

Tridonic UK Limited

Annual report and financial statements

Registered number 00887600

30 April 2021

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Officers and professional advisers

Directors

Richard Charles Strode
Christoph Zimmermann
Alexander Jankovsky

Company Secretary

Simon Steele

Registered Office

7 Lindenwood
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Crockford Lane
Chineham
Basingstoke
Hampshire
RG24 8LB

Bankers

Barclays Bank PLC
8 Market Place
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Hampshire
RG21 7QA

Independent Auditors

PricewaterhouseCoopers LLP
Level 5 and 6
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Strategic report

The directors present their strategic report for the year ended 30 April 2021.

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 £1,080,000 (2020: £2,238,000). Interim dividend paid during the year amounted to £3,000,000 (2020: £nil).

The past year was very challenging with sales down substantially against prior year albeit gross margins remained similar at 8% despite increased carriage costs and price pressures on materials. However, with the easing of restrictions, particularly on construction sites, the last four months of the fiscal year showed significant improvement. This was also helped by government investment in the form of the COVID-19 recovery fund within the public sector. The retail and hospitality sectors we operate in were particularly effected with the commercial office sector suffering uncertainty due to home working, leading to delay or cancellation of some planned projects. As a result, even greater emphasis has been placed on minimizing cost and improving working capital that will enable us to return to pre-COVID performance as the economy recovers. We continue to develop our strategy and portfolio to enable us to react to the changing marketplace and to satisfy our customer requirements.

Since the end of the financial year the company has continued to see the effects of the pandemic. This has been exacerbated by the current global availability problem impacting many economic sectors. In particular, we are experiencing difficulty in the supply of electronic components so critical to our portfolio which is limiting our capacity and restricting sales volumes to some extent. That said, our current order book is very strong as customers have placed forward orders to secure product availability, and our current year revenue is significantly above budget and prior year so whilst we see issues in the supply chain continuing in the short term we are confident the outlook for the company remains very positive.

Measurement

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

	2021	2020
Revenue (£000)	57,803	71,075
<i>Percentage change from prior year</i>	<i>(18.7)%</i>	<i>(1.8)%</i>
Gross profit (£000)	4,367	6,688
<i>Gross profit as a percentage of revenue</i>	<i>8%</i>	<i>9%</i>
Stock (£000)	6,756	7,598
Trade receivables from third parties (£000)	1,507	1,816
Trade payables to third parties (£000)	(3,252)	(2,393)
Working capital (£000)	5,011	7,021
<i>Working capital as a percentage of revenue</i>	<i>9%</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*

Our strategy and focus needed to adapt to the impact caused by COVID-19 and the associated changes we have witnessed in our markets. Additional focus was required in areas such as commercial office retrofits, changes in demand for warehouse and distribution solutions as well as opportunities generated by public sector projects. These impacts, coupled with the ever changing technological landscape, has helped define and shape our future strategies. The company approached this using the concept of **Restart**, **Reset** and **Reinvent** to provide the business with a clear focus, identify issues and find relevant solutions as well as preparing us for the business environment after the pandemic recedes.

Our primary route to market is still through the OEM supply chain and to enhance our effectivity we deploy a Key Account Management (KAM) process supported by our Customer Relationship Management (CRM) system to enhance understanding of our customer needs. Our whole ethos is centred around 'business value' and the adding of value to our customer businesses. With increased focus on connected lighting the company is constantly reviewing our technology partners to support the added complexity by creating value add 'ecosystems'. It is no longer possible or viable to offer a one-stop shop so partnering with suppliers and parallel solution providers is essential and as such our partners are becoming an integral element of our value chain. This approach allows us to truly leverage the potential of the Internet of Things. Property technology will become critical as the working environment adapts to the likely future influences of the pandemic. These new revenue streams will help offset the impact of the economic downturn.

