

EIGHTH DAY SOUND UK LIMITED

Company Registration No. 06968322 (England and Wales)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

PAGES FOR FILING WITH REGISTRAR

EIGHTH DAY SOUND UK LIMITED

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EIGHTH DAY SOUND UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|--|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 3 | | 2,230,547 | | 2,144,243 |
| Current assets | | | | | |
| Debtors | 4 | 250,289 | | 398,414 | |
| Cash at bank and in hand | | 513,554 | | 253,613 | |
| | | <u>763,843</u> | | <u>652,027</u> | |
| Creditors: amounts falling due within one year | 5 | <u>(620,314)</u> | | <u>(464,866)</u> | |
| Net current assets | | | 143,529 | | 187,161 |
| Total assets less current liabilities | | | <u>2,374,076</u> | | <u>2,331,404</u> |
| Creditors: amounts falling due after more than one year | 6 | | (1,379,660) | | (1,717,113) |
| Provisions for liabilities | | | <u>(122,585)</u> | | <u>(94,910)</u> |
| Net assets | | | <u>871,831</u> | | <u>519,381</u> |
| Capital and reserves | | | | | |
| Called up share capital | 7 | | 100 | | 100 |
| Profit and loss reserves | | | 871,731 | | 519,281 |
| Total equity | | | <u>871,831</u> | | <u>519,381</u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2020 and are signed on its behalf by:

Mr T A Arko
Director

Company Registration No. 06968322

EIGHTH DAY SOUND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Eighth Day Sound UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Dyke Yaxley Limited, 1 Brassey Road, Old Potts Way, Shrewsbury, Shropshire, SY3 7FA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The material uncertainties are in relation to the challenges that the company has faced in relation to the Covid-19 pandemic. Whilst there has been uncertainty surrounding activity in 2020 and into the future, the directors have taken every step possible to mitigate the pandemic by utilising the support available. This includes the Coronavirus Job Retention Scheme, increasing bank facilities, payment deferrals and other steps where possible. The company has managed to maintain some activity throughout the lockdown period and this is expected to improve throughout 2020 but business will not return to normal until the New Year.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 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.

EIGHTH DAY SOUND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------------------------------|-------------------------|
| Freehold property | 2% pa Straight Line |
| Plant and machinery | 15% pa Reducing Balance |
| Fixtures, fittings and equipment | 25% pa Reducing Balance |
| Office equipment | 25% pa Reducing Balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Cash and cash equivalents

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

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

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

Current tax

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

EIGHTH DAY SOUND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

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

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Employees

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

| | 2019 Number | 2018 Number |
|-------|-------------------|-------------------|
| Total | 9 | 11 |
| | <u> </u> | <u> </u> |

EIGHTH DAY SOUND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Tangible fixed assets

| | Land and buildings | Plant and machinery etc | Total |
|------------------------------------|-----------------------|----------------------------|-----------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2019 | 1,837,953 | 933,880 | 2,771,833 |
| Additions | - | 248,641 | 248,641 |
| Disposals | - | (23,929) | (23,929) |
| At 31 December 2019 | 1,837,953 | 1,158,592 | 2,996,545 |
| Depreciation and impairment | | | |
| At 1 January 2019 | 236,385 | 391,205 | 627,590 |
| Depreciation charged in the year | 36,759 | 108,133 | 144,892 |
| Eliminated in respect of disposals | - | (6,484) | (6,484) |
| At 31 December 2019 | 273,144 | 492,854 | 765,998 |
| Carrying amount | | | |
| At 31 December 2019 | 1,564,809 | 665,738 | 2,230,547 |
| At 31 December 2018 | 1,601,568 | 542,675 | 2,144,243 |

4 Debtors

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 182,239 | 332,550 |
| Corporation tax recoverable | 21,595 | 21,595 |
| Other debtors | 46,455 | 44,269 |
| | 250,289 | 398,414 |

EIGHTH DAY SOUND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Bank loans and overdrafts | - | 21,684 |
| Trade creditors | 36,439 | 7,037 |
| Amounts due to group undertakings | 415,954 | 307,134 |
| Corporation tax | 26,736 | - |
| Other taxation and social security | 49,867 | 48,793 |
| Other creditors | 91,318 | 80,218 |
| | <u>620,314</u> | <u>464,866</u> |

The bank loan is secured by a fixed and floating charge over the assets of the company.

6 Creditors: amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts | - | 282,602 |
| Amounts owed to group undertakings | 1,379,660 | 1,434,511 |
| | <u>1,379,660</u> | <u>1,717,113</u> |

Creditors which fall due after five years are as follows:

| | 2019 £ | 2018 £ |
|------------------------|-----------|----------------|
| Payable by instalments | - | 189,345 |
| | <u>-</u> | <u>189,345</u> |

7 Called up share capital

| | 2019 £ | 2018 £ |
|--------------------------------|------------|------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 100 Ordinary Shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Emphasis of matter

EIGHTH DAY SOUND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Audit report information

(Continued)

We draw attention to note 1 of the financial statements, which considers the assessment of going concern for the company. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The senior statutory auditor was Stacey Lea.
The auditor was Dyke Yaxley Limited.

9 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| 2019 | 2018 |
|---------------|----------------|
| £ | £ |
| 56,856 | 113,712 |
| <u>56,856</u> | <u>113,712</u> |

10 Related party transactions

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

11 Parent company

The company's ultimate parent company is Eighth Day Sound International Holding Company LLC, incorporated in the United States of America, whose registered office is 5450 Avion Park Drive, Highland Heights, Ohio 44143 United States of America.

12 Auditor's liability limitation agreement

In accordance with Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 19 February 2020 which limits the liability of the auditor to £5m for any loss or damage suffered by Eighth Day Sound UK Limited arising out of or in connection with the provision of services provided by the auditor including negligence but not wilful default.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.