

Company registered no: 03194792

Advanced Bionics UK Limited
Annual Report and Financial Statements
for the year ended 31 March 2022

FRIDAY



AC4U9FC9

A08

02/06/2023

#134

COMPANIES HOUSE

Advanced Bionics UK Limited

Contents

Board of directors and advisers	1
Strategic report for the year ended 31 March 2022	2
Directors' report for the year ended 31 March 2022	4
Statement of directors responsibilities	6
Independent Auditor's report to the members of Advanced Bionics UK Limited	7
Statement of income and retained earnings for the year ended 31 March 2022	10
Balance sheet as at 31 March 2022	11
Notes to the financial statements for the year ended 31 March 2022	12

Advanced Bionics UK Limited

Board of directors and advisers

Directors

Marta Neto
Tiziano Caldera

Company Secretary

Sarah Losh
Kezia Tomlinson

Company number

03194792

Registered office

Sonova House
Lakeside Drive
Centre Park
Warrington
WA1 1RX

Bankers

Deutsche Bank (AG) London
6 Bishopsgate
London
EC2N 4DA

Independent auditors

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

Advanced Bionics UK Limited

Strategic report for the year ended 31 March 2022

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

Principal activities

The principal activities of the Company are to provide Cochlear Implants and accessories to a range of hospitals throughout the United Kingdom.

Business review

Fair review of the business

We aim to provide a balanced and comprehensive review of the business performance during the year and of its financial position at the year end. The trading results of the year and the Company's financial position at the year end are shown in the financial statements. Advanced Bionics UK Limited achieved a good business performance, despite residual pandemic-related market challenges. Surgery slots increased and, in turn, saw an increase in implant sales contributing significantly to the rise in revenue.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Revenue increase	%	103%	53%
Revenue	£'000	9,990	4,924
Profit before income tax	£'000	285	275

Given the straightforward nature of the business, the directors are of the opinion that analysis using non-financial KPIs is not necessary for an understanding of the development, performance or position of the entity.

Principal risks and uncertainties

The principal risks affecting the business are the trading relationships with the hospitals throughout the United Kingdom. All intercompany transactions are unsecured, interest free and are repayable on demand.

Financial instruments

Objectives and policies

The company's financial position is managed using principally short term creditors and intercompany balances to maintain appropriate liquidity.

Price risk, credit risk, liquidity risk and cash flow risk

The terms of the agreements between the company and its fellow group undertakings are such that they are not considered to be significant price, credit, liquidity or cash flow risks. There are also no concerns over the trading relationships with the hospitals within the United Kingdom.

Advanced Bionics UK Limited

Strategic report for the year ended 31 March 2022 (continued)

Future developments

The UK cochlear implant market in FY22 continued to recover from the impact of Covid, and despite the potential growing need for cochlear implants, there are still significant waiting times for referrals for cochlear implantation within the NHS. Advanced Bionics UK Limited ('AB UK') have invested resources and staff in ensuring potential cochlear implant recipients are referred by working closely with hearing healthcare and allied professionals supporting the growth of the market while also supporting professionals by way of innovative support services, allowing opportunity for growth in revenue with close attention to our expenditure to ensure long term sustainability and readiness for a fully recovered market in the coming years.

The latest AB UK product launches have strengthened our position in the market and ensured continued sustainable revenue while rebuilding trust with customers. Commercial foundations laid in the previous two years, since the Field Corrective Action in 2020 and the height of the pandemic, such as increased interactions within our B2C and B2B funnels have meant that today's business continues to grow and allow for reinvestment in key areas and functions.

There are no significant events occurred subsequent to the year-end which are required to be disclosed.

Approved by the Board on 26 May 2023 and signed on its behalf by

DocuSigned by:

Tiziano Caldera

603F0A64319F415...

Tiziano Caldera
Director

DocuSigned by:

Sarah Losh

7516DFF62A0744F...

Sarah Losh
Company Secretary

Advanced Bionics UK Limited

Directors' report for the year ended 31 March 2022

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

Dividends

No dividends have been paid in the year (2021: £nil). The directors do not propose a dividend in respect of the year ended 31 March 2022.

Political contributions

There were no political donations made during the year.

Financial risk management

Please refer to the strategic report on page 2.

Future developments

Please refer to the strategic report on page 3.

