

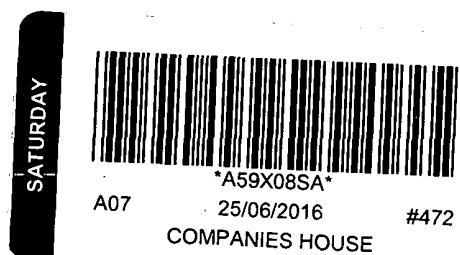
Company Registration No. 5158526

AUDYUS LIMITED

Report and Financial Statements

30 June 2015

23/06/16



AUDYUS LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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AUDYUS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the unaudited financial statements for the year ended 30 June 2015.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

ACTIVITIES

The group's principal activity is the design and manufacture of high quality audio equipment. The company is a holding company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The attached figures reflect another year of significant change and improved performance. The business has been restructured and continues to spend significant effort on its core products, with new products planned for release in quarter 3 of 2016. The business is also focused on developing the new range of products necessary to capture the future consumers of the high end audio market and these are scheduled for release in 2017.

Cyrus Audio Limited is a 100% owned trading subsidiary of Audyus Limited. Interested parties should look at both sets of accounts in conjunction with each other for a complete picture.

DIVIDENDS

The directors do not recommend the payment of a dividend (2014 - £nil).

DIRECTORS

The directors who served during the year were as follows:

Peter Bartlett (Technical Director)- resigned 19 March 2015

Simon Freethy (Managing Director)

Peter Joseph (Non-Executive Director)

Approved by the Board of Directors
and signed on behalf of the Board



Simon Freethy

Director

Date: 23 June 2016

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF AUDYUS LIMITED FOR THE YEAR ENDED 30 JUNE 2015

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Audyus Limited for the year ended 30 June 2015 which comprises the consolidated profit and loss account, the consolidated and individual company balance sheets and the related notes 1 to 20 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/membershandbook.

This report is made solely to the Board of Directors of Audyus Limited, as a body, in accordance with the terms of our engagement letter dated 21 March 2016. Our work has been undertaken solely to prepare for your approval the financial statements of Audyus Limited and state those matters that we have agreed to state to you in this report in accordance with AAF 02/10 as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Audyus Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Audyus Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Audyus Limited. You consider that Audyus Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Audyus Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



Deloitte LLP
Chartered Accountants
Cambridge, United Kingdom

24 June 2016

AUDYUS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2015

	Note	2015 £	2014 £
TURNOVER	2	1,915,472	2,431,382
Cost of sales		<u>(950,674)</u>	<u>(1,569,259)</u>
Gross profit		964,798	862,123
Distribution costs		(291,244)	(279,402)
Administrative expenses		<u>(850,485)</u>	<u>(867,989)</u>
OPERATING LOSS	4	<u>(176,931)</u>	<u>(285,268)</u>
Profit on sale of fixed asset investments		-	9,948
Interest receivable and similar income	5	-	148
Interest payable and similar charges	6	<u>(8,663)</u>	<u>(32,777)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(185,594)	(307,949)
Tax credit on loss on ordinary activities	7	<u>33,604</u>	<u>79,500</u>
LOSS FOR THE FINANCIAL YEAR	18	<u><u>(151,990)</u></u>	<u><u>(228,449)</u></u>

AUDYUS LIMITED

CONSOLIDATED BALANCE SHEET 30 June 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets	9	-	138
Tangible assets	10	75,283	81,513
		<u>75,283</u>	<u>81,651</u>
CURRENT ASSETS			
Stocks	12	537,627	509,879
Debtors	13	329,208	542,043
Cash at bank and in hand		48,871	28,681
		<u>915,706</u>	<u>1,080,603</u>
CREDITORS: amounts falling due within one year	14	<u>(564,645)</u>	<u>(582,863)</u>
NET CURRENT ASSETS		<u>351,061</u>	<u>497,740</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		426,344	579,391
CREDITORS: amounts falling due after more than one year	15	(15,543)	(81,253)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(86,923)</u>	<u>(22,270)</u>
NET ASSETS		<u><u>323,878</u></u>	<u><u>475,868</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	289,743	239,743
Share premium account	18	396,613	396,613
Profit and loss account	18	<u>(312,478)</u>	<u>(160,488)</u>
SHAREHOLDERS' FUNDS		<u><u>323,878</u></u>	<u><u>475,868</u></u>

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

For the year ended 30 June 2015 the company was entitled to the exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities

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

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Audyus Limited, registered number 5158526, were approved by the Board of Directors and authorised for issue on 23 June 2016.