To reinforce our strategy we also created a clear 'go to market' message and came up with the concept of Building Asset 360 to help provide context to our strategy. This strategy identifies the main areas of building asset performance, improving functionality, developing people and wellbeing as well as increasing business performance. This approach has been communicated through a series of webinars targeted at both our OEM clients and the ultimate end user. To support this we continue to invest internally in our people and methods to ensure we can maximise our opportunities, identify future trends and satisfy our customer expectations. Every employee has a personal development plan designed to align their skills and development with improved customer satisfaction. This is of course tailored to their role and function through the company value chain. Communication is also a critical factor through these challenging times and the company performs regular staff briefings with our people to share our strategy, take feedback and keep everybody appraised on the business performance. We provide regular newsletters and run competitions with the sole aim to engender team spirit. 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 use a progressive approach to market development, seek new opportunities and introduce new technologies in order to provide optimal solutions to the UK market and improve company 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 pandemic, the most significant short term risk to the company is caused by the well-publicised global shortage of electronic components which is effecting the whole industry including all of our major competitors. This is impacting our ability to service current market demand and is resulting in us being unable to supply the necessary volumes of product to fulfil our order book. To help mitigate this impact the company has taken a proactive stance by attempting to re-engineer many of our key products with alternative components less effected with availability issues. However, this is not a quick process and we expect component supply problems to

Strategic report (continued)

Principal risks and uncertainties (continued)

continue well into 2022. As a consequence, we are seeing cost increases in all areas of manufacture, supply and distribution which will impact our cost base going forward.

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.

Moreover, the company still faces the risk posed by COVID-19 and the spread of the variants. Unquestionably the pandemic has impacted significantly in the markets in which the company operates and this has had a detrimental effect on recent performance. The effect was particularly felt during the summer of 2020. However, great emphasis was placed on cost minimisation policies including the use of the job retention scheme which was used primarily in the operations facility as production volumes fell. More recently we have seen increases in customer orders and activity levels, almost to pre COVID-19 levels, and whilst demand remains high this will be tempered by the availability issues highlighted earlier impacting business until the end of the current fiscal year and beyond. On the upside there is a lot of positivity with many new projects both in the public and private sectors being released which suggests an optimistic outlook for our fiscal year 2022-23.

Future Market Trends

As the LED evolution is moving towards the saturation phase we are building upon existing luminaire designs and system architectures giving higher efficiencies than conventional solutions. Tridonic is constantly working with their business partners as we head towards increasingly complex connected lighting platforms which present unique new business opportunities. Successful companies in the future will need to create new business models that will allow them to develop the capabilities they need to provide services and solutions that supplement their traditional product offerings. These new revenue streams will earn up to 5 times through subsequent service opportunities compared to the initial product sale. In short, companies will need to change where and how they operate by creating their own network or by partnering with companies within and beyond industry borders.

Strategic report (continued)

Carbon Reporting

The Company has gathered data regarding scope one, two and three carbon emissions (as defined by the GHG Protocol) for the financial year 1st May 2020 to 30th April 2021 from its UK Operations as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation.

	2021	2021
	Equivalent Kwh	Tonnes CO ₂ e
Scope 1 Combustion of fuel and operation of facilities	99,869	21.34
Scope 2 Electricity purchased for own use	2,350,020	547.88
Scope 3 Employee Transport	30,934	7.88
Total emissions	2,480,823	577.10

The combined Scope 1, Scope 2 and Scope 3 carbon emissions for the year was recorded at 577.10 TCO₂e. Since the last reporting year, there has been 10% year on year improvement. The energy consumed in the year is 2,480,823 kWh with 94.72% relating to use of Electricity. The Specific Carbon Consumption (SCC) for the year is calculated at 0.0099 kgCO₂e/£ of revenue.

Tridonic UK Limited have held full accreditation against ISO 50001:2011 since 2015, transitioning to ISO 50001:2018 in October of that year. This demonstrates Tridonic have Energy Management firmly at the forefront of all its UK operations.

On behalf of the board

Richard
Strode

Digitally signed by
Richard Strode
Date: 2021.12.17
16:37:28 Z

R C Strode
Director

7 Lindenwood
Chineham Business Park
Crockford Lane
Chineham
Basingstoke
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RG24 8LB

17 December 2021

Directors' report

The directors present their directors' report and audited financial statements for the year ended 30 April 2021.

Proposed dividend

Dividends paid during the year comprise an interim dividend in respect of the year ended 30 April 2021 of £3,000,000 (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £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 Strobe
A Jankovsky
C Zimmermann

Political contributions

The company made no political donations or incurred any political expenditure during the year (2020: £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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Future Developments

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

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.