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements are set out below:

Marta Neto
Tiziano Caldera

Qualifying third party and pension scheme indemnity provisions

At the time this report is approved there is no qualifying third-party indemnity provision or qualifying pension scheme indemnity provision (whether made by the company or otherwise) in place for the benefit of one or more of the directors.

Going Concern

When concluding the going concern basis of preparing financial statements, the directors have reviewed the results to date and forecast to 31 May 2024. After taking into the account the reasonable possible changes in the trading activity due to current economic conditions and cost of living criss, the directors are of the view that sufficient resources will be available to the allow the Company to meet its financial liabilities as they fall due. The directors assumed a growth of 5% to annualized 12-Month results for the year ended 31 May 2024 while developing the forecast taking into account the Group transfer pricing arrangements in place for the going concern assessment. Additional procedures have also been performed as part of the going concern review including stress tests considering both severe plausible scenario and a reverse stress test scenario.

The company also participates in the Sonova Group's centralised transfer pricing arrangements as well as treasury arrangements and shares banking arrangements with the Group. Accordingly, in addition to considering the possible down-side scenarios at UK level, the directors have made enquiries of Sonova Holding AG in order to satisfy themselves that financial support would be available from the Parent should it be needed and a letter of financial support has been received from Sonova Holding AG covering the period to 31st May 2024. The directors have considered the ability of Sonova Holding AG to provide liquidity support under the downside scenario should the need arise and are satisfied that the Group have sufficient liquidity to support the company. Details of banking arrangements and financial performance of Sonova AG may be found in its publicly available financial statements at <https://www.sonova.com>.

Advanced Bionics UK Limited

Directors' report for the year ended 31 March 2022 (continued)

Going Concern (continued)

Based on their considerations and enquiries, the directors have no reasons to believe that a material uncertainty exists and have a reasonable expectation that the company would be able to continue as a going concern for the period to 31st May 2024 and the directors accordingly continued to adopt the going concern basis of accounting in the preparation of these financial statements.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 26 May 2023 and signed on its behalf by

DocuSigned by:

803F0A64319F415...
Tiziano Caldera
Director

Registered number: 03194792

Advanced Bionics UK Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED BIONICS UK LIMITED

Opinion

We have audited the financial statements of Advanced Bionics UK Limited for the year ended 31 March 2022 which comprise the Statement of income and retained earnings, the Balance Sheet and the related notes 1 to 21, 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 company's affairs as at 31 March 2022 and of its 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 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

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 company's ability to continue as a going concern for a period to 31 May 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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

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 course of 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED BIONICS UK LIMITED (CONTINUED)

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 directors' report have been prepared in accordance with applicable legal requirements.

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED BIONICS UK LIMITED (CONTINUED)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and the relevant direct and indirect tax compliance regulations in which the Company operates). In addition, we concluded that there are certain significant laws and regulations relating to the Company's operations that may have an effect on determination of the amounts and disclosures in the financial statements, which relate to health and safety, employee related matters, environmental, bribery and corruption practices and the EU General Data Protection Regulations.
- We understood how Advanced Bionics UK Limited is complying with relevant legal and regulatory frameworks by enquiries to the management and those charged with governance with consideration of the potential for the override of controls or other inappropriate influence over the financial reporting process during planning and execution of our audit procedures. We corroborated our enquiries with the review of Board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating the risks of management override in particular for the areas related to revenue recognition, accounting practices applied by the company for different provisions and other areas that involve professional judgment
- We identified a risk that management might override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the area most susceptible to any such override was revenue recognition.
- We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions. We incorporated data analytics into our audit approach to assist in our targeted review of manual journals including segregation of duties and our testing of revenue recognition.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries to different levels of management and those charged with governance, execution of detailed audit tests for the areas deemed susceptible to the elevated risk of management override and the use of data analytics to identify journal entries which could indicate any non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

DocuSigned by:
Ernst & Young LLP
BA1E83DA643B4AC...

