHER OPERATING INCOME**

	2022 £	2021 £
Sundry receipts	806	-
R&D expenditure tax credit	128,938	296,961
Government grants	-	7,057
	<u>129,744</u>	<u>304,018</u>

Government grants reflects furlough grants received by the company having utilised the coronavirus job retention scheme made available by the UK government.

**7. EMPLOYEES AND DIRECTORS**

	2022 £	2021 £
Wages and salaries	5,946,336	6,215,221
Social security costs	601,669	643,763
Other pension costs	142,753	121,243
	<u>6,690,758</u>	<u>6,980,227</u>

The average number of employees during the year was as follows:

	2022	2021
Management, finance and administration	47	48
Production and warehouse	70	71
Research and development	30	32
	<u>147</u>	<u>151</u>

During the year staff costs totalling £1,207,645 (2021: £1,237,613) were capitalised in development costs as part of intangible fixed assets.

	2022 £	2021 £
Directors' remuneration	109,565	278,497
Directors' pension contributions to money purchase schemes	2,088	3,196
	<u>111,653</u>	<u>281,693</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2022	2021
Money purchase schemes	<u>2</u>	<u>2</u>

**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2022

**8. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	502,429	408,861
Loss on disposal of fixed assets	1,494	-
Development costs amortisation	1,778,085	1,972,862
Foreign exchange differences	(515,273)	85,361
Research and development expense	1,345,010	1,327,068
Operating lease expense	38,251	61,157
Auditors' remuneration - Audit of the company and its subsidiary	30,000	40,700
Auditors' remuneration - Tax compliance and other services	25,000	23,680
	<u>          </u>	<u>          </u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Other interest	-	1,023
Group loan interest	-	2,507
	<u>          </u>	<u>          </u>
	-	3,530
	<u>          </u>	<u>          </u>

**10. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	937,030	656,595
Prior year adjustment	(26,456)	(79,725)
	<u>          </u>	<u>          </u>
Total current tax	910,574	576,870
Deferred tax	(143,876)	592,987
	<u>          </u>	<u>          </u>
Tax on profit	766,698	1,169,857
	<u>          </u>	<u>          </u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2022

**10. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>5,744,671</u>	<u>4,908,807</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,091,487	932,673
Effects of:		
Expenses not deductible for tax purposes	19,928	22,180
Utilisation of tax losses	(6,078)	(17,780)
Adjustments to tax charge in respect of previous periods	(26,456)	(79,725)
R&D enhanced expenditure credits	6,614	(13,702)
Patent box deduction	(160,825)	(212,996)
Deferred tax rate change	(5,850)	541,753
Adjustments to deferred tax charge in respect to previous periods	(119,502)	(3,507)
Other permanent differences	(32,620)	961
Total tax charge	<u>766,698</u>	<u>1,169,857</u>

**11. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**12. DIVIDENDS**

	2022 £	2021 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>2,216,000</u>

At the prior year balance sheet date, dividends of £1,108,000 remained unpaid and the liability was included within the amounts owed to group undertakings. This outstanding amount has now been settled and the entire dividend of £2,216,000 voted in the prior year has been fully paid.

**13. PRIOR YEAR RECLASSIFICATION**

As of 2022 certain additional customer rebates and discounts are now being classified as part of sales (turnover) to improve the consistency and comparability of the financial statements. These rebates and discounts were previously being reflected in administrative expenses and cost of sales. This treatment is now in line with the accounting policy as stated per these financial statements.

As a result, £218,548 of rebate and discount costs in the prior year have been reallocated from administrative expenses and £64,270 from cost of sales, to now be matched against turnover.

This reclassification of costs in the prior year has been carried out for consistency purposes and does not alter or have any impact on the 2021 reported profit or overall balance sheet position.

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022

14. INTANGIBLE FIXED ASSETS

**Group**

	Developme costs £
<b>COST</b>	
At 1 January 2022	16,586,645
Additions	2,252,858
At 31 December 2022	18,839,503
<b>AMORTISATION</b>	
At 1 January 2022	8,814,574
Amortisation for year	1,778,085
At 31 December 2022	10,592,659
<b>NET BOOK VALUE</b>	
At 31 December 2022	8,246,844
At 31 December 2021	7,772,071

**Company**

	Developme costs £
<b>COST</b>	
At 1 January 2022	16,586,645
Additions	2,252,858
At 31 December 2022	18,839,503
<b>AMORTISATION</b>	
At 1 January 2022	8,814,574
Amortisation for year	1,778,085
At 31 December 2022	10,592,659
<b>NET BOOK VALUE</b>	
At 31 December 2022	8,246,844
At 31 December 2021	7,772,071

£2,873,185 (2021: £4,002,152) of the development costs included above have not commenced being amortised as the assets have not yet been brought into use.

