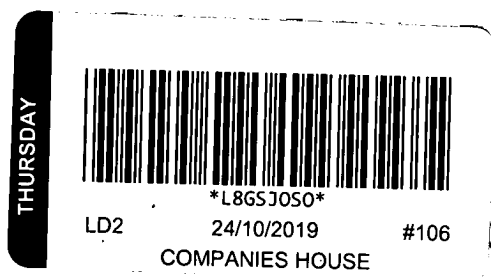


# Richer Sounds Limited (Formerly Richer Sounds Plc)

## REPORT AND FINANCIAL STATEMENTS

53 week period ended  
4 May 2019



Company Registration No. 01402643

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## DIRECTORS AND OFFICERS

---

### DIRECTORS

J Richer  
D Robinson  
R Bamforth

### SECRETARY

R Bamforth

### COMPANY REGISTRATION NUMBER

01402643

### REGISTERED OFFICE

Richer House  
Hankey Place  
London SE1 4BB

### AUDITOR

RSM UK Audit LLP  
Statutory Auditors  
Chartered Accountants  
25 Farringdon Street  
London EC4A 4AB

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## STRATEGIC REPORT

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company during the period was that of retailers of hi-fi, home cinema, televisions, projectors and related equipment.

Turnover increased by 6.7% over last period (adjusting for an extra week of trading in this period), with an improvement in margins this resulted in an increase in gross profit of 8.6%. A control in operating expenses led to an increase in operating profit before profit sharing, directors' bonus and charities, from £9.6m to £11.0m, an increase of 14.6%.

The Net Assets of the company increased by 20.4% due to the retention by the company of its profits. The large decrease in the cash at bank and in hand is mainly due to the year end date being after the calendar month end, and therefore after end of month supplier payments, while last year was before the month end. This has resulted in a decrease in trade creditors from last year.

In June 2019 for the 2<sup>nd</sup> year running Richer Sounds was awarded the prestigious Which? Retailer of the Year award. Praised for its 'excellent prices and helpful staff', Richer Sounds achieved impressive scores on-line and in-store.

All stores traded profitably after deducting all their trading expenses including interest, distribution costs and advertising.

As at 4 May 2019 Richer Sounds traded from 52 wholly owned stores and one franchise in Northern Ireland.

### KEY PERFORMANCE INDICATORS OF THE COMPANY

	2019 (53 weeks) £	2018 (52 weeks) £	2017 (52 weeks) £
Gross turnover (including VAT)	205,472,711	188,992,196	187,062,984
Gross margin (excluding VAT)	25.9%	25.4%	25.2%
Gross profit	44,354,868	40,065,088	39,217,609
Net profit on ordinary activities before profit sharing, directors' bonus, charities, exceptional items and tax	11,198,635	9,687,566	10,530,080
Net margin (excluding VAT)	6.5%	6.2%	6.8%
Gross sales per colleague	412,596	384,130	376,384
Profit on ordinary activities per colleague	22,487	19,690	21,187
Return on capital employed on ordinary activities before profit sharing, directors' bonus, charities, exceptional items and tax	32.2%	33.6%	44.89%
Earnings per share on ordinary activities before profit sharing, directors' bonus, charities, exceptional items and tax	223.97	193.75	210.6
Total taxes collected: PAYE, NIC, VAT, corporation tax	14,947,063	13,929,252	12,877,891
Average supplier credit period in days	18	20	19
Charitable donations as a percentage of profit before donations and tax	13.77%	15.08%	15.49%

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## STRATEGIC REPORT

---

### PRINCIPAL RISKS

The key business risks affecting the company are considered to be the following:

**Economic and financial conditions:** The Company may be affected by falls in consumer confidence and changes in buying habits. The Company continues to build its business through all of its channels to mitigate the effect of each channel and offer a broad range of products to mitigate the decline of individual product categories.

**Competition from national, independent and internet-based retailers:** The Company operates in a competitive market and so continues to differentiate itself through the knowledge and expertise of its sales colleagues, which it maintains through its programmes of training and high standards of recruitment; offering the best value for money it can; and its commitment to second to none customer service.

**Stability of the supply chain:** Relationships with our suppliers are key to the business. The Company is in constant contact with its suppliers to ensure continuity of the supply chain over the whole range of the products it sells and that any problems are managed appropriately and in a timely manner.