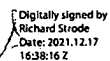
Risks and uncertainties

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

Directors' report (continued)

Carbon Reporting

See disclosures within the Strategic report regarding carbon reporting.

Richard
Strode 
Digitally signed by
Richard Strode
Date: 2021.12.17
16:38:16 Z

On behalf of the board
R C Strode
Director

7 Lindenwood
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17 December 2021

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

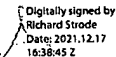
The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Richard
Strode  Digitally signed by
Richard Strode
Date: 2021.12.17
16:38:45 Z

R C Strode
Director

7 Lindenwood
Chineham Business Park
Crockford Lane
Chineham
Basingstoke
Hampshire
RG24 8LB

17 December 2021

Independent auditors' report to the members of Tridonic UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tridonic UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Balance Sheet as at 30 April 2021; Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Tridonic UK Limited (continued)

Reporting on other information (continued)

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

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 year ended 30 April 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax and company legislation, including compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries or through management bias in manipulation of accounting estimates with the aim of increasing profitability. Audit procedures performed by the engagement team included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there was any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Review of legal/professional expenses in the year to identify potential non-compliance with laws and regulations;
- Evaluation of management's controls designed to prevent and detect irregularities;

Independent auditors' report to the members of Tridonic UK Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular Impairment of receivables and Stock provisioning; and
- Identifying and testing journal entries in particular any journal entries posted with unusual account combinations, focussing on those that improved profitability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle
17 December 2021

Statement of Comprehensive Income
for the year ended 30 April 2021

	Note(s)	2021 £000	2020 £000
Revenue	3	57,803	71,075
Cost of sales		(53,436)	(64,387)
Gross profit		4,367	6,688
Distribution costs		(622)	(838)
Administrative expenses		(2,664)	(3,093)
Other operating income		27	10
Operating profit		1,108	2,767
Other interest receivable and similar income	7	74	30
Interest payable and similar expenses	8	(93)	(218)
Profit before taxation	4-6	1,089	2,579
Tax on profit	9	(9)	(341)
Profit for the financial year	20	1,080	2,238
Total comprehensive income for the year		1,080	2,238

Balance Sheet
at 30 April 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	10	4,945	5,259
		<u>4,945</u>	<u>5,259</u>
Current assets			
Stocks	11	6,756	7,598
Receivables	12	15,362	15,676
Cash at bank and in hand		632	72
		<u>22,750</u>	<u>23,346</u>
Payables: amounts falling due within one year	13	<u>(10,618)</u>	<u>(9,529)</u>
Net current assets		<u>12,132</u>	<u>13,817</u>
Total assets less current liabilities		<u>17,077</u>	<u>19,076</u>
Payables: amounts falling due after more than one year	14	(555)	(561)
Provisions for liabilities	17	(273)	(346)
Net assets		<u>16,249</u>	<u>18,169</u>
Capital and reserves			
Called up share capital	19	8,789	8,789
Profit and loss account	20	7,460	9,380
Total Shareholders' funds		<u>16,249</u>	<u>18,169</u>

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 17 December 2021 and were signed on its behalf:

Richard Strode
Digitally signed
by Richard Strode
Date: 2021.12.17
16:39:11 Z

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 2019	8,789	7,142	15,931
Total comprehensive income for the year			
Profit for the year	-	2,238	2,238
Transactions with owners, recorded directly in equity			
Balance at 30 April 2020	<u>8,789</u>	<u>9,380</u>	<u>18,169</u>
Balance at 1 May 2020	8,789	9,380	18,169
Total comprehensive income for the year			
Profit for the year	-	1,080	1,080
Transactions with owners, recorded directly in equity			
Dividends	-	(3,000)	(3,000)
Balance at 30 April 2021	<u>8,789</u>	<u>7,460</u>	<u>16,249</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 26. 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.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101: 101p8(a)

- IFRS 7, 'Financial instruments: Disclosures'.

Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities). 101p8(f)

- The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d) (statement of cash flows);

- 16 (statement of compliance with all IFRS);

- 38A (requirement for minimum of two primary statements, including cash flow statements);

- 38B-D (additional comparative information);

- 111 (statement of cash flows information); and

- 134-136 (capital management disclosures). 101p8(h)

- IAS 7, 'Statement of cash flows'. 101p8(i)

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation). 101p8(k)

- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group

- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

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 2021 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.

