

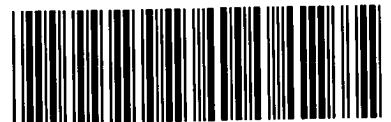
Registered number: 03057796

ELECTRONIC THEATRE CONTROLS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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ELECTRONIC THEATRE CONTROLS LIMITED

COMPANY INFORMATION

Directors	G O'Grady R Titus J Cymbalak
Company secretary	G O'Grady
Registered number	03057796
Registered office	Unit 26-28 Victoria Industrial Estate Victoria Road London W3 6UU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

ELECTRONIC THEATRE CONTROLS LIMITED

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ELECTRONIC THEATRE CONTROLS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The principal activity of the Company during the year was the sale and distribution of entertainment and architectural lighting and rigging products.

Overall the Directors are satisfied with the performance given the challenging economic environment.

Business review

The Directors note that the pandemic continues to impact employee staffing levels in the office and has had an impact on our global supply chain and our ability to get the necessary parts to manufacture in a timely basis. This has negatively impacted all of our markets, both domestic sales and export sales in meeting orders as rapidly as we have historically. Our backlog has remained strong, however, during this period which has assisted us as parts are available, to increase our revenues year over year. Consistent with trends in the industry, the Company continues to maintain a strong emphasis on LED products while maintaining a focus on traditional lighting products.

Principal risks and uncertainties

The Company uses various financial instruments including cash, equity investment and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company's financial statements are currency risk and credit risk. The Directors continue to monitor the impacts of Brexit. However, given the structure of the ETC Group, with branches in mainland Europe, the Directors do not believe the outcome of Brexit will materially impact the Company.

The Directors continue to review and manage the business in light of the impact of the COVID-19 pandemic. The Company is part of an international group and UK management have worked in tandem with colleagues in the USA and elsewhere to ensure that our people, our customers and our business are protected as much as possible. The Company has followed Government and public health guidance. Safety measures have been implemented including: staff working from home where appropriate; social distancing; additional cleaning and hygiene.

Following the 2020 outbreak, sales revenue increased steadily in 2021, as the level of activity increased in many market segments in the sales territories that we operate in and particularly in the theatre and live events sectors. We have continued to mitigate the risks, for example by reducing costs to reflect the new level of activity. Our supply chain, although challenged similar to other companies throughout the world, has been able to deliver product for sale despite some reasonable delays.

The Ukraine conflict that has occurred has had little impact on the Company as global revenue and supply chain reliance into that region is insignificant to the global Company. The conflict, however, has had the impact of continuing to add to worldwide inflationary pressures which has the direct impact of increasing our costs which is forcing us to raise our selling prices.

The Directors have prepared forecasts up to and including the end of 2023, which take account of the impact of the pandemic and take into account the current global supply chain issues. During this period the level of revenue is expected to grow slowly from the levels achieved in 2021 with such growth linked to the pace of change of access by the public to theatres and live events and improvements in the global supply chain issues. Overhead expenses are expected to be maintained at levels commensurate with actual revenues achieved. The lead times for product to be provided to customers is expected to continue to be challenged with supply chain issues. The Company's ability to source flexibly from the group's locations in Europe and the USA, as well as here in the UK should help mitigate the issue somewhat. We are, however, monitoring worldwide supply chain issues and their relevance to impacting us in the future.

ELECTRONIC THEATRE CONTROLS LIMITED

STRATEGIC REPORT (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal risks and uncertainties (continued)

The Company ended 2021 with a strong balance sheet and over £1m of net cash. The revised forecasts to December 2023 show that, during that period, the Company remains cash positive. Stress testing has been performed to validate the Company's forecasts by considering key risks and a reasonable worst-case scenario and ensuring there are appropriate ways to mitigate the risks identified.

The Company is exposed to currency risk on sales to overseas customers and on purchases from overseas suppliers when invoiced in foreign currency mainly Euro and US Dollar. The Company uses forward currency contracts on a proportion of such transactions in order to hedge against the risk of foreign exchange fluctuations.

The Company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from its trade debtors. In order to manage credit risks the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

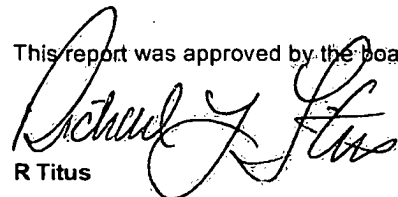
Financial key performance indicators

The Directors believe the key performance indicator of the business to be turnover, with the following results achieved in the year.