**Retention of Colleagues:** The Company considers motivation of colleagues of all levels as a crucial element of its success and consequently has a far lower level of colleague turnover, along with stock shrinkage, absenteeism and customer complaints, than the industry average.

### MATTERS OF STRATEGIC IMPORTANCE

Our strategy continues to be to consolidate our position with the aim of making a profit by (1) working hard at giving our customers value for money and a service second to none and (2) looking after our colleagues.

By order of the board



D Robinson  
Director

24 / 10 / 2019

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## DIRECTORS' REPORT

---

On 26 April 2019 the company re-registered as a private limited company and changed its name to Richer Sounds Limited, which is a requirement of Employee Ownership Trust rules.

The directors submit their report and the financial statements of Richer Sounds Ltd for the 53 weeks ended 4 May 2019 (2018: 52 weeks ended 28 April 2018).

### POST BALANCE SHEET EVENTS

In May 2019 the company renewed its banking facility to include a loan of £6,000,000 repayable over 4 years. The company subsequently paid £11,000,000 to the company's Employee Ownership Trust (EOT) to acquire shares in the company. The Employee Ownership Trust subsequently paid J Richer £9.2m.

### DIVIDENDS

Dividends of £710,000 were paid in the period (2018: £160,000).

### DIRECTORS

The following directors have held office during the period:

J Richer  
D Robinson  
J Currier (Resigned due to retirement 12 June 2019)  
R Bamforth (Appointed 26 April 2019)

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

### COLLEAGUE REMUNERATION POLICY

The company has been paying the 'Real' Living Wage since November 2014 and has been fully accredited by the Living Wage Foundation since November 2015. The higher rates of pay are earned (as a minimum) by all colleagues after a 3 month training period.

The salary of the highest paid colleague for the year was 21 times that of the 'Real' Living Wage.

The company does not believe in, and no colleagues are employed under, zero-hour contracts.

### DISABLED COLLEAGUES

The company employs colleagues with a selection of disabilities and every effort is made to ensure that they are given full and fair consideration when suitable vacancies arise. There is a training scheme in operation so that colleagues who have been injured or disabled in the course of their employment can, where possible, continue in employment with the company.

The company currently employs 38 colleagues with a disability which comprises 8% of its total employees.

### COLLEAGUE INVOLVEMENT

The company encourages the involvement of its colleagues in its management through regular meetings between the colleagues and involving senior staff. There is a "Colleague Forum" which consists of a number of members across both stores and departments and is open to all colleagues. Its role is to comment on any proposed changes within the business so the company can evaluate feedback and implement improvements/adjustments before a change or new scheme is launched.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## DIRECTORS' REPORT

---

The company also has an active suggestion scheme in place, where colleague suggestions are reviewed by senior management. A large number of these have been implemented in the past.

The company has a Helping Hand Fund that makes loans or grants available to colleagues in cases of hardship.

### PAYMENT TO CREDITORS

It is the company's policy to negotiate payment terms with its suppliers and to ensure that they all know, when the business is agreed, the terms on which payment will take place. It is our policy to abide by these terms.

Creditor days, based on the average creditors throughout the period were 18 days (2018: 20 days).

### CHARITABLE CONTRIBUTION

During the period the company made charitable donations of £1,326,034 (2018: £1,250,760).

### SLAVE FREE ALLIANCE

We hold a zero tolerance approach to slavery and human trafficking and are committed to acting ethically and with integrity in all our business dealings.

### GENDER PAY GAP

We are very pleased to state that we are one of only 14% of companies that have a positive gender pay gap. Based on the mean calculation women are paid 2.7% more than men and via the median calculation women are paid 2% more than men.

### LAND AND BUILDINGS

The directors consider that the market value of land and buildings is significantly more than the value shown on the balance sheet, but they do not consider that there is any benefit to shareholders in the company paying for a professional valuation to quantify the difference.