Anne Schmitt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

31 May 2023

Advanced Bionics UK Limited
Statement of income and retained earnings
for the year ended 31 March 2022

		Year ended	Year ended
		31 March	31 March
	Note	2022	2021
		£000	£000
Turnover	4	9,990	4,924
Cost of sales		(7,794)	(3,163)
Gross profit		2,196	1,761
Administrative expenses		(1,914)	(1,651)
Other Income	5	6	168
Operating profit	6	288	278
Interest payable and similar charges	10	(3)	(3)
Profit before income tax		285	275
Tax on profit on ordinary activities	11	3	2
Profit for the financial year		288	277
Retained earnings at the beginning of the year		1,636	1,359
Retained earnings at the end of the year		1,924	1,636

All results are generated from continuing operations.

The Company has no recognised gains or losses for the year other than the results above. As such, no separate statement of comprehensive income has been presented.

There are no material differences between the profit before income tax and the profit for the years stated above and their historical cost equivalents.

The notes on pages 12 to 26 form an integral part of these financial statements.

Advanced Bionics UK Limited

Balance sheet as at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Fixed assets			
Tangible assets	12	17	17
		<u>17</u>	<u>17</u>
Current assets			
Stocks	13	1,018	942
Debtors	15	3,282	1,633
		<u>4,300</u>	<u>2,575</u>
Total assets		<u><u>4,317</u></u>	<u><u>2,592</u></u>
Current liabilities			
Creditors: amounts falling due within one year	16	(2,393)	(956)
		<u>(2,393)</u>	<u>(956)</u>
Net current assets		<u>1,907</u>	<u>1,619</u>
Total assets less current liabilities		<u>1,924</u>	<u>1,636</u>
Net assets		<u>1,924</u>	<u>1,636</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		<u>1,924</u>	<u>1,636</u>
Total equity	18	<u>1,924</u>	<u>1,636</u>

The notes on pages 12 to 26 form an integral part of these financial statements.

The financial statements of Advanced Bionics UK Limited were approved by the Board on 26 May 2023 and signed on behalf by

DocuSigned by:

 B03F0A64319F415...
Tiziano Caldera
 Director

DocuSigned by:

 7516DFF62A0744F...
Sarah Losh
 Company Secretary

Company registered number: 03194792

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022

1 General information

Advanced Bionics UK Limited is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Sonova House, Lakeside Drive, Centre Park, Warrington WA1 1RX. The registration number of the Company is 03194792.

The principal activity of the Company during the year under review was to provide Cochlear implants and accessories to a range of hospitals throughout the United Kingdom.

2. Statement of compliance

The financial statements of Advanced Bionics UK Limited have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the Amendments to FRS 102 (issued in July 2015).

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in "Critical accounting judgements and key source of estimation uncertainty" included within this note.

Future amendments to FRS 102

There aren't any further disclosures in connection with amendments to FRS 102 or FRC abstracts that have an effect on the current period, prior period or future period as required by paragraph 10.13 of FRS 102.

Going Concern

When concluding the going concern basis of preparing financial statements, the directors have reviewed the results to date and forecast to 31 May 2024. After taking into the account the reasonable possible changes in the trading activity due to current economic conditions and cost of living criss, the directors are of the view that sufficient resources will be available to the allow the Company to meet its financial liabilities as they fall due. The directors assumed a growth of 5% to annualized 12-Month results for the year ended 31 May 2024 while developing the forecast taking into account the Group transfer pricing arrangements in place for the going concern assessment. Additional procedures have also been performed as part of the going concern review including stress tests considering both severe plausible scenario and a reverse stress test scenario.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3. Summary of significant accounting policies (continued)

Going Concern (continued)

The company also participates in the Sonova Group's centralised transfer pricing arrangements as well as treasury arrangements and shares banking arrangements with the Group. Accordingly, in addition to considering the possible down-side scenarios at UK level, the directors have made enquiries of Sonova Holding AG in order to satisfy themselves that financial support would be available from the Parent should it be needed and a letter of financial support has been received from Sonova Holding AG covering the period to 31st May 2024. The directors have considered the ability of Sonova Holding AG to provide liquidity support under the downside scenario should the need arise and are satisfied that the Group have sufficient liquidity to support the company. Details of banking arrangements and financial performance of Sonova AG may be found in its publicly available financial statements at <https://www.sonova.com>.

Based on their considerations and enquiries, the directors have no reasons to believe that a material uncertainty exists and have a reasonable expectation that the company would be able to continue as a going concern for the period to 31st May 2024 and the directors accordingly continued to adopt the going concern basis of accounting in the preparation of these financial statements.