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.

2.3 Going concern

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

The Company meets its day to day working capital requirements through a group wide cash pool arrangement which it can draw down on should the results and cash position require it to do so to meet its liabilities as they fall due.

The directors have concluded that the Company will have sufficient funds, through funding from its ultimate parent company, Zumtobel Group AG, to meet its liabilities as they fall due for that year.

The director's forecasts are dependent on Zumtobel Group AG providing additional financial support during that year. Zumtobel Group AG has put in place a letter of support stating it will continue to make available such funds as are needed by the Company for the period of 12 months following the approval of these financial statements covered by the forecasts.

Further information on the ultimate parent company's financial position can be found in the financial statements of Zumtobel Group AG which can be obtained from the address given in note 22.

The potential impact of COVID-19 on the Company has been considered in the preparation of the financial statements. After making enquiries, including a review of forecasts, budgets and banking facilities, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered, among other factors, the potential impact of material supply shortages and the recent trading experience. Accordingly, they continue to prepare 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 Derivative financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

2.8 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)

2.8 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.

2.9 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.

2.10 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.

2.11 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)

2.11 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.

2.12 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.

2.13 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)

2.14 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.

2.15 Expenses

Operating lease payments (policy applicable before 1 May 2020)

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments (policy applicable before 1 May 2020)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the years in which they are incurred.

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 (prior to 1 May 2020 finance leases under IAS 17) 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.

2.16 Leases (policy applicable from 1 May 2020)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

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. IFRS 16.

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)

2.16 Leases (policy applicable from 1 May 2020) (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.

2.17 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)*

2.18 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

	2021 £000	2020 £000
Sale of goods	57,803	71,075

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:

	2021 £000	2020 £000
UK	46,485	56,229
Europe	11,304	14,707
Rest of World	14	139
	57,803	71,075

Revenue includes an adjustment for sales deductions (primarily customer discounts and rebates) of £692,000 (2020: £1,212,000).

4 Expenses and auditors' remuneration

Included in profit are the following:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	1,206	965
Loss on disposal of tangible fixed assets	3	101
Impairment loss on trade and other receivables	113	110
Reversal of impairment loss recognised on trade and other receivables	(110)	(35)
Operating lease charges (prior to 1 May 2020)	8	-
Research and development cost expensed as incurred	2,175	2,438
Release of warranty provision (note 17)	(73)	(97)

Auditors' remuneration:

	2021 £000	2020 £000
Audit of these financial statements	50	21
Amounts receivable by the auditors and their associates in respect of:		
Other assurance services	-	3

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	
	2021	2020
Warehouse	5	5
Selling	9	9
Production	128	139
Development	32	31
Administration/technical	14	14
Finance	4	4
	<u>192</u>	<u>202</u>

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	6,313	6,611
Social security costs	673	677
Other pension costs (note 18)	314	310
	<u>7,300</u>	<u>7,598</u>

6 Directors' emoluments

	2021	2020
	£000	£000
The directors' aggregate remuneration was:		
Remuneration	193	215
Company contributions to money purchase pension schemes	14	14
	<u>207</u>	<u>229</u>

Emoluments of highest paid director:

	2021	2020
	£000	£000
Remuneration	193	215
Company contributions to money purchase pension schemes	14	14
	<u>207</u>	<u>229</u>

Emoluments and retirement benefits are accruing for one director (2020:one) within a money purchase scheme, whereas the other two directors are paid by other group companies.