### TAX POLICY

The company is accredited by the Fair Tax Mark for transparency over tax disclosures and the amount it pays. It has pledged the following:

1. It will pay all the tax it owes. Not just with regards to the letter of the law, but in the spirit of the law, too.
2. It will pay the right amount of tax (no more, no less), at the right rate, in the right place and at the right time. It will aim to do this by being completely transparent in the way it reports its tax affairs, and making sure that the tax it pays accurately reflects the business that it does.
3. It won't take advantage of legal loopholes, or look for tax breaks that undermine the spirit of our tax laws. It won't look to do business or specific deals with the sole or main purpose of gaining tax advantages that otherwise wouldn't be available.
4. It won't do business or transactions that would need to be reported to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or be party to any arrangement that might be reasonably expected to fall under the UK's General Anti-Abuse Rule.
5. It believes that tax havens undermine the UK's tax system. It might do business with customers and suppliers located in areas that are considered to be tax havens, but it won't use those places to get a tax break, nor will it take advantage of the secrecy laws that many safe havens offer their clients.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## DIRECTORS' REPORT

---

6. The company financial statements will be prepared in agreement with this policy, and the company will seek to provide all information that any users, including HM Revenue & Customs might need to properly assess its tax position.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

The auditor, RSM UK Audit LLP has indicated its willingness to continue in office.

In accordance with section 414c(ii) of the Companies Act 2006, included in the Strategic Report is the Review of Business, principal risks and uncertainties and key performance indicators. This information would have been required by section 7 of the 'large and medium' sized Companies and Group (Accounts and Reports) Regulations 2008 to be contained within the Directors' Report.

By order of the board



R Bamforth  
Secretary

24/10/2019

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

The directors are responsible for preparing the Strategic Report, 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 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHER SOUNDS LIMITED (FORMERLY RICHER SOUNDS PLC)

---

## Opinion

We have audited the financial statements of Richer Sounds Limited (Formerly Richer Sounds Plc) for the year ended 4 May 2019 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cashflows and 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 FRS 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 company's affairs as at 4 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHER SOUNDS LIMITED (FORMERLY RICHER SOUNDS PLC)

---

## 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 is 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 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 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 an auditor's report 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

## 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.

*RSM UK Audit LLP*

CHRISTOPHER TATE (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date: *24<sup>th</sup> October 2019*

**Richer Sounds Limited (Formerly Richer Sounds Plc)**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
for the 53 weeks ended 4 May 2019

	<i>Notes</i>	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
TURNOVER	1	171,227	157,493
Cost of sales		(126,872)	(117,428)
Gross profit		44,355	40,065
Other operating expenses (net)	2	(33,405)	(30,459)
OPERATING PROFIT BEFORE PROFIT SHARING, DIRECTORS' BONUS AND CHARITIES		10,950	9,606
Profit sharing, directors' bonus and charities		(2,896)	(2,642)
OPERATING PROFIT		8,054	6,964
Profit on disposal of fixed assets		106	1
Interest receivable and similar income	3	158	94
Interest payable	4	(16)	(14)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	8,302	7,045
Taxation	7	(1,707)	(1,432)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL PERIOD		6,595	5,613
RETAINED EARNINGS AT 29 APRIL 2018		28,785	23,332
Dividends paid		(710)	(160)
RETAINED EARNINGS AT 4 May 2019		34,670	28,785

The turnover and operating profit for the period arise from the company's continuing operations.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

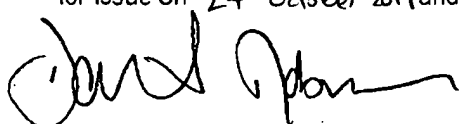
## STATEMENT OF FINANCIAL POSITION

4 May 2019

Company Registration No. 01402643

	Notes	4 May 2019 £000	28 April 2018 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	12,333	12,120
Intangible fixed assets	9	862	1,124
Investments	10	-	220
		<u>13,195</u>	<u>13,464</u>
<b>CURRENT ASSETS</b>			
Stocks	11	31,469	28,352
Debtors	12	9,830	5,394
Cash at bank and in hand		3,445	8,477
		<u>44,744</u>	<u>42,223</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	(17,234)	(21,152)
<b>NET CURRENT ASSETS</b>		<u>27,510</u>	<u>21,071</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		40,705	34,535
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(5,774)	(5,535)
Provisions	15	(211)	(165)
<b>NET ASSETS</b>		<u>34,720</u>	<u>28,835</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	50	50
Profit and loss account		34,670	28,785
<b>TOTAL EQUITY</b>		<u>34,720</u>	<u>28,835</u>