Signed on behalf of the Board of Directors



Simon Freethy

Director

AUDYUS LIMITED

BALANCE SHEET 30 June 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Investments	11	8,261	8,261
CURRENT ASSETS			
Debtors – falling due after one year	13	646,304	646,304
TOTAL ASSETS		654,565	654,565
CREDITORS: amounts falling due after more than one year	15	(26,710)	(26,710)
NET ASSETS		627,855	627,855
CAPITAL AND RESERVES			
Called up share capital	17	239,743	239,743
Share premium account	18	396,613	396,613
Profit and loss account	18	(8,501)	(8,501)
SHAREHOLDERS' FUNDS		627,855	627,855

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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Signed on behalf of the Board of Directors



Simon Freethy
Director

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008). The particular accounting policies adopted are described below.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Going Concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Managing Director's statement and Directors' report on pages 1 to 3.

The group meets its day to day working capital requirements from its own cash resources and through the use of an invoice discounting facility. The business undertook a funding round in March 2016, with funds provided by new and existing shareholders as well as an additional loan from Finance East. This additional capital injection together with the groups' forecasts and projections, taking account of foreseeable improvements in trading performance ensure that the company has sufficient funds to meet its ongoing cash requirements.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Intangible fixed assets

Trademarks are valued at cost on acquisition and are depreciated in equal amounts over their estimated useful economic lives of 10 years.

Tangible fixed assets

Depreciation is provided on fixed assets so as to write off cost over the estimated useful lives of the assets. The annual rates of depreciation applied are as follows:

Short term leasehold improvements	Over the term of the lease
Motor vehicles	20%-33% per annum on cost
Fixtures and fittings	20%-33% per annum on cost
Plant and equipment	8%-33% per annum on cost
IT equipment	33% per annum on cost

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Leases

Operating lease rentals are charged to the profit and loss account as incurred.

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The group operates a defined contribution pension scheme in respect of the employees. The cost of contributions is charged to the profit and loss account as they arise.

Cash flow statement

The group has taken advantage of the exemption afforded by FRS1 (revised) not to prepare a cash flow statement on the basis that it is a small group.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period for which the group is expected to benefit.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax. Revenue is recognised on shipment of products to customers.

The turnover is attributable to the group's principal activity. 30% (2014 - 34%) of turnover arose outside the United Kingdom.

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

3. INFORMATION REGARDING DIRECTORS

	2015 £	2014 £
Directors' emoluments		
Emoluments (excluding pension contributions)	90,000	102,220
Company contributions to money purchase pension schemes in respect of directors' services	2,136	3,662

4. OPERATING LOSS

	2015 £	2014 £
Operating loss is after charging:		
Amortisation of intangible fixed assets	138	826
Depreciation of tangible fixed assets:		
Owned assets	41,253	42,600
Rentals under operating leases:		
Other operating leases	67,974	91,899
Auditor's remuneration	-	10,800

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £	2014 £
Bank interest	-	148

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Loans and overdraft	8,663	32,777

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2015 £	2014 £
Current tax		
United Kingdom corporation tax	45,343	(79,500)
Deferred tax		
Origination and reversal of timing differences	(11,739)	-
Total tax on loss on ordinary activities	<u>33,604</u>	<u>(79,500)</u>

Analysis of deferred tax balances

	Unprovided (unrecognised)		Provided (recognised)	
	2015 £	2014 £	2015 £	2014 £
Accelerated capital allowances		-	6,610	10,085
Short term timing differences	(2,636)	-	-	-
Unutilised losses	(20,754)	(4,876)	(6,610)	(17,413)
	<u>(23,390)</u>	<u>(4,876)</u>	<u>-</u>	<u>(7,328)</u>

8. RESULT OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's result on ordinary activities after taxation for the financial year amounts to £nil (2014 – £9,948).

9. INTANGIBLE FIXED ASSETS

Group	Trademarks £
Cost	
At 1 July 2014 and 30 June 2015	<u>8,260</u>
Amortisation	
At 1 July 2014	8,122
Charge for the year	138
At 30 June 2015	<u>8,260</u>
Net book value	
At 30 June 2015	<u>-</u>
At 30 June 2014	<u>138</u>

Trademarks are stated at the valuation made by the directors considered to be fair value of rights acquired on 1 September 2004.