Foreign currency

i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling rounded in thousands.

ii) Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

At the end of each period foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

Revenue

Revenue represents amounts chargeable, net of value added tax, in respect to the sale of goods & services to customers in the period. Revenue is recognised when the sale or service is performed, relates to the Company's principal activity and all arises in the UK.

Government grants

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

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Furlough amounts received during the year represent government grants of a revenue nature and have been accounted for accordingly.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

Summary of significant accounting policies (continued)

Employee benefits

The Company provides a range of benefits to employees, including defined contribution pension plan.

i) Short term benefits

Short term benefits, including non-monetary benefits are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension scheme

The Company operates a defined contribution pension scheme. Contributions are recognised in the statement of income and retained earnings in the period in which they become payable in accordance with the rules of the scheme.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exception.

Deferred assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or subsequently enacted at the balance sheet date.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3. Summary of significant accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use including dismantling and restoration costs if any.

Depreciation on tangible fixed assets is provided on a straight-line basis so as to write off the cost less any estimated residual value, of each asset by equal annual instalment over its useful economic life as follows:

Asset class	Depreciation method and rate
Fixtures & Fittings	between 5 and 10 years straight line
Office equipment	between 3 and 10 years straight line
Short leasehold land and buildings	between 3 and 10 years straight line

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3. Summary of significant accounting policies (continued)

Hire purchase and leasing

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term.

Lease incentive

Incentives received to enter into an operating lease are credited to the statement of income and retained earnings, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of income and retained earnings over the period to the first review date on which the rent is adjusted to market rates.

Stocks

Stocks consist of finished goods purchased for re-sale and have been stated at the lower of cost and estimated selling price. Cost is defined as purchased cost on a first-in, first-out basis.

Cost include the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

Provisions have been made, if necessary, for slow moving, obsolete and defective stock.

Financial instruments

The Company has chosen to adopt the recognition and measurement provisions of IAS 39 and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, and measured at amortised cost. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(i) Classification

(a) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset and liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets and liabilities in this category are classified as current assets and liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Measured at amortised cost

Receivables, payables and loans due to/from related undertakings are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets and liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets and liabilities.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(ii) Recognition and Measurement

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the statement of income and retained earnings. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of income and retained earnings within interest income or expenses in the period in which they arise. The Company does not hold any derivative financial instruments.

(iii) Impairment

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income and retained earnings.

(iv) De-recognition

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(v) Offsetting

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

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3. Summary of significant accounting policies (continued)

Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Accounting Estimates

Due to the simplicity of the business, Advanced Bionics has no complex accounting estimates. Advanced Bionics offers various services, including extended warranties (AB4U). Revenue for these services is recognized on a straight-line basis over the 12 month service period.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

4. Turnover

The revenue and profit before income tax are attributable to the one principal activity of the Company.

An analysis of revenue by geographical market is given below:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
UK and Ireland	9,990	4,924
	<u>9,990</u>	<u>4,924</u>

5. Other income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Government grants (Covid-19)	6	168
	<u>6</u>	<u>168</u>

6. Operating profit

Operating profit is stated after charging

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Operating leases charges	148	72
Depreciation of owned assets	<u>11</u>	<u>12</u>

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

7. Auditor's remuneration

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Audit of the financial statements:		
Current auditor	20	20
	<u>20</u>	<u>20</u>

8. Staff costs

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

	Year ended 31 March 2022 No.	Year ended 31 March 2021 No.
Administration and support	<u>18</u>	<u>18</u>
	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Wages and salaries	1,062	1,037
Social security costs	213	190
Other pension costs	84	85
	<u>1,359</u>	<u>1,312</u>

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

9. Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Salary	342	397
Pension	10	13
	<u>352</u>	<u>410</u>

The highest paid director's remuneration were as follows:

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Remuneration	178	235
Pension	3	7

During the year the number of directors who were receiving benefits and share incentives was as follows:

	Year ended 31 March 2022 No.	Year ended 31 March 2021 No.
Accruing benefits under money purchase pension scheme	2	2

10. Interest payable and similar charges

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Interest payable and similar expenses	<u>3</u>	<u>3</u>