The financial statements on pages 10 to 27 were approved by the board of directors and authorised for issue on 24<sup>th</sup> October 2019 and are signed on its behalf by:



D Robinson  
Director

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## STATEMENT OF CASH FLOWS

for the 53 weeks ended 4 May 2019

	Notes	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	19	(2,003)	11,295
Interest paid		(16)	(14)
Income taxes paid		(1,803)	(1,588)
<b>NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES</b>		<b>(3,822)</b>	<b>9,693</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(956)	(637)
Purchase of intangible assets		-	(332)
Proceeds on disposal of tangible fixed assets		-	17
Proceeds on disposal of fixed asset investment		298	-
Interest received		158	94
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(500)</b>	<b>(858)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(710)	(160)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(710)</b>	<b>(160)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,032)</b>	<b>8,675</b>
Cash and cash equivalents at start of financial period		8,477	(198)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>		<b>3,445</b>	<b>8,477</b>
Relating to:-			
Bank balances and short term deposits included in cash at bank and in hand		3,445	8,477
		<b>3,445</b>	<b>8,477</b>

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## ACCOUNTING POLICIES

---

### GENERAL INFORMATION

Richer Sounds Limited (Formerly Richer Sounds Plc) is a private company domiciled and incorporated in England which is limited by shares. The address of the company's registered office and principal place of business is Richer House, Hankey Place, London, SE1 4BB. The company's principal activities are disclosed in the Strategic Report.

### BASIS OF ACCOUNTING

These financial statements of Richer Sounds Limited (Formerly Richer Sounds Plc) have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and under historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The financial statements are prepared in Sterling which is the functional currency of the company.

### GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2 and 3. The company has adequate cash resources and funding together with a strong customer base and an excellent reputation within the sector. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have reviewed cash flow forecasts of the company and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### TURNOVER

Turnover represents the value, net of Value Added Tax, of goods sold and services provided to customers during the period. Revenue earned from customer support agreements is recognised as such over the life of the agreement by reference to the stage of completion of the transaction at the balance sheet date and included within deferred income.

### FOREIGN CURRENCY

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### OTHER INCOME

#### *Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

#### *Rental income*

Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## ACCOUNTING POLICIES

---

### GROUP ACCOUNTS

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption provided by Section 402 of the Companies Act 2006 not to prepare group accounts on the basis that its subsidiary undertakings are not material to the company.

### 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. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold buildings	1% per annum
Leasehold properties	over the term of the lease
Property improvements	20% per annum
Fixtures and equipment	20%-33% per annum
Motor vehicles	25% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

### INTANGIBLE FIXED ASSETS

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	20% per annum
-----------------------------	---------------

Amortisation is revised prospectively for any significant change in useful life or residual value. On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

### IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

### STOCKS

Stocks are valued on a weighted average cost basis at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to disposal.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## ACCOUNTING POLICIES

---

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### LEASES

#### *The Company as Lessee – Operating Leases*

All leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

#### *The Company as Lessor – Operating Leases*

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

### COLLEAGUE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense. The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



# Richer Sounds Limited (Formerly Richer Sounds Plc)

## ACCOUNTING POLICIES

---

### INVESTMENTS

Unlisted investments and loan notes are stated at cost.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

### BORROWING COSTS

All borrowing costs are expensed as incurred.

### RETIREMENT BENEFITS

#### *Defined contribution plans*

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.

### 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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial Assets**

##### *Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### *Bank Overdrafts*

Bank overdrafts are presented within creditors: amounts falling due within one year.

##### *Loan Notes*

Loan notes are stated at cost and are presented within fixed asset investments.

#### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## ACCOUNTING POLICIES

---

### *Trade Creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### **DIVIDENDS**

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

### **CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

- **Stock Provision**

The company has recognised provisions for impairment of stocks in the financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, post period-end sales patterns and other relevant factors.

- **Revenue recognition**

The level of revenue recognised in relation to customer support agreements requires management to make certain judgements and estimations. The judgements, estimates and associated assumptions necessary to calculate the amount of revenue to be recognised in each accounting period is based on historical experience, registration rates and other relevant factors.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## NOTES TO THE FINANCIAL STATEMENTS

for the 53 weeks ended 4 May 2019

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity which arose entirely in the United Kingdom.

