

Tridonic UK Limited

Annual report and financial statements

Registered number 00887600

30 April 2023



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Officers and professional advisers

Directors

Richard Charles Strode
Christoph Zimmermann
Alexander Jankovsky

Company Secretary Simon Steele

Registered Office

5 Cherrywood
Stag Oak Lane
Chineham
Basingstoke
Hampshire
RG24 8WF

Bankers

Barclays Bank PLC
8 Market Place
Basingstoke
Hampshire
RG21 7QA

Independent Auditors

Azets Audit Services Limited
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Strategic report

The directors present their strategic report for the year ended 30 April 2023.

Principal activities

The principal activity of the company during the year was the manufacture and supply of components for light fittings.

Business model

The primary routes to market continue to be through OEM (Original Equipment Manufacturer), wholesale and distribution channels. The OEM channel constitutes the most significant proportion of sales. To support OEM market penetration the company has developed a segmental approach with primary focus on Retail, Hospitality, Office and Education. This model is designed to ensure a full understanding of the specific needs of the end user customers from a lighting specification stand point and from an energy efficiency and performance perspective.

Business review

Performance

The company's profit for the year after taxation amounted to £607,000 (2022: £1,503,000). No interim dividend was paid during the year (2022: £1,500,000).

The business year for 2023 was very contrasting in terms of performance. During the first six months of the year we witnessed very high demand for our products due to the continued nervousness around supply. This resulted in the order book peaking at a record level of £18m at one point as customers tried to ensure supply and their own stock levels. This led to limited visibility of the actual market making planning and policy implementation less clear. By October 2022 the supply issue problems we had seen which constrained our own productivity to some extent began to ease, improving our ability to manufacture but giving our customers the confidence to begin to reduce their own stock holdings. This led to a reduction of turnover, order book and profitability in the final six months of the year as new business enquiries slowed and demand reduced. Overall, the year ended at 93% of the sales budget.

In general, what we can see is that the Construction market is currently very active and on the whole our OEM customers are busy which should lead to a relatively rapid de-stocking and a return to more 'normal' levels of performance for us as a business. There is some concern about the market going forward as it is predicted to slow over the coming months, however, we see other opportunities in the retrofit market with a major focus on NetZero. With our energy efficient products and innovative solutions as well as our investment in circular economy related activities we consider Tridonic UK Ltd to be well placed to take advantage of these future market opportunities.

See: <https://www.tridonic.com/en/int/company/sustainability/sustainable-lighting>

Measurement

Key performance indicators (KPIs) for the business in current and preceding years are:

	2023	2022
Revenue (£000)	63,017	66,587
<i>Percentage change from prior year</i>	<i>(5.4)%</i>	<i>15.2%</i>
Gross profit (£000)	4,578	5,411
<i>Gross profit as a percentage of revenue</i>	<i>7%</i>	<i>8%</i>
Stock (£000)	8,094	8,039
Trade receivables from third parties (£000)	2,944	1,550
Trade payables to third parties (£000)	(1,512)	(2,907)
Working capital (£000)	9,526	6,682
<i>Working capital as a percentage of revenue</i>	<i>15%</i>	<i>10%</i>

Strategic report *(continued)*

Statement relating to the directors' responsibilities under Section 172 of the Companies Act

Our Strategy

The strategy considers the primary stakeholders who impact the performance of the business including:

- ***Our Employees***
- ***Our Partners and Suppliers***
- ***Our Customers***
- ***Our Shareholders***

As highlighted earlier the retrofit market is a major focus for Tridonic UK Ltd and with our Building Asset 360 approach becoming more known and ever more relevant to the challenges facing building owners and operators. We are continuing to educate our OEM customers and focus on the major building stakeholders to create a pull for our portfolio of products and solutions. The major focus areas are Emergency lighting, Sustainability and Health & Wellbeing. As always, investment in our people is paramount to our approach and every employee has a personal development plan designed to align their skills with improved customer satisfaction. The company performs regular staff briefings so that our future strategy and current performance is clearly understood by our employees and we issue regular newsletters and run competitions to build team spirit and interaction. In addition, we are now engaging our customers using on-line mediums and have adapted our style and content accordingly to provide a tailored approach to their requirements. In summary, the company will continue to seek market development and explore new opportunities in order to provide solutions to our customers and increase shareholder value.