UK sales	Increase of 50% (2020: decrease of 54%)
Exports	Increase of 19% (2020: decrease of 20%)
Year on year total sales	Increase of 31% (2020: decrease of 38%)

Following the decreases in turnover in 2020, there has been steady improvement in orders and turnover throughout 2021.

This report was approved by the board and signed on its behalf.



R Titus

Director

Date: 12 July 2022

ELECTRONIC THEATRE CONTROLS LIMITED

DIRECTORS' REPORT**FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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.

Results and dividends

The profit for the year, after taxation, amounted to £277,693 (2020: £235,450).

During the year a dividend of £1,000,000 was paid (2020: £nil).

Directors

The Directors who served during the year were:

A Bennette (resigned 1 February 2022)
G O'Grady
R Titus
J Cymbalak

Financial risk management objectives and policies

The Strategic Report contains information on the principal risks and uncertainties facing the business.

ELECTRONIC THEATRE CONTROLS LIMITED

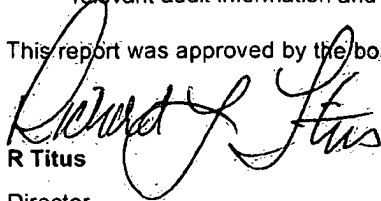
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf,



R Titus

Director

Date: 12 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRONIC THEATRE CONTROLS LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Electronic Theatre Controls Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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.

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 financial statements are 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRONIC THEATRE CONTROLS LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, 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. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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 ELECTRONIC THEATRE CONTROLS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework: United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006. We have evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to management override of controls, posting journal entries to increase revenue or profits and management bias in accounting estimates.

In order to address the identified risks, we have performed the following procedures:

- We gained an understanding of how the Company is complying with reporting requirements by making enquiries of management. We corroborated our enquiries through our review of board minutes and review of any regulatory correspondence.
- We have considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors that processes and controls.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included targeted testing of specific journal entries based on identified characteristics the audit team considered could be indicative of fraud, for example credit entries to revenue without a corresponding entry to trade debtor, cash, accrued income or deferred income as well as a focus on large and unusual transactions based on our knowledge of the business.
- We have performed testing on the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be a greater risk of susceptibility to fraud.

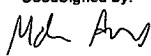
Our audit procedures were designed to respond to risks of material misstatement in the financial statements; recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRONIC THEATRE CONTROLS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Mark Ayres (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date: 12 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ELECTRONIC THEATRE CONTROLS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	20,860,423	15,916,520
Cost of sales		(16,009,470)	(11,270,649)
Gross profit		4,850,953	4,645,871
Administrative expenses		(4,516,308)	(4,579,877)
Other income	6	-	234,768
Operating profit	5	334,645	300,762
Taxation	9	(56,952)	(65,312)
Profit for the financial year		277,693	235,450
Total comprehensive income for the year		277,693	235,450

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

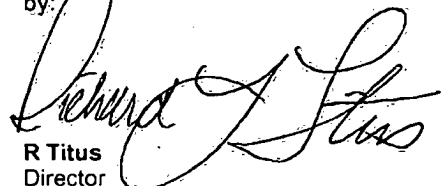
The notes on pages 13 to 27 form part of these financial statements.

ELECTRONIC THEATRE CONTROLS LIMITED
REGISTERED NUMBER: 03057796

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	183,843	283,180
Investments	11	88	88
		<u>183,931</u>	<u>283,268</u>
Current assets			
Stocks	12	1,845,777	3,013,412
Debtors: amounts falling due within one year	13	3,399,848	4,879,983
Cash at bank and in hand	14	1,212,002	1,425,785
		<u>6,457,627</u>	<u>9,319,180</u>
Creditors: amounts falling due within one year	15	(1,711,658)	(3,955,077)
Net current assets		<u>4,745,969</u>	<u>5,364,103</u>
Total assets less current liabilities		<u>4,929,900</u>	<u>5,647,371</u>
Provisions for liabilities			
Provisions	17	(1,056,532)	(1,051,696)
Net assets		<u>3,873,368</u>	<u>4,595,675</u>
Capital and reserves			
Share capital	19	16,000	16,000
Profit and loss account	18	3,857,368	4,579,675
Shareholders' funds		<u>3,873,368</u>	<u>4,595,675</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


R Titus
 Director

Date: 12 July 2022

The notes on pages 13 to 27 form part of these financial statements.