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

10. TANGIBLE FIXED ASSETS

Group	Short term leasehold improve- ments £	Motor vehicles £	Fixtures and fittings £	Plant and equipment £	IT equipment £	Total £
Cost						
At 1 July 2014	68,006	-	14,644	283,955	40,510	407,115
Additions in year	-	21,032	-	13,991	-	35,023
At 30 June 2015	68,006	21,032	14,644	297,946	40,510	442,138
Accumulated depreciation						
At 1 July 2014	59,294	-	12,245	217,703	36,360	325,602
Charge for the year	7,300	7,016	1,375	22,892	2,670	41,253
At 30 June 2015	66,594	7,016	13,620	240,595	39,030	366,855
Net book value						
At 30 June 2015	1,412	14,016	1,024	57,351	1,480	75,283
At 30 June 2014	8,712	-	2,399	66,252	4,150	81,513

11. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in subsidiary undertakings £
Cost	
At 1 July 2014 and 30 June 2015	8,261

All of the investments are unlisted.

Subsidiary undertaking	Country of Registration	Activity	% of shares held
Cyrus Audio Limited	England and Wales	Design and manufacture of high quality audio equipment	100%
Cyrus Trademarks Limited	British Virgin Islands	Non trading	100%

Cyrus Trademarks Limited owns the Cyrus trademarks.

12. STOCKS

	Group 2015 £	2014 £
Raw materials	404,126	348,948
Finished goods	133,501	160,931
	<u>537,627</u>	<u>509,879</u>

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

13. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	252,769	344,738	-	-
Deferred tax asset (note 7)	-	7,328	-	-
Prepayments and accrued income	31,096	110,477	-	-
Amounts owed by subsidiary undertaking			646,304	646,304
Corporation tax recoverable	45,343	79,500	-	-
	<u>329,208</u>	<u>542,043</u>	<u>646,304</u>	<u>646,304</u>

Amounts owed by subsidiary undertaking fall due after one year. All other amounts fall due within one year.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2015	2014
	£	£
Bank overdraft (secured)	97,917	92,768
Trade creditors	296,673	390,476
Other loan	35,972	33,336
Other taxation and social security costs	17,160	13,009
Other creditors	26,710	-
Accruals and deferred income	90,213	53,274
	<u>564,645</u>	<u>582,863</u>

The other loan is repayable in instalments over 3 years and bears interest at Base Rate plus 7%. It is secured by charges over the assets of the company.

Other creditors is deferred consideration payable on the acquisition on Cyrus Trademarks Limited after unwinding of discount to 30 June 2015 and is due within the next 12 months.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other loan (note 14)	15,543	54,543	-	-
Other creditors (note 14)	-	26,710	-	26,710
	<u>15,543</u>	<u>81,253</u>	<u>-</u>	<u>26,710</u>

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

16. PROVISIONS FOR LIABILITIES AND CHARGES

	2015 £	Group 2014 £
Warranty provision	22,270	22,270
Obsolescence provision	64,653	-
	<u>86,923</u>	<u>22,270</u>

17. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Called up, allotted and fully paid		
239,743 (2014 - 239,743) A ordinary shares of £1 each	<u>239,743</u>	<u>239,743</u>

The company has granted 7,653 share options with an exercise price of £2.45 and 6,470 share options with an exercise price of £7.50 over the ordinary shares of the company.

18. STATEMENT OF MOVEMENT IN RESERVES

	Share premium account £	Profit and loss account £
Group		
At 1 July 2014	396,613	(160,488)
Retained loss for the year	-	(151,990)
At 30 June 2015	<u>396,613</u>	<u>(312,478)</u>
Company		
At 1 July 2014 and 30 June 2015	<u>396,613</u>	<u>(8,501)</u>

AUDYUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2015

19. FINANCIAL COMMITMENTS

At 30 June 2015 the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Leases which expire:				
Within one year	72,000	52,000	7,279	-
Within two to five years	-	-	-	21,660
	<u>72,000</u>	<u>52,000</u>	<u>7,279</u>	<u>21,660</u>

20. RELATED PARTIES

The company has taken advantage of the exemption offered under FRS 8 not to disclose transactions with other group companies as consolidated accounts are prepared.

There is no ultimate controlling party.

21. POST BALANCE SHEET EVENT

In March 2016, the company issued 38,777 ordinary shares at 2.45 a share, resulting in a cash injection of £95k. In addition, the company received a 3 year loan of £100k. The loan has interest of 7% over base and is secured over the assets of the business.