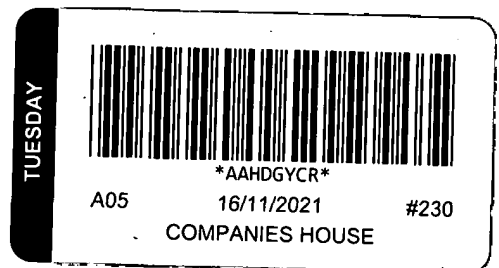


ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

COMPANY INFORMATION

Directors	S M Toney (resigned 16 March 2021) P C Croker S Krishnan (appointed 16 March 2021)
Registered number	03070525
Registered office	c/o Venture Lighting Europe Limited Unit 11 Plot C Sills Road Castle Donington Derby England DE74 2US
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1 Holly Street Sheffield S1 2GT
Bankers	Barclays Bank Plc

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their Group strategic report for the year ended 31 March 2021.

Introduction

Advanced Lighting Technologies Europe Limited ("the Group") is a long-established global brand, recognised worldwide for our legacy lamp and ballast systems and our established range of LED luminaire and control solutions. We see the future of lighting firmly placed in our ability to innovate, providing our clients with solutions that continually push the boundaries of what can be achieved with lighting as technology.

Our ability to create a culture that fosters innovation, creativity, collaboration and a winning mentality, which is centred on our people and our values, remains our most valuable asset.

Our ultimate objective is to drive profitable and sustainable growth through our primary activities of providing our customers with quality LED lighting solutions for key applications. The knowledge and expertise we possess, within Industrial and Commercial lighting is fundamental in our ability to find new ways of creating value in a competitive landscape.

Currently, the primary risks faced by Advanced Lighting Technologies Europe Limited is our exposure to fluctuations in foreign currency, mainly Pound Sterling: US dollar. To mitigate this threat, we will continue to focus on profitable sectors where we are best placed for growth opportunities, supported by a global supply chain activity that will continue to improve our organisational performance through driving efficiency and responsiveness.

Business review

Entering the new fiscal year in the midst of the global pandemic naturally altered our direction of travel and outlook for the year. Combined with the challenges of BREXIT and its subsequent disruption to our EU export business, our response to the ever-changing external environment was rapid and effective. This was due to the steadfast approach and professionalism of our senior management team in supporting our staff, customers and the needs of the business.

During the first quarter, we reshaped the business scaling back all unnecessary costs and utilising the government furlough scheme to reduce overheads for the first four months of the fiscal year. With just over half of our staff remaining in post for the duration of the first lockdown we accelerated our efforts in new product launches for the latter part of the year, along with investing in technology for central product data management and a CRM.

Working closely with key customers became a pivotal sales initiative, combining our resources and efforts to deliver a record number of projects into the Education sector throughout the summer and autumn months. As a result of this, we secured a significant partnership agreement with a key customer to continue our joint efforts in the Education sector long into 2021/22. During the month of August, we restructured our Sales and Marketing team to allow for the addition of two further Project Sales Engineers to extend our representation across the UK.

With the exception of the short-term use of the furlough scheme, our careful management of cash combined with a focus on project sales in strategic sectors, we did not require any financial support during the fiscal year. Our UK assembly lines remained fully operational to support the lighting requirements of critical sectors in the UK.

Following the initial downturn of sales during the first four months of the year, we experienced a recovery very much akin to the W shape predicted within the UK economy. Whilst sales revenues did not quite return to pre-COVID levels, our profitability helped us to deliver exceptional bottom line results to mitigate the loss of revenues with year on year margin expansion of 5%.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

Financial key performance indicators

This year's KPIs are showing declines across the board due to the challenges we all faced as a result of the COVID-19 pandemic. As the economy re-opens, we should see a significant improvement in 2021/2022.

Revenues decreased 30% from 2019/20.

Our LED business represents 64% of total revenues compared with 60% last year. Our commercial and exterior products declined 19% on previous year's results.

Our LED lamp range declined 50% on 2019/20 results due to a strategic decision to exit the range and focus resources on luminaire and controls development.

For 2022 we forecast 34% growth on our core LED product groups with an overall split of 69% versus 31% HID.

Principal risks and uncertainties

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other 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 Group's operations. The main risks arising from the Group financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The Group finances its operations through a mixture of retained profits and accounts held with financial institutions. The Group's exposure to interest rate fluctuations on its borrowings is managed on a Group basis, at the US parent level.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through retained profits or through loans arranged with the US parent.

Currency risk

The Group is exposed to transaction and translation foreign exchange risk. Transaction exposures are hedged when known by the US parent Company, mainly using the forward hedge market.

This report was approved by the board on 4/11/2021

and signed on its behalf.



P C Croker
Director

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activity

The Company operates principally as a holding company. The subsidiary Companies ("the Group") are principally engaged in the sale and marketing of High Intensity Discharge Lamps and LED lighting systems and the associated control systems and components.

Results and dividends

The profit for the year, after taxation, amounted to £1,200,016 (2020: £8,902,703).

Dividends of £Nil were paid during the year (2020: £8,696,060).

Directors

The directors who