ELECTRONIC THEATRE CONTROLS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	16,000	4,579,675	4,595,675
Comprehensive profit for the year			
Profit for the year	-	277,693	277,693
Dividends paid (note 8)	-	(1,000,000)	(1,000,000)
Total comprehensive expense for the year		(722,307)	(722,307)
At 31 December 2021	16,000	3,857,368	3,873,368

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	16,000	4,344,225	4,360,225
Comprehensive profit for the year			
Profit for the year	-	235,450	235,450
Total comprehensive income for the year		235,450	235,450
At 31 December 2020	16,000	4,579,675	4,595,675

The notes on pages 13 to 27 form part of these financial statements.

ELECTRONIC THEATRE CONTROLS LIMITED

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	277,693	235,450
Adjustments for:		
Depreciation of tangible assets	100,859	175,145
Taxation charge	56,952	65,312
Unrealised foreign exchange	(32,100)	24,750
Decrease/(increase) in stocks	1,167,635	(1,667,790)
(Increase)/decrease in debtors	(147,516)	161,259
Decrease/(increase) in amounts owed by group	1,627,651	(1,604,575)
Increase/(decrease) in creditors	(158,099)	(131,199)
(Decrease)/increase in amounts owed to group	(1,958,032)	160,014
Increase in provisions	4,836	48,897
Corporation tax paid	(152,140)	(25,137)
Net cash from/(used in) operating activities	787,739	(2,557,874)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,522)	(12,960)
Net cash used in investing activities	(1,522)	(12,960)
Cash flows from financing activities		
Dividends paid	(1,000,000)	-
Net cash used in financing activities	(1,000,000)	-
Net decrease in cash and cash equivalents	(213,783)	(2,570,834)
Cash and cash equivalents at beginning of year	1,425,785	3,996,619
Cash and cash equivalents at the end of year	1,212,002	1,425,785
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,212,002	1,425,785

The notes on pages 13 to 27 form part of these financial statements.

ELECTRONIC THEATRE CONTROLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Electronic Theatre Controls Limited is a private company limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activities are given in the Strategic Report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements report a net asset position of £3,873,368 (2020: £4,595,675).

In considering the going concern assumption, the Directors have reached their conclusion based on future trading forecasts as well as the balance sheet position at the date of signature of these financial statements. The financial statements have been prepared on a going concern basis, which assumes the Company will have sufficient working capital to enable it to continue in business according to accounting standards for at least 12 months from the date of approving the financial statements. In reaching this conclusion the Directors have considered different scenarios for future cash flows and net working capital of the Company and have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future. The Company expects to be able to offset most of the reduced gross margin forecasts due to continued increasing manufacturing costs for 2021 and 2022 with additional revenue from our growing backlog as well as savings in expenditures, managing to budgeted levels. Stress testing has been performed to validate the Company's forecasts by considering key risks and a reasonable worst-case scenario and ensuring there are appropriate ways to mitigate the risks identified. In 2022 both turnover and order intake continue to grow. The Company has unutilised borrowing facilities available should they be required. The continuing impact of the COVID-19 pandemic and the global supply chain issues on the Company's future performance is described in the Strategic Report.

2.3 Turnover

The turnover shown in the Statement of Comprehensive Income represents amounts invoiced, net of VAT/sales tax, for lighting and related equipment's goods delivered to the customer and is recognised when the customer assumes the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold commitments	- over the period of the lease
Plant & machinery	- 20% straight line
Fixtures & fittings	- 20% - 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

2.5 Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

2.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

ELECTRONIC THÉATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)**2.13 Pensions**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.15 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2.16 Provisions for liabilities and charges

Provision is made for warranty costs based on expected warranty costs based on historic returns and the number of sales under warranty made in the year.

Provision is made for the estimated costs of dilapidation expected to be payable on expiry of the lease.

2.17 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.18 Government grant

Grants are accounted for under the accruals model as permitted by FRS102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('furlough').

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The key judgements in the preparation of these financial statements are considered to be the dilapidations on leasehold property, the customer warranty provision, and the provision for obsolescent stock.

Provision for Obsolescent Stock

In determining the net realisable value of inventories, management takes into account historic sales data, age, condition, future use and estimated sales value at the date when the estimates were made.

Customer warranty provision and dilapidations on leasehold property

The key assumptions used in determining warranty and dilapidation provisions are considered in note 17 to the accounts.