2	OTHER OPERATING EXPENSES (NET)	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
	Distribution costs	16,601	14,947
	Administration expenses	17,016	15,741
	Other operating income	(212)	(229)
		<u>33,405</u>	<u>30,459</u>
3	INTEREST RECEIVABLE AND SIMILAR INCOME	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
	Bank interest	18	7
	Other interest receivable and similar income	140	87
		<u>158</u>	<u>94</u>
4	INTEREST PAYABLE AND SIMILAR CHARGES	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
	Bank interest	3	-
	Other interest	13	14
		<u>16</u>	<u>14</u>

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## NOTES TO THE FINANCIAL STATEMENTS

for the 53 weeks ended 4 May 2019

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the period:		
	Owned assets	742	704
	Profit on disposal of tangible fixed assets	-	(1)
	Profit on disposal of fixed asset investment	(106)	-
	Provision for diminution in fixed asset investment	28	38
	Amortisation of intangible fixed assets	262	184
	Foreign exchange gains	1	(3)
	Stock expensed to cost of sales	126,872	117,428
	Operating lease rentals:		
	Land and buildings	1,831	1,755
	Other	827	848
	Auditor's remuneration - audit	47	44
	- tax services	19	28
	- other general advice	57	24
	Net rental income	(198)	(191)
		<u>          </u>	<u>          </u>
6	EMPLOYEES	53 weeks to 4 May 2019 No	52 weeks to 28 April 2018 No
	The average monthly number of persons (including directors) employed by the company during the period was:		
	Office and management	115	114
	Retailing and warehousing	383	378
		<u>498</u>	<u>492</u>
		<u>          </u>	<u>          </u>
	Staff costs for the above persons:		
	Wages and salaries	16,232	15,017
	Social security costs	1,779	1,617
	Other pension costs	214	108
		<u>18,225</u>	<u>16,742</u>
		<u>          </u>	<u>          </u>

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## NOTES TO THE FINANCIAL STATEMENTS

for the 53 weeks ended 4 May 2019

---

6	EMPLOYEES (continued)	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
	DIRECTORS' REMUNERATION		
	Emoluments	539	517
		<u>          </u>	<u>          </u>
	Emoluments in respect of the highest paid director amounted to:		
	Remuneration	332	278
		<u>          </u>	<u>          </u>

One director accrued benefits under a money purchase pension scheme (2018: none).

### KEY MANAGEMENT

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is £2,287,506 (2018: £2,039,458) and post employment benefits of £9,518 (2018: £15,263).

7	TAXATION	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
	Current tax:		
	UK corporation tax on profits of the period	1,657	1,398
	Adjustments in respect of previous periods	3	(7)
	Foreign taxation	1	1
	Total current tax	<u>1,661</u>	<u>1,392</u>
	Deferred taxation:		
	Origination and reversal of timing differences	46	40
	Tax on profit on ordinary activities	<u>1,707</u>	<u>1,432</u>

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## NOTES TO THE FINANCIAL STATEMENTS

### for the 53 weeks ended 4 May 2019

#### 7 TAXATION (continued)

	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
Factors affecting tax charge for period:		
The tax assessed for the period is higher than the effective rate of corporation tax in the UK 19% (2018: 19%). The differences are explained below:		
Profit on ordinary activities before tax	8,302	7,045
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19% (2018: 19%)	1,577	1,339
Effects of:		
Fixed asset differences	96	91
Expenses not deductible for tax purposes	35	13
Foreign taxation	1	1
Adjustment to tax charge in respect of previous periods	3	(7)
Other timing differences	(5)	(5)
Tax charge for period	1,707	1,432

The tax charge for the company is higher than the standard rate principally due to the differences between the accounting treatment of fixed asset depreciation and the capital allowances claimed by the company.

Foreign tax arises on property income in the Republic of Ireland.

A breakdown of the deferred tax liability is given in note 15. The deferred tax liability relates to fixed asset timing differences which are offset by general provisions not deductible for tax in the current year. The majority of the deferred tax liability will crystallise over the next 5 years.