The development costs relate to various projects that have been undertaken over a number of years. The directors consider that it is probable that these projects will generate future economic benefits for the company.

Significant projects relate to the development of new products that have already been released to the market, or will be available in the near future.

As noted in the accounting policies, the annual amortisation cost of intangible assets is included entirely in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022

15. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 January 2022	2,619,189	1,559,699	3,367,007
Additions	129,971	136,558	260,636
Disposals	-	(87,853)	(1,640)
Reclassification/transfer	-	928,397	(2,070,859)
At 31 December 2022	2,749,160	2,536,801	1,555,144
<b>DEPRECIATION</b>			
At 1 January 2022	1,661,977	1,034,473	2,585,057
Charge for year	94,199	190,539	139,090
Eliminated on disposal	-	(87,853)	(1,640)
Reclassification/transfer	-	935,245	(1,942,928)
At 31 December 2022	1,756,176	2,072,404	779,579
<b>NET BOOK VALUE</b>			
At 31 December 2022	992,984	464,397	775,565
At 31 December 2021	957,212	525,226	781,950
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2022	65,410	2,906	7,614,211
Additions	-	61,163	588,328
Disposals	(55,154)	-	(144,647)
Reclassification/transfer	-	1,142,462	-
At 31 December 2022	10,256	1,206,531	8,057,892
<b>DEPRECIATION</b>			
At 1 January 2022	51,820	2,906	5,336,233
Charge for year	2,379	76,222	502,429
Eliminated on disposal	(51,993)	-	(141,486)
Reclassification/transfer	-	1,007,683	-
At 31 December 2022	2,206	1,086,811	5,697,176
<b>NET BOOK VALUE</b>			
At 31 December 2022	8,050	119,720	2,360,716
At 31 December 2021	13,590	-	2,277,978

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022

15. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 January 2022	2,619,189	1,559,699	3,367,007
Additions	129,971	136,558	260,636
Disposals	-	(87,853)	(1,640)
Reclassification/transfer	-	928,397	(2,070,859)
At 31 December 2022	2,749,160	2,536,801	1,555,144
<b>DEPRECIATION</b>			
At 1 January 2022	1,661,977	1,034,473	2,585,057
Charge for year	94,199	190,539	139,090
Eliminated on disposal	-	(87,853)	(1,640)
Reclassification/transfer	-	935,245	(1,942,928)
At 31 December 2022	1,756,176	2,072,404	779,579
<b>NET BOOK VALUE</b>			
At 31 December 2022	992,984	464,397	775,565
At 31 December 2021	957,212	525,226	781,950
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2022	65,410	-	7,611,305
Additions	-	61,163	588,328
Disposals	(55,154)	-	(144,647)
Reclassification/transfer	-	1,142,462	-
At 31 December 2022	10,256	1,203,625	8,054,986
<b>DEPRECIATION</b>			
At 1 January 2022	51,820	-	5,333,327
Charge for year	2,379	76,222	502,429
Eliminated on disposal	(51,993)	-	(141,486)
Reclassification/transfer	-	1,007,683	-
At 31 December 2022	2,206	1,083,905	5,694,270
<b>NET BOOK VALUE</b>			
At 31 December 2022	8,050	119,720	2,360,716
At 31 December 2021	13,590	-	2,277,978

In 2022 tangible fixed assets have been reclassified across 5 asset classes (as above) to enhance the accuracy and visibility of the assets recorded in the financial statements.

**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2022

**16. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertaking £
<b>COST</b>	
At 1 January 2022	
and 31 December 2022	1
<b>NET BOOK VALUE</b>	
At 31 December 2022	1
At 31 December 2021	1

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiary**

**Focal.JMLab UK Limited**

Registered office: The registered office address for Focal.JMLab UK Limited is the same as the registered address on the company information page.

Nature of business: Distribution of speakers into the UK

	%
Class of shares:	holding
Ordinary	100.00

**17. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	7,740,586	7,365,673	7,740,586	7,365,673
Work-in-progress	511,505	172,088	511,505	172,088
Finished goods	4,836,857	3,694,881	4,034,441	3,009,279
	<u>13,088,948</u>	<u>11,232,642</u>	<u>12,286,532</u>	<u>10,547,040</u>

Included within raw materials and consumables is £1,103,258 (2021: £1,035,295) of sub assembly stock.