The directors do not consider that there are appropriate non-financial KPIs relevant to the understanding of the business and therefore none are disclosed.

Principal risks and uncertainties

In addition to the lasting issues created by the pandemic including the global shortage of electronic components which were highlighted above, more recent domestic events such as inflation and interest rate rises are impacting the market in which we operate affecting our performance but also the industry as a whole. Projects are being delayed in some cases, and with the stock issue of our customers we are facing new challenges that may be transitory but increases our focus to ensure we maintain competitively priced products in addition to the high technical and service level we can offer. We believe this sets us apart from many competitors and re-engineering and cost down initiatives continue to be extensively used to maintain this advantage.

We also face product lifecycle and product shift changes. The primary product risks are due to our exit from fluorescent technology and the commoditisation of LED technology. This results in a higher risk of stock obsolescence for previous generation products. To mitigate this risk the products are subject to increased scrutiny by supply chain management and the company continues to make significant investment in the development of new value added products.

The company's operations expose it to a variety of risks including foreign exchange risk, credit risk and liquidity risk. The directors monitor these risks in order to minimise any adverse effects on financial performance. Credit risk is managed by policies that require appropriate credit checks and by on-going credit control assessments based on the customer financial position as well as past experience and other factors. In addition, the Company has a debtor insurance policy in place. The company manages and uses available working capital to ensure that it has sufficient funds for on-going operations and future investments.

Strategic report (continued)

Future Market Trends

Tridonic UK Ltd continues to work with their business partners to develop and introduce increasingly complex connected lighting platforms which will satisfy the future demands of the market and provide new opportunities for the business to remain successful. These new products will be addition to the more traditional offerings the company has on the market and will be developed by our in-house R&D department that look to introduce innovative solutions to not only fulfil current customer requirements but to actively lead the market in what is possible.

Carbon Reporting

The company has gathered data regarding scope one and three carbon emissions (as defined by the GHG Protocol) for the financial year spanning 1st May 2022 to 30th April 2023 from its UK Operations for inclusion in Company Reporting (2022 - 2023) as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation. Tridonic bears no scope two emissions as all imported electricity is 100% renewable.

We have reported all emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021.

	2023	2023
	Equivalent Kwh	Tonnes CO ₂ e
Scope 1 Combustion of fuel, transport and operation of facilities	217,968	48.42
Scope 2 Electricity purchased for own use	1,825,365	0.00
Scope 3 Employee transport and electricity T&D	22,263	57.03
Total consumption / emissions		

Combined scope one (1), two (2), and three (3) carbon emissions for the period was recorded at 105.45 tCO₂e which equates to an increase of 21.6%.

The energy consumed in the period is 2,065,596.47 kWh with emissions broken down as follows:

26.42% relating to natural gas.

19.5% from company-controlled vehicles.

30.62% from transmission and distribution

23.46% from indirectly controlled vehicles

Strategic report *(continued)*

Tridonic UK Limited have held full accreditation against ISO 50001: 2011 since 2015, transitioning to ISO 50001:2018 in October of that year.

Further energy efficiency actions undertaken are as follows:

Conversion of fluorescent lighting to LED lighting in the main office, warehouse and the production area of the Spennymoor factory

Ventilation system timings have been streamlined to be switched off when no production is running.

Replace old Compressor Model SLF 75 with newer more efficient model SLF 40-3 which is approximately 50% more efficient.

Implemented automated switching cycle into the HASS Chamber (CTS TS-40/500-10) to switch off the air dryer during the time it is not actively used.

On behalf of the board



R C Strode
Director

5 Cherrywood
Stag Oak Lane
Chineham
Basingstoke
Hampshire
RG24 8WF

31 July 2023

Directors' report

The directors present their directors' report and audited financial statements for the year ended 30 April 2023.

Proposed dividend

No dividend was paid during the year (2022: £1,500,000). The directors do not recommend the payment of a final dividend (2022: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were

R C Strode
A Jankovsky
C Zimmermann

Political contributions

The company made no political donations or incurred any political expenditure during the year (2022: £nil).

Equal opportunities

The company treats all employees and job applicants equally. No employee or applicant will receive less favourable treatment on the grounds of sex, race, colour, religion, nationality, age, ethnic origin or disability.

Employee communication and consultation

The company provides employees with information by regular staff briefings and engagement surveys. There is a company newsletter and information boards updating employees on the most recent company news including performance and other matters of concern. The company strives to be an employer of choice and aims to empower and motivate its workforce to satisfy customer demand.

Research and development

The company continued to invest in development of its product range as highlighted in the Strategic report.

Engagement with suppliers

Suppliers are critical to providing high quality products to our customers. We aim to treat our suppliers fairly and develop close relationships. We ensure we pay our suppliers according to agreed terms and foster a professional relationship with them.

Engagement with customers

The company aims to be a supply chain partner to its customers and actively seeks to satisfy customer expectations in terms of product performance, product reliability and product diversity.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to ensure that the company's auditors are aware of that information.

Independent Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Future Developments

See disclosures within the Strategic report regarding future developments of the company.

Directors' report (continued)

Going concern

Refer to note 2 of the financial statements for disclosure of the directors' view on the company's ability to continue as a going concern.

Risks and uncertainties

Refer to the Strategic report for disclosure of the directors reporting of risks and uncertainties.

Carbon Reporting

See disclosures within the Strategic report regarding carbon reporting.

On behalf of the board



R C Strode
Director

5 Cherrywood
Stag Oak Lane
Chineham
Basingstoke
Hampshire
RG24 8WF

31 July 2023

Statement of directors' responsibilities in respect of the financial statements

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. 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 Tridonic UK Limited

Opinion

We have audited the financial statements of Tridonic UK Limited (the 'company') for the year ended 30 April 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2023 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 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 of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Tridonic UK Limited (continued)

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 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 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 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 on page 8, 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.

Independent Auditor's Report to the Members of Tridonic UK Limited (continued)

Auditor 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.

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

- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing board minutes;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.



Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services Limited

Chartered Accountants & Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle Upon Tyne

NE3 3LS

Date1 August 2023.....

Statement of Comprehensive Income
for the year ended 30 April 2023

	<i>Note(s)</i>	2023 £000	2022 £000
Revenue	3	63,017	66,587
Cost of sales		(58,439)	(61,176)
Gross profit		4,578	5,411
Distribution costs		(600)	(662)
Administrative expenses		(3,112)	(3,161)
Other operating income		12	57
Operating profit		878	1,645
Other interest receivable and similar income	7	134	15
Interest payable and similar expenses	8	(279)	(113)
Profit before taxation	4-6	733	1,547
Tax on profit	9	(126)	(44)
Profit for the financial year	19	607	1,503
Total comprehensive income for the year		607	1,503

The above results were derived from continuing operations.

Balance Sheet
at 30 April 2023

	<i>Note</i>	2023	2022
		£000	£000
Fixed assets			
Tangible assets	10	4,765	5,211
		<u>4,765</u>	<u>5,211</u>
Current assets			
Stocks	11	8,094	8,039
Receivables	12	11,061	12,330
Cash at bank and in hand		23	503
		<u>19,178</u>	<u>20,872</u>
Payables: amounts falling due within one year	13	(5,797)	(8,688)
		<u>13,381</u>	<u>12,184</u>
Net current assets		13,381	12,184
Total assets less current liabilities		18,146	17,395
Payables: amounts falling due after more than one year	14	(779)	(927)
Provisions for liabilities	16	(508)	(216)
		<u>16,859</u>	<u>16,252</u>
Net assets		16,859	16,252
Capital and reserves			
Called up share capital	18	8,789	8,789
Profit and loss account	19	8,070	7,463
		<u>16,859</u>	<u>16,252</u>
Total Shareholders' funds		16,859	16,252

The notes on pages 15 to 32 are an integral part of these financial statements.

The financial statements on pages 12 to 32 were authorised for issue by the Board of Directors on 31 July 2023 and were signed on its behalf:



R C Strode
Director

Company registered number: 00887600

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total £000
Balance at 1 May 2021	8,789	7,460	16,249
Total comprehensive income for the year			
Profit for the year	-	1,503	1,503
Transactions with owners, recorded directly in equity			
Dividends	-	(1,500)	(1,500)
Balance at 30 April 2022	<u>8,789</u>	<u>7,463</u>	<u>16,252</u>
Balance at 1 May 2022	8,789	7,463	16,252
Total comprehensive income for the year			
Profit for the year	-	607	607
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Balance at 30 April 2023	<u>8,789</u>	<u>8,070</u>	<u>16,859</u>

Notes

(forming part of the financial statements)

1 General Information

Tridonic UK Limited (the “Company”) is a private company limited by shares, incorporated, domiciled and registered in England in the UK. The principal activities are detailed in the Strategic report on page 2.

2 Accounting policies

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company’s ultimate parent undertaking, Zumtobel Group AG includes the Company in its consolidated financial statements. The consolidated financial statements of Zumtobel Group AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address outlined in note 21. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payment, business combinations, non-current assets held for sale, financial instruments, fair value measurements, capital management, revenue from contracts with customers, presentation of comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment property, presentation of a cash-flow statement, the effects of new standards not yet effective, impairment of assets and disclosures in respect of the compensation of key management personnel and of transactions with a management entity that provides key management personnel services to the company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.1 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 April 2023 that have a material impact on the Company’s financial statements.

2.2 Critical accounting estimates and judgements

In the preparation of the financial statements, it is necessary for the management of the Company to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. 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. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Notes (continued)

2 Accounting policies (continued)

2.2 Critical accounting estimates and judgements (continued)

Stock provisioning - the Company designs, manufactures and sells products which are subject to changing technological advances. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 11 for the net carrying amount of the stock and associated provision.

Impairment of receivables - the Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the debtor, the ageing profile of receivables and historical experience. See note 12 for the net carrying amount of the receivables and associated impairment provision.

Useful economic lives of tangible assets - the annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. See note 10 for further information.

Provisions - provision is made for warranty costs. This provision requires management's best estimate of the costs that will be incurred based on legislative and contractual requirements. See note 16 for further information.

2.3 Going concern

Further information regarding 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 pages 2 to 5. The financial position of the company, its cash flows and liquidity position are also described in the Strategic report.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The company recorded a profit for the financial year ended 30 April 2023 of £607,000, net assets of £16,859,000 and cash at bank of £23,000. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully despite the current economic outlook and inflationary pressures.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. These forecasts indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period. Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

2 Accounting policies (continued)

2.5 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.6 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Notes (continued)

2 Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Tangible assets are stated in the statement of financial position at cost, less any associated accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Leasehold land and buildings	-	over the period of the lease
Computer equipment	-	2 to 4 years
Plant and machinery and motor vehicles	-	5 to 10 years
Fixtures and fittings	-	5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.8 Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other receivables)

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried as FVPL are expensed in the profit or loss.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising from derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit and loss under 'net impairment losses on financial and contract assets'.

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit and loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expense)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

Notes (continued)

2 Accounting policies (continued)

2.10 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the years during which services are rendered by employees.

Defined benefit plans

The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the Company which is legally responsible for the plan, which is Thorn Lighting Limited, a fellow group company. The Company recognises a cost equal to its contribution payable for the year. The contributions payable by the Company are calculated based on the number of its participating employees in the scheme.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Notes (continued)

2 Accounting policies (continued)

2.13 Revenue

Revenue represents the amount receivable in the ordinary course of business from the provision of goods and services to customers. Revenue is measured at the fair value of the right to consideration net of sales related rebates, discounts and value added tax. The Company recognises Revenue at the point of delivery of goods.

2.14 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance expenses on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2.15 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes (continued)

2 Accounting policies (continued)

2.15 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.16 Functional Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Notes *(continued)*

2 **Accounting policies** *(continued)*

2.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

3 Revenue

	2023 £000	2022 £000
Sale of goods	63,017	66,587

All revenue originates in the UK and comprises sales of lighting and ancillary products excluding value added tax but including transactions with fellow subsidiary undertakings of the parent undertaking.

A geographical analysis of the Company's revenue by destination is as follows:

	2023 £000	2022 £000
UK	52,844	56,270
Europe	10,160	10,293
Rest of World	13	24
	63,017	66,587

Revenue includes an adjustment for sales deductions (primarily customer discounts and rebates) of £1,261,000 (2022: £1,006,000).

4 Expenses and auditors' remuneration

Included in profit are the following:

	2023 £000	2022 £000
Depreciation of tangible fixed assets	1,231	1,279
Loss on disposal of tangible fixed assets	2	47
Impairment loss on trade and other receivables	85	91
Reversal of impairment loss recognised on trade and other receivables	(91)	(113)
Research and development cost expensed as incurred	2,426	2,383
Increase of warranty provision (note 16)	260	5
Increase/(Utilisation) of dilapidation (note 16)	32	(62)

Auditors' remuneration:

	2023 £000	2022 £000
Audit of these financial statements	33	30

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2023	2022
Warehouse	4	5
Selling	9	9
Production	125	131
Development	33	34
Administration/technical	15	17
Finance	4	4
	<u>190</u>	<u>200</u>

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	6,925	6,807
Social security costs	734	712
Other pension costs (note 17)	317	312
	<u>7,976</u>	<u>7,831</u>

6 Directors' emoluments

	2023 £000	2022 £000
The directors' aggregate remuneration was:		
Remuneration	252	199
Company contributions to money purchase pension schemes	23	19
	<u></u>	<u></u>
Emoluments of highest paid director:	£000	£000
Remuneration	252	199
Company contributions to money purchase pension schemes	23	19
	<u></u>	<u></u>

Emoluments and retirement benefits are accruing for one director (2022:one) within a money purchase scheme, whereas the other two directors are paid by other group companies.

7 Other interest receivable and similar income

	2023 £000	2022 £000
Interest receivable from group undertakings	134	15
	<u>134</u>	<u>15</u>

Notes (continued)

8 Interest payable and similar expenses

	2023 £000	2022 £000
Debt factoring fees and similar expenses	236	83
Interest on lease liabilities under IFRS 16	43	30
	<u>279</u>	<u>113</u>

9 Tax on profit

Recognised in the profit and loss account

	2023 £000	2022 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Group relief payable / (receivable)	(185)	258
Adjustments in respect of prior years	-	13
Prior year R&D credit	(46)	(70)
Total current tax	<u>(231)</u>	<u>201</u>
<i>Deferred tax (see note 15)</i>		
Origination and reversal of timing differences	131	64
Effect of changes in tax rate	37	(171)
Adjustment in respect of previous year	189	(50)
Total deferred tax	<u>357</u>	<u>(157)</u>
Total tax expense recognised in profit and loss	<u>126</u>	<u>44</u>

Reconciliation of standard tax rate

	2023 £000	2022 £000
Profit for the year	607	1,503
Total tax expense	126	44
Profit excluding taxation	<u>733</u>	<u>1,547</u>
Tax using the UK corporation tax rate of 19.49% (2022: 19%)	143	294
Reduction in tax rate on deferred tax balances	37	(171)
Non-deductible expenses	-	4
Group relief claimed	(1)	(258)
Payment (receipt) for group relief	(185)	258
Non qualifying fixed assets	(11)	24
R&D expenditure credits	(46)	(70)
Over provided in prior years	189	(37)
Total tax expense recognised in profit and loss	<u>126</u>	<u>44</u>

Notes (continued)

9 Tax on profit (continued)

Factors that may affect future current and total tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

10 Tangible assets

	Plant and Machinery and Motor Vehicles £000	Leasehold Land and Buildings £000	Office and Computer Equipment £000	Total £000
Cost				
Balance at 1 May 2022	13,673	3,627	550	17,850
Additions	594	205	30	829
Disposals	(263)	(221)	(6)	(490)
Balance at 30 April 2023	14,004	3,611	574	18,189
Accumulated depreciation				
Balance 1 May 2022	10,318	1,865	456	12,639
Charge for year	907	271	53	1,231
Disposals	(263)	(177)	(6)	(446)
Balance at 30 April 2023	10,962	1,959	503	13,424
Net book value				
At 30 April 2023	3,042	1,652	71	4,765
At 30 April 2022	3,355	1,762	94	5,211

Notes (continued)

10 Tangible assets (continued)

Right-of-use assets

At 30 April 2023, property, plant and equipment includes right-of-use assets as follows:

	Plant and Machinery and Motor Vehicles £000	Leasehold Land and Buildings £000	Total £000
Cost			
Balance at 1 May 2022	106	1,382	1,488
Additions	19	-	19
Disposals	(46)	(157)	(203)
	<hr/>	<hr/>	<hr/>
Balance at 30 April 2023	79	1,225	1,304
	<hr/>	<hr/>	<hr/>
Accumulated Depreciation			
Balance 1 May 2022	74	373	447
Charge for year	32	131	163
Disposals	(46)	(115)	(161)
	<hr/>	<hr/>	<hr/>
Balance at 30 April 2023	60	389	449
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 April 2023	19	836	855
	<hr/>	<hr/>	<hr/>
At 30 April 2022	32	1,009	1,041
	<hr/>	<hr/>	<hr/>

11 Stock

	2023 £000	2022 £000
Raw materials	4,848	4,713
Finished goods and goods held for resale	3,246	3,326
	<hr/>	<hr/>
	8,094	8,039
	<hr/>	<hr/>

There is no material difference between the balance sheet value of stocks and their replacement costs.

Stocks are stated after an obsolescence provision of £1,957,000 (2022: £1,466,000). The charge to profit in respect of obsolescence, including stock disposed of in the year, was £594,000 (2022: £733,000).

Changes in finished goods recognised as cost of sales in the year amounts to £49,687,000 (2022: £53,143,000).

Notes (continued)

12 Receivables

	2023 £000	2022 £000
Trade receivables	2,944	1,550
Amounts owed by group undertakings	7,425	9,512
Other receivables	75	135
Deferred tax assets (note 15)	354	711
Prepayments and accrued income	263	422
	<u>11,061</u>	<u>12,330</u>
Due within one year	11,061	11,619
Due after more than one year	-	711
	<u>11,061</u>	<u>12,330</u>

Receivables are stated after provisions for impairment of £85,000 (2022: £91,000).

Trade receivables are subject to a factoring arrangement and the amount shown is net of a factored amount £5,063,000 (2022: £6,482,000). The factoring contract is such that the risk transfers to the factoring bank and therefore the trade receivables have been derecognised.

Amounts owed by group undertakings include interest-bearing borrowings to the group cash pooling facility. Interest is receivable at variable rates of SONIA plus 1.15% per annum.

13 Payables: amounts falling due within one year

	2023 £000	2022 £000
Trade payables	1,512	2,907
Lease Liabilities (note 20)	141	144
Amounts owed to group undertakings	590	1,284
Taxation and social security	1,580	1,962
Other payables	999	1,320
Accruals and deferred income	975	1,071
	<u>5,797</u>	<u>8,688</u>

Amounts owed to group undertakings do not accrue interest and are repayable within 30 days.

14 Payables: amounts falling due after more than one year

	2023 £000	2022 £000
Lease Liabilities (note 20)	779	927
	<u>779</u>	<u>927</u>

Notes (continued)

15 Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Accelerated tax depreciation	332	694	-	-	322	694
Other	22	17	-	-	22	17
	<u>354</u>	<u>711</u>	<u>-</u>	<u>-</u>	<u>354</u>	<u>711</u>
Net tax assets	<u>354</u>	<u>711</u>	<u>-</u>	<u>-</u>	<u>354</u>	<u>711</u>

Movement in deferred tax during the year

	1 May 2022 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	30 April 2023 £000
Accelerated tax depreciation	694	(362)	-	332
Other	17	5	-	22
	<u>711</u>	<u>(357)</u>	<u>-</u>	<u>354</u>

Movement in deferred tax during the prior year

	1 May 2021 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	30 April 2022 £000
Accelerated tax depreciation	535	159	-	694
Other	19	(2)	-	17
	<u>554</u>	<u>157</u>	<u>-</u>	<u>711</u>

16 Provisions for liabilities

	Dilapidation provision £000	Warranty provision £000	Total £000
At 1 May 2022	64	152	216
Provisions (utilised)/charged during the year	32	260	292
	<u>96</u>	<u>412</u>	<u>508</u>
At 30 April 2023	<u>96</u>	<u>412</u>	<u>508</u>

Notes (continued)

16 Provisions for liabilities (continued)

Dilapidations provision

The dilapidation provision relates to the estimated costs of restoring the leased premises of the company to their original condition on termination of the lease agreements. Estimated dilapidation costs, arising on the fit out of the leased premises, were capitalised and included within tangible fixed assets. The actual amount of dilapidation costs will be determined following lease termination and settlement with the landlord, and as such the timing and value of the transfer of economic benefits required to settle the obligation have been determined based on the directors' best estimate at the balance sheet date.

Warranty costs

Provisions for warranty costs are created on an individual basis as required by specific circumstances. In addition, lump sum provisions are created for unreported claims in accordance with Group guidelines based on set percentages of annual revenue.

17 Employee benefits

Defined benefit plan

The company participates in the Thorn Lighting Pension Fund operated by Thorn Lighting Limited a fellow group company. The scheme is a group defined benefit scheme which closed to future accrual on 30 April 2009. Full details of the pension scheme can be found in the accounts of Thorn Lighting Limited.

As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the entity which is legally responsible for the plan, which is Thorn Lighting Limited. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £86,000 (2022: £86,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The latest full actuarial valuation of the pension scheme as a whole was carried out at 31 March 2021 and was updated for FRS 101 purposes to 30 April 2023 by a qualified independent actuary. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate applied to the scheme liabilities and the rates of increase in salaries and pensions.

The actuarial valuation of the pension scheme as a whole at 30 April 2023 showed that the market value of the scheme's assets was £108,589,000 (2022: £148,041,000) and that the actuarial value of those assets represented 80% (2022: 85%) of the benefits that had accrued to members. The contributions of the group during the year were £2,879,000 (2022: £4,427,000).

Defined contribution plans

The company also contributes to defined contribution pension plans for employees. The pension cost charged for the year represents contributions payable by the company to the plan and amounted to £231,000 (2022: £226,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes (continued)

18 Called up share capital

	2023 £000	2022 £000
<i>Allotted, called up and fully paid</i>		
954,000 Ordinary shares of £1 each	954	954
7,835,000 Redeemable deferred ordinary shares of £1 each	7,835	7,835
	<u>8,789</u>	<u>8,789</u>
Shares classified in shareholders' funds	<u>8,789</u>	<u>8,789</u>

The redeemable deferred ordinary shares rank pari passu with the ordinary shares in all respects and may only be redeemed, at par, at any time by the company giving three months' notice to the shareholder.

The holders of ordinary shares and the redeemable deferred ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No dividends were paid during the year (2022: £1,500,000).

19 Profit and loss account

	Profit and loss account 2023 £000	2022 £000
Balance at the beginning of the year	7,463	7,460
Profit for the financial year	607	1,503
Dividends on shares classified in shareholders' funds	-	(1,500)
Balance at the end of the year	<u>8,070</u>	<u>7,463</u>

20 Leases

Total Lease Liability

	2023 £000	2022 £000
Lease liability < 1 year	141	144
Lease liability > 1 year	779	927
Total lease liabilities	<u>920</u>	<u>1,071</u>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss:

	2023 £000	2022 £000
Interest expense on lease liabilities	<u>43</u>	<u>30</u>

Notes *(continued)*

21 Ultimate parent company and parent company of larger group

The immediate parent and controlling undertaking is Zumtobel Group AG, a company incorporated in Austria.

The ultimate parent and controlling undertaking of the largest and smallest group for which consolidated financial statements are prepared, is Zumtobel Group AG. A copy of these financial statements can be obtained from Zumtobel Group AG, Höchsterstrasse 8, A6850 Dornbirn, Austria.