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

11. Tax on profit on ordinary activities

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Current tax		
Corporation tax charge	-	-
Adjustments in respect of previous years	-	-
UK Corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	(1)	1
Adjustments in respect of previous periods	(2)	(3)
Total deferred tax	(3)	(2)
Tax (credit)/charge for the period	(3)	(2)

Factors affecting tax charge for the year

Tax on profit for current and prior year is lower than the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Profit before income tax	285	275
Tax on profit before tax multiplied by standard UK rate (19%)	54	52
Effects of:		
Expenses not deductible	1	2
Effects of group relief/ other reliefs	(56)	(53)
Adjustment in respect of previous years	(2)	(3)
Tax rate changes	-	-
Total tax (credit)/ charge for the period	(3)	(2)

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020.

In the Spring Budget 2021, the Government announced an increase in the corporation tax rate from 19% to 25% from 1 April 2023. As the new law had not been substantively enacted by the balance sheet date, its impact has not been reflected in the financial statements. The impact of the increase would be to increase the deferred tax asset by approximately £1,000.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

12. Tangible fixed assets

	Short leasehold land and buildings £000	Fixtures & fittings £000	Office equipment £000	Total £000
Cost				
At 1 April 2021	13	26	171	210
Additions	-	-	11	11
At 31 March 2022	13	26	182	221
Accumulated Depreciation				
At 1 April 2021	13	26	154	193
Charge for the year	-	-	11	11
At 31 March 2022	13	26	165	204
Net book value				
At 31 March 2022	-	-	17	17
At 31 March 2021	-	-	17	17

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13. Stocks

	31 March 2022 £000	31 March 2021 £000
Finished goods	975	839
Raw materials and consumables	43	38
Goods-in-transit	-	65
	<u>1,018</u>	<u>942</u>

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

As at 31 March 2022, provision for impairment of stocks was £23,000 (2021: £22,000)

14. Deferred Taxation

The deferred tax asset included in the financial statements is as follows:

	31 March 2022 £'000	31 March 2021 £'000
Fixed asset timing differences	3	1
Short term timing differences - trading	2	1
Deferred tax asset	<u>5</u>	<u>2</u>

The movement in the deferred taxation asset during the year was:

	31 March 2022 £'000	31 March 2021 £'000
At beginning of the year	2	-
Adjustment in respect of prior years	2	3
-Profit and loss account movement arising during the year	1	(1)
At end of the year (note 15)	<u>5</u>	<u>2</u>

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

15. Debtors

	31 March 2022 £000	31 March 2021 £000
Trade receivables	2,393	674
Amounts owed by group undertakings	827	926
Other taxes and social security	7	6
Deferred tax asset (note 14)	5	2
Prepayments and accrued income	50	25
	<u>3,282</u>	<u>1,633</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Trade debtors are stated after provisions for impairment of £18,000 (2021: £5,000)

16. Creditors: amounts falling due within one year

	31 March 2022 £000	31 March 2021 £000
Trade payables	141	28
Amounts owed to group undertakings	1,398	351
Corporation tax	-	-
Other taxes and social security	102	-
Accruals and deferred income	752	577
	<u>2,393</u>	<u>956</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

17. Called up share capital

Issued, allotted, called up and fully paid shares

	31 March 2022		31 March 2021	
	No	£000	No	£000
100 Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of capital and the repayment of capital.

Advanced Bionics UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

18. Reconciliation of movements in total equity

	31 March 2022 £000	31 March 2021 £000
Profit for the financial year	288	277
Opening total equity	<u>1,636</u>	<u>1,359</u>
Closing total equity	<u>1,924</u>	<u>1,636</u>

19. Related party transactions

The Company has taken the advantage of the exemption provided by Section 33.1A of FRS 102 from disclosing related party transactions with the wholly owned entities.

20. Commitments

As at 31st March the Company had the following minimum lease payments under non-cancellable operating lease for each of the following periods

	31 March 2022 £000	31 March 2021 £000
Payments due		
Not later than one year	50	50
Later than one year and not later than five years	79	128
Later than five years	<u>-</u>	<u>-</u>

21. Ultimate controlling party

The immediate parent company is Advanced Bionics SARL a company registered in France. The ultimate controlling party is Sonova Group AG, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of its group financial statements, which include the Company, are available from Sonova Holding AG, Laubisrütistrasse 28, 8712 Stäfa, Switzerland.