**18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	6,033,482	5,361,622	5,684,675	5,040,836
Amounts owed by group undertakings	1,719,272	1,853,952	2,492,582	3,209,841
Other debtors	852,407	486,108	841,696	477,947
Tax	-	131,317	-	131,317
Prepayments and accrued income	553,660	127,486	553,660	127,486
	<u>9,158,821</u>	<u>7,960,485</u>	<u>9,572,613</u>	<u>8,987,427</u>



**NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2022

**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	3,279,065	5,280,714	3,277,242	5,228,920
Amounts owed to group undertakings	1,544,372	1,592,746	1,073,200	1,860,129
Tax	646,660	-	646,660	-
Social security and other taxes	349,162	403,000	221,966	328,847
Other creditors	185,933	288,516	173,822	280,033
Accrued expenses	2,463,288	3,646,877	2,336,152	3,445,425
	<u>8,468,480</u>	<u>11,211,853</u>	<u>7,729,042</u>	<u>11,143,354</u>

R&D tax credits receivable by the company have been offset against the corporation tax liability on the basis that these will be settled on a net basis.

**20. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Non-cancellable operating leases</b>	
	2022	2021
	£	£
Within one year	38,251	44,694
Between one and five years	37,083	90,633
	<u>75,334</u>	<u>135,327</u>

**Company**

	<b>Non-cancellable operating leases</b>	
	2022	2021
	£	£
Within one year	38,251	44,694
Between one and five years	37,083	90,633
	<u>75,334</u>	<u>135,327</u>

NAIM AUDIO LIMITED (REGISTERED NUMBER: 01116428)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Deferred tax				
Accelerated capital allowances	2,130,073	2,269,262	2,130,073	2,269,262
Other timing differences	(16,643)	(11,956)	(16,643)	(11,956)
	<u>2,113,430</u>	<u>2,257,306</u>	<u>2,113,430</u>	<u>2,257,306</u>
Other provisions	<u>216,829</u>	<u>232,137</u>	<u>216,829</u>	<u>232,137</u>
Aggregate amounts	<u>2,330,259</u>	<u>2,489,443</u>	<u>2,330,259</u>	<u>2,489,443</u>

Group

	Deferred tax £	Other provisions £
Balance at 1 January 2022	2,257,306	232,137
Credit to Income Statement during year	(143,876)	(15,308)
Balance at 31 December 2022	<u>2,113,430</u>	<u>216,829</u>

Company

	Deferred tax £	Other provisions £
Balance at 1 January 2022	2,257,306	232,137
Credit to Statement of Comprehensive Income during year	(143,876)	(15,308)
Balance at 31 December 2022	<u>2,113,430</u>	<u>216,829</u>

Other provisions is comprised of £207,258 (2021: £224,853) in relation to a warranty provision and £9,571 (2021: £7,284) in relation to a sales returns provision.

A provision is made for future expected warranty costs on warranty periods offered to customers on the sale of particular goods. This represents the cost of potential repair of those goods that remain under warranty.

Further details regarding provisions for liabilities can be found in the accounting policies as stated per these financial statements.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2022	2021
Number:	Class:	value:	£	£
4,375	Ordinary	£1	<u>4,375</u>	<u>4,375</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2022

**23. RESERVES**

**Group**

	Retained earnings £	Capital redemption reserve £	Merger reserve £	Totals £
At 1 January 2022	19,695,703	625	259,999	19,956,327
Profit for the year	4,977,973			4,977,973
At 31 December 2022	<u>24,673,676</u>	<u>625</u>	<u>259,999</u>	<u>24,934,300</u>

**Company**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2022	20,027,593	625	20,028,218
Profit for the year	4,945,981		4,945,981
At 31 December 2022	<u>24,973,574</u>	<u>625</u>	<u>24,974,199</u>

The company's capital and reserves are as follows:

**Share capital**

Called up share capital represents the nominal value of shares issued.

**Capital redemption reserve**

The capital redemption reserve represents the cumulative value of shares that have been repurchased by the company.

**Merger reserve**

The merger reserve arose on a business combination that was accounted for as a merger in accordance with FRS 102.

**Retained earnings**

The retained earnings account represents cumulative profits and losses net of dividends and other adjustments.

**24. PENSION COMMITMENTS**

A defined contribution pension scheme is operated by the Group on behalf its employees. The employer pension expense in the accounts represents contributions payable by the Group to the fund, which amounted to £142,753 (2021: £121,243). The amount of total contributions outstanding as payable to the fund at the year end totalled £72,346 (2021: £17,824) which are included in other creditors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022**

**25. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**26. CONTROLLING PARTY**

The company's immediate parent undertaking is Vervent Audio Group, a company incorporated in France.

The company's ultimate parent undertaking is Vervent Audio Holdings, a company also incorporated in France.

The largest and smallest group in which the results of this company are consolidated is that of Vervent Audio Holdings. The registered office address of Vervent Audio Holdings is 108 Rue De L'Avenir, Z.I. Molina, La Talaudiere, 42353, France.

Vervent Audio Holdings is majority owned by Alpha Private Equity Fund (SCA) SICAR.