7 Other interest receivable and similar income

	2021	2020
	£000	£000
Interest receivable from group undertakings	74	30
	<u>74</u>	<u>30</u>

Notes (continued)

8 Interest payable and similar expenses

	2021 £000	2020 £000
Net loss on financial instruments (note 15)	-	64
Debt factoring fees	63	117
Interest on lease liabilities under IFRS 16	30	37
	<u>93</u>	<u>218</u>

9 Tax on profit

Recognised in the profit and loss account

	2021 £000	2020 £000
<i>UK corporation tax</i>		
Current tax on income for the year	(20)	349
Adjustments in respect of prior years	(74)	(93)
Total current tax	<u>(94)</u>	<u>256</u>
<i>Deferred tax (see note 16)</i>		
Origination and reversal of timing differences	67	109
Effect of reduction in tax rate	-	(81)
Adjustment in respect of previous year	36	57
Total deferred tax	<u>103</u>	<u>85</u>
Total tax expense recognised in profit and loss	<u>9</u>	<u>341</u>

Reconciliation of standard tax rate

	2021 £000	2020 £000
Profit for the year	1,080	2,238
Total tax expense	9	341
Profit excluding taxation	<u>1,089</u>	<u>2,579</u>
Tax using the UK corporation tax rate of 19% (2020: 19%)	207	490
Reduction in tax rate on deferred tax balances	-	(81)
Non-deductible expenses	5	9
Group relief claimed	(212)	(408)
Payment for group relief	(20)	349
Non qualifying fixed assets	67	18
Over provided in prior years	(38)	(36)
Total tax expense recognised in profit and loss	<u>9</u>	<u>341</u>

Notes (continued)

9 Tax on profit (continued)

Factors that may affect future current and total tax charges

The tax rate for the current year is the same as the prior year. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

10 Tangible assets

	Plant and Machinery and Motor Vehicles £000	Leasehold Land and Buildings £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
Balance at 1 May 2020	13,964	3,268	236	234	17,702
Additions	876	77	-	59	1,012
Disposals	(120)	-	-	-	(120)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2021	14,720	3,345	236	293	18,594
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation					
Balance 1 May 2020	10,472	1,538	231	202	12,443
Charge for year	1,000	297	3	23	1,323
Disposals	(117)	-	-	-	(117)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2021	11,355	1,835	234	225	13,649
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 30 April 2021	3,365	1,510	2	68	4,945
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2020	3,492	1,730	5	32	5,259
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Tangible assets (continued)

Right-of-use assets

At 30 April 2021, 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 2020	53	796	849
Additions	84	77	161
Disposals	(13)	-	(13)
	<hr/>	<hr/>	<hr/>
Balance at 30 April 2021	124	873	997
	<hr/>	<hr/>	<hr/>
Accumulated Depreciation			
Balance 1 May 2020	25	133	158
Charge for year	42	145	187
Disposals	(8)	-	(8)
	<hr/>	<hr/>	<hr/>
Balance at 30 April 2021	59	278	337
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 April 2021	65	595	660
	<hr/>	<hr/>	<hr/>
At 30 April 2020	29	663	692
	<hr/>	<hr/>	<hr/>

11 Stock

	2021 £000	2020 £000
Raw materials	3,012	2,964
Finished goods and goods held for resale	3,744	4,634
	<hr/>	<hr/>
	6,756	7,598
	<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 £918,000 (2020: £1,092,000). The charge to profit in respect of obsolescence, including stock disposed of in the year, was £488,000 (2020: £145,000).

Changes in finished goods recognised as cost of sales in the year amounts to £45,865,000 (2020: £55,728,000).

Notes (continued)

12 Receivables

	2021 £000	2020 £000
Trade receivables	1,507	1,816
Amounts owed by group undertakings	12,821	12,639
Other receivables	84	180
Deferred tax assets (note 16)	554	657
Other financial assets designated as fair value through profit or loss (note 16)	-	3
Prepayments and accrued income	396	381
	<u>15,362</u>	<u>15,676</u>
Due within one year	14,808	15,019
Due after more than one year	554	657
	<u>15,362</u>	<u>15,676</u>

Receivables are stated after provisions for impairment of £113,000 (2020: £110,000).

Trade receivables are subject to a factoring arrangement and the amount shown is net of a factored amount £5,332,000 (2020: £5,460,000). 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 LIBOR plus 0.8% per annum.