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	9,231,714	6,139,848
Overseas	11,628,709	9,776,672
	<u>20,860,423</u>	<u>15,916,520</u>

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets	100,859	175,145
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	39,000	39,000
Foreign exchange losses	23,204	99,367
Other operating lease rentals	337,438	333,761
Defined contribution pension cost	<u>85,213</u>	<u>81,718</u>

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	2,650,090	2,489,571
Social security costs	295,368	255,138
Cost of defined contribution scheme (note 21)	85,213	81,718
	<u>3,030,671</u>	<u>2,826,427</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Administrative staff	<u>47</u>	<u>48</u>

During the year, the Company received furlough grant from the HMRC amounting to £nil (2020: £234,768), which has been disclosed as other income.

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>278,375</u>	<u>221,957</u>

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £143,230 (2020: £114,283).

8. Dividends

	2021 £	2020 £
Dividends paid (£62.50 per share)	<u>1,000,000</u>	<u>-</u>

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	75,436	99,955
Adjustments in respect of previous periods	(6,500)	-
	68,936	99,955
 Double taxation relief	 (2,193)	 (1,727)
	66,743	98,228
 Foreign tax		
Foreign tax on income for the year	2,853	2,572
Foreign tax in respect of prior periods	303	-
	3,156	2,572
 Total current tax	 69,899	 100,800
 Deferred tax		
Origination and reversal of timing differences	(9,677)	(38,130)
Adjustments in respect of previous periods	641	-
Effect of tax rate change on opening balance	(3,911)	2,642
 Total deferred tax	 (12,947)	 (35,488)
 Taxation on profit on ordinary activities	 56,952	 65,312

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	334,645	300,762
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	63,583	57,145
Effects of:		
Fixed asset differences	3,552	-
Expenses not deductible for tax purposes	1,591	4,680
Exempt ABGH distributions	(644)	-
Foreign tax credits	660	845
Adjustments to tax charge in respect of previous periods	(6,197)	-
Adjustments to tax charge in respect of previous periods – deferred tax	641	-
Remeasurement of deferred tax for changes in tax rates	(6,234)	2,642
Total tax charge for the year	56,952	65,312

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Tangible fixed assets

	Short term leasehold commitment	Plant & machinery	Fixtures & fittings	Total
	£	£	£	£
Cost or valuation				
At 1 January 2021	1,619,228	37,052	693,762	2,350,042
Additions	-	-	1,522	1,522
At 31 December 2021	1,619,228	37,052	695,284	2,351,564
Depreciation				
At 1 January 2021	1,416,441	34,617	615,804	2,066,862
Charge for the year	60,897	1,012	38,950	100,859
At 31 December 2021	1,477,338	35,629	654,754	2,167,721
Net book value				
At 31 December 2021	141,890	1,423	40,530	183,843
At 31 December 2020	202,787	2,435	77,958	283,180

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	88
At 31 December 2021	88
Net book value	
At 31 December 2021	88
At 31 December 2020	88

Interest in intra-group entities

During the year Electronic Theatre Controls Limited held 1% of the ordinary shares of Electronic Theatre Controls Srl which is domiciled in Italy. The principal activity of this entity is the same as that of Electronic Theatre Controls Limited.

12. Stock

	2021 £	2020 £
Raw materials and consumables	126,240	265,099
Finished goods and goods for resale	1,719,537	2,748,313
	<u>1,845,777</u>	<u>3,013,412</u>

The Company's stock includes rental stocks as follows:

	2021 £	2020 £
Raw materials and consumables	76,069	24,941
Finished goods and goods for resale	761,409	630,614
	<u>837,478</u>	<u>655,555</u>

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Debtors

	2021 £	2020 £
Trade debtors	2,888,735	2,681,778
Amounts owed by group undertakings	109,669	1,737,320
Prepayments and accrued income	172,634	134,898
VAT recoverable	199,692	312,959
Deferred taxation (note 16)	25,975	13,028
Financial instruments	3,143	-
	<u>3,399,848</u>	<u>4,879,983</u>

14. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>1,212,002</u>	<u>1,425,785</u>

15. Creditors: amounts falling due within one year

	2021 £	2020 £
Loan	419,800	451,900
Trade creditors	224,778	450,781
Amounts owed to group undertakings	448,079	2,406,111
Corporation tax	21,545	103,786
Other taxation and social security	104,642	98,114
Accruals and deferred income	492,814	444,385
	<u>1,711,658</u>	<u>3,955,077</u>

Amounts owed to group companies are unsecured, interest free and repayable under prescribed terms.