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## NOTES TO THE FINANCIAL STATEMENTS

for the 53 weeks ended 4 May 2019

### 8 TANGIBLE FIXED ASSETS

	<i>Freehold properties £000</i>	<i>Leasehold properties £000</i>	<i>Property Improve- ments £000</i>	<i>Fixtures and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost						
29 April 2018	9,828	2,004	839	1,862	20	14,553
Additions	322	29	167	438	-	956
Disposals	-	-	(233)	(291)	-	(524)
4 May 2019	10,150	2,033	773	2,009	20	14,985
Depreciation						
29 April 2018	785	320	466	862	-	2,433
Charged in the period	103	31	160	444	5	743
Disposals	-	-	(233)	(291)	-	(524)
4 May 2019	888	351	393	1,015	5	2,652
Net book value						
4 May 2019	9,262	1,682	380	994	15	12,333
28 April 2018	9,043	1,684	373	1,000	20	12,120

The net book value of the company's leasehold land and buildings includes £1,540,000 (2018: £1,563,000) in respect of long leasehold and £142,000 (2018: £121,000) in respect of short leasehold premises.

Charges exist over certain freehold property in relation to the company's banking facilities.

### 9 INTANGIBLE ASSETS

	<i>Software £000</i>
Cost	
29 April 2018 and 4 May 2019	1,308
Amortisation and impairment	
29 April 2018	184
Amortisation charged in the period	262
4 May 2019	446
Carrying amount	
4 May 2019	862
28 April 2018	1,124

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## NOTES TO THE FINANCIAL STATEMENTS

for the 53 weeks ended 4 May 2019

### 10 FIXED ASSET INVESTMENTS

	Other investments		
	Loan notes	Subsidiary	Total
	£000	undertakings	£000
Cost:			
28 April 2018	990	12	1,002
Disposal	(990)	-	(990)
4 May 2019	-	12	12
Provision for diminution in value			
29 April 2018	770	12	782
Charged in the period	28	-	28
Disposal	(798)	-	(798)
4 May 2019	-	12	12
Net book value:			
4 May 2019	-	-	-
28 April 2018	220	-	220

The company holds more than 20% of the equity of the following companies:

Name of company	Holding (ordinary shares of £1 each)	Proportion held	Nature of business
Richer Sounds International Limited	1	100%	Dormant
Ariston Acoustics Limited	2	100%	Dormant
Hi-fi Direct Limited	2	100%	Dormant
Big Screen Entertainment Limited	2	100%	Property Investment
Ariston Audio Limited	2	100%	Dormant
Cambridge Audio Limited	2	100%	Dormant

The above companies are not consolidated on the grounds of materiality.

11 STOCKS	53 weeks to 4 May 2019 £000	52 weeks to 28 April 2018 £000
Goods for resale	31,469	28,352

Stocks are stated after provisions for impairment of £1,627,345 (2018: £1,899,887).



# Richer Sounds Limited (Formerly Richer Sounds Plc)

## NOTES TO THE FINANCIAL STATEMENTS

for the 53 weeks ended 4 May 2019

12	DEBTORS	4 May 2019 £000	28 April 2018 £000
	Trade debtors	4,745	1,604
	Other debtors	3,068	1,434
	Prepayments and accrued income	2,017	2,356
		<u>9,830</u>	<u>5,394</u>
13	CREDITORS: Amounts falling due within one year	4 May 2019 £000	28 April 2018 £000
	Trade creditors	4,823	10,335
	Corporation tax	623	764
	Other taxation and social security costs	3,981	2,646
	Other creditors	464	762
	Accruals and deferred income	7,343	6,645
		<u>17,234</u>	<u>21,152</u>
14	CREDITORS: Amounts falling due in more than one year	4 May 2019 £000	28 April 2018 £000
	Deferred income	5,774	5,535
15	PROVISIONS		Deferred tax £000
	At 29 April 2018		165
	Transfer to profit and loss account		46
	At 4 May 2019		<u>211</u>
	The deferred tax liability/(asset) consists of the following:	4 May 2019 £000	28 April 2018 £000
	Excess depreciation over capital allowances	297	261
	Other timing differences	(86)	(96)
		<u>211</u>	<u>165</u>

**Richer Sounds Limited (Formerly Richer Sounds Plc)**  
**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT - COMPANY**  
for the 53 weeks ended 4 May 2019