13 Payables: amounts falling due within one year

	2021 £000	2020 £000
Trade payables	3,252	2,393
Lease Liabilities (note 21)	126	146
Amounts owed to group undertakings	1,520	2,650
Taxation and social security	3,748	2,330
Other payables	1,075	1,111
Accruals and deferred income	897	830
Other financial liabilities designated as fair value through profit or loss (note 15)	-	69
	<u>10,618</u>	<u>9,529</u>

14 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Lease Liabilities (note 21)	555	561
	<u>555</u>	<u>561</u>

Notes (continued)

15 Other financial assets / (liabilities)

	2021 £000	2020 £000
Amounts falling due within one year		
Financial assets designated as fair value through profit or loss (note 12)	-	3
Financial liabilities designated as fair value through profit or loss (note 13)	-	(69)
	<u>-</u>	<u>(66)</u>

Derivative financial instruments

The Company was party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets. As at the balance sheet date, total notional amount of outstanding forward exchange contracts and fair values that the Company has committed are as below:

2021					2020				
Currency	Nominal value £000	Currency	Nominal value in currency '000	Market value £000	Currency	Nominal value £000	Currency	Nominal value in currency '000	Market value £000
-	-	-	-	-	GBP	53	JPY	7,500	3
-	-	-	-	-	GBP	-	USD	-	-
-	-	-	-	-	GBP	2,488	EUR	2,920	(69)
				<u>-</u>					<u>(66)</u>

Changes in the fair value of the above non-hedging currency derivatives amounted to nil and have been recognised as a loss in the profit and loss account in the year (note 8). In 2020, this represented a loss of £64,000 (note 8).

16 Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Accelerated tax depreciation	535	644	-	-	535	644
Derivative financial instruments	-	(9)	-	-	-	(9)
Other	19	22	-	-	19	22
	<u>554</u>	<u>657</u>	<u>-</u>	<u>-</u>	<u>554</u>	<u>657</u>
Net tax assets	554	657	-	-	554	657

Notes (continued)

16 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the year

	1 May 2020 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	30 April 2021 £000
Accelerated tax depreciation	644	(109)	-	535
Derivative financial instruments	(9)	9	-	-
Other	22	(3)	-	19
	<u>657</u>	<u>(103)</u>	<u>-</u>	<u>554</u>

Movement in deferred tax during the prior year

	1 May 2019 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	30 April 2020 £000
Accelerated tax depreciation	731	(87)	-	644
Derivative financial instruments	(11)	2	-	(9)
Other	22	-	-	22
	<u>742</u>	<u>(85)</u>	<u>-</u>	<u>657</u>

17 Provisions for liabilities

	Dilapidation provision £000	Warranty provision £000	Total £000
At 1 May 2020	126	220	346
Provisions reversed during the year	-	(73)	(73)
At 30 April 2021	<u>126</u>	<u>147</u>	<u>273</u>

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.

Notes (continued)

18 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 (2020: £77,604). 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 2018 and was updated for FRS 101 purposes to 30 April 2021 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 2021 showed that the market value of the scheme's assets was £155,465,000 (2020: £155,581,000) and that the actuarial value of those assets represented 80% (2020: 83%) of the benefits that had accrued to members. The contributions of the group during the year were £2,025,000 (2020: £1,966,000).

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 £228,000 (2020: £232,000).

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

19 Called up share capital

	2021 £000	2020 £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
	<hr/>	<hr/>
	8,789	8,789
	<hr/>	<hr/>
Shares classified in shareholders' funds	8,789	8,789
	<hr/>	<hr/>

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.

Dividends paid during the year comprise an interim dividend in respect of the year ended 30 April 2021 of £3,000,000 (2020: £nil).

Notes (continued)

20 Profit and loss account

	Profit and loss account	
	2021	2020
	£000	£000
Balance at the beginning of the year	9,380	7,142
Profit for the financial year	1,080	2,238
Dividends on shares classified in shareholders' funds	(3,000)	-
Balance at the end of the year	7,460	9,380

21 Leases

Total Lease Liability

	2021	2020
	£000	£000
Lease liability < 1 year	126	146
Lease liability > 1 year	555	561
Total lease liabilities	681	707

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss:

	2021	2020
	£000	£000
Interest expense on lease liabilities	30	37

22 Ultimate parent company and parent company of larger group

The immediate parent and controlling undertaking is Tridonic Holding GmbH, 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 company incorporated in Austria. A copy of these financial statements can be obtained from Zumtobel Group AG, Höchsterstrasse 8, A6850 Dornbirn, Austria.