Loan is based on a working capital facility agreement and is repayable and rolls over every three months; unsecured and an interest rate of 1.5% is charged on this loan.

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Deferred taxation

	2021 £	2020 £
At beginning of year	13,028	(22,460)
Credited to profit or loss	12,947	35,488
At end of year	25,975	13,028

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(18,710)	(25,721)
Tax losses carried forward	44,685	38,749
	25,975	13,028

17. Provisions

	Warranty provision £	Dilapidation provision £	Total £
At 1 January 2021	746,160	305,536	1,051,696
Charged to profit or loss	4,836	-	4,836
At 31 December 2021	750,996	305,536	1,056,532

The warranty provision relates to estimated costs to be incurred by Electronic Theatre Controls Limited on products returned whilst under guarantee which cannot be recovered from the manufacturer. These are expected to be settled over 2 to 3 years. In 2019, Electronic Theatre Controls Inc assumed responsibility for the cost of the raw materials required under warranty, thus Electronic Theatre Controls Limited retains a provision only for the cost of labour.

The dilapidations provision on the leased property is the expected costs to be incurred to restore the building to its original state at the end of the lease as detailed in note 22.

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. Reserves**Profit and loss account**

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Share capital

	2021 £	2020 £
Authorised		
100,000 (2020: 100,000) Ordinary Shares of £1.00 each	100,000	100,000
Allotted, called up and fully paid		
16,000 (2020: 16,000) Ordinary Shares of £1.00 each	16,000	16,000

20. Financial instruments

At 31 December 2021, the Company had one outstanding fair value currency hedge (2020: £nil).

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	3,143	-
Financial assets measured at amortised cost	4,210,406	5,844,883
Financial liabilities		
Financial liabilities measured at amortised cost	(1,539,962)	(3,755,177)

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £85,213 (2020: £81,718). Contributions totalling £400 (2020: £nil) were payable to the fund at the balance sheet date and are included in creditors.

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

22. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Land and buildings		
Within one year	226,198	228,247
Between one and five years	295,996	526,371
	<u>522,194</u>	<u>754,618</u>
	2021 £	2020 £
Other		
Within one year	12,232	12,232
Between one and five years	21,210	23,550
	<u>33,442</u>	<u>35,782</u>

23. Related party transactions

Transactions with related parties are listed below. These are other companies within the group:

	Sales to related party 2021 £	Purchases from related party 2021 £	Amounts owed by related party 2021 £	Amounts owed to related party 2021 £
2021				
Electronic Theatre Controls Inc	751,285	11,977,287	109,482	(157,441)
Electronic Theatre Controls Srl	1,514	910,205	-	(184,975)
Electronic Theatre Controls GmbH	9,426	251,748	187	(89,862)
Penko Engineering BV	-	205,764	-	(15,801)
Electronic Theatre Controls France SAS	11,995	-	-	-
High End Systems Inc.	-	1,374,566	-	-
	<u>774,220</u>	<u>14,719,570</u>	<u>109,669</u>	<u>(448,079)</u>

ELECTRONIC THEATRE CONTROLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

23. Related party transactions (continued)

	Sales to related party	Purchases from related party	Amounts owed by related party	Amounts owed to related party
	2020	2020	2020	2020
	£	£	£	£
2020				
Electronic Theatre Controls Inc	2,300,632	11,687,714	1,719,982	(1,904,441)
Electronic Theatre Controls Srl	1,187	781,412	-	(423,040)
Electronic Theatre Controls GmbH	23,954	150,485	3,367	-
Penko Engineering BV	-	245,918	-	(22,253)
Electronic Theatre Controls Asia Limited	4,015	1,134	-	-
Electronic Theatre Controls France SAS	97,334	1,657,089	13,971	-
High End Systems Inc.	184,917	-	-	(56,385)
	<u>2,612,039</u>	<u>14,523,752</u>	<u>1,737,320</u>	<u>(2,406,119)</u>

24. Controlling party

The ultimate controlling party is Electronic Theatre Controls Inc., a company incorporated in the United States of America. The largest and smallest undertakings for which group accounts are drawn up is Electronic Theatre Controls Inc.

25. Net Debt Reconciliation

	At 1 Jan 2021	Cash flows	Revaluation	At 31 Dec 2021
	£	£	£	£
Cash at bank and in hand	1,425,785	(213,783)	-	1,212,002
Debt due within 1 year	(451,900)	-	32,100	(419,800)
	<u>973,885</u>	<u>(213,783)</u>	<u>32,100</u>	<u>792,202</u>