16	FINANCIAL INSTRUMENTS	4 May 2019 £000	28 April 2018 £000
	Financial assets:		
	Debt instruments measured at amortised cost	7,916	3,136
	Financial Liabilities:		
	Measured at amortised cost	(11,790)	(14,617)
17	SHARE CAPITAL	4 May 2019 £000	28 April 2018 £000
	Allotted, issued and fully paid: 50,000 ordinary shares of £1 each	50	50
	Ordinary share rights The company ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.		
18	DIVIDENDS	4 May 2019 £000	28 April 2018 £000
	Ordinary: Paid	710	160
		710	160
19	RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS	4 May 2019 £000	28 April 2018 £000
	Profit after tax	6,595	5,613
	Depreciation of tangible fixed assets	742	704
	Amortisation of intangible fixed assets	262	184
	Impairment of fixed asset investment	28	38
	Profit on disposal of fixed assets	(106)	(1)
	Interest receivable	(158)	(94)
	Interest payable	16	14
	Taxation	1,707	1,432
		9,086	7,890
	Operating cash flows before movements in working capital		
	(Increase) in stocks	(3,117)	(960)
	(Increase) in debtors	(4,436)	(1,095)
	(Decrease)/increase in creditors	(3,536)	5,460
	Cash (used in) /generated from operations	(2,003)	11,295

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT - COMPANY

for the 53 weeks ended 4 May 2019

---

### 20 COMMITMENTS UNDER OPERATING LEASES

At 4 May 2019 the company had commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	4 May 2019 £000	28 April 2018 £000	4 May 2019 £000	28 April 2018 £000
Amounts due in the first year	1,806	1,802	570	506
Amounts due in the second to fifth years	4,723	4,690	1,244	1,703
Amounts due after five years	10,126	11,283	-	-
	<u>16,655</u>	<u>17,775</u>	<u>1,814</u>	<u>2,209</u>

### 21 CONTINGENT LIABILITY

The company has guaranteed the bank borrowings of Audio Partnership Plc, a company in which J Richer is a shareholder, to a maximum amount of £800,000 (2018: £800,000). At 4 May 2019, the amount of those borrowings was £572,666 (2018: £894,286). The directors do not anticipate that this guarantee will be called upon.

### 22 PENSION COMMITMENTS

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £214,000 (2018: £108,000).

# Richer Sounds Limited (Formerly Richer Sounds Plc)

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT - COMPANY

for the 53 weeks ended 4 May 2019

### 23 RELATED PARTY TRANSACTIONS

Name of party	Relationship	Description of transaction	Value of transactions in the period		Balance at period end	
			2019 £'000	2018 £'000	2019 £'000	2018 £'000
Audio Partnership Plc	J Richer is a shareholder	Sales/management charges	290	371	118	112
		Purchases	(4,763)	(5,492)	(68)	(24)
		Loans to	1,200	1,100	1,800	600
		Interest received	90	26	10	4
Mordaunt – Short Limited	J Richer is a shareholder	Purchases	(44)	(82)	-	-
JR Properties	J Richer is the owner	Rent payable	(1,468)	(1,389)	(3)	-
		Loans to	500	667	46	35
Persula Foundation	Registered charity of which certain directors are trustees	Donation	(1,325)	(1,250)	-	-
		Sales	15	20	7	7
J Richer & R Richer	Shareholders and J Richer is a director	Loans to/(from)	815	448	534	(281)
		Interest payable	(13)	(14)	-	-
		Dividends	710	160	-	-
JR Publishing and Media	J Richer is the owner	Recharge of expenses	124	133	7	6
ASB Help	Registered charity of which certain directors are trustees	Recharge of expenses	23	15	5	4
Tax Watch Limited	J Richer is a director	Recharge of expenses	67	-	67	-

The amounts due to the company by JR Properties and payable to J Richer and R Richer have interest applied using the official HMRC interest rate. The amount outstanding at the year end was the maximum amount during the year.

During the year the controlling party of the company was J Richer. At the date of the signing of the financial statements the company was controlled by Richer Sounds Trustee Limited.

### 24 POST BALANCE SHEET EVENTS

In May 2019 the company renewed its banking facility to include a loan of £6,000,000 repayable over 4 years. The company subsequently paid £11,000,000 to the company's Employee Ownership Trust (EOT) to acquire shares in the company. The Employee Ownership Trust subsequently paid J Richer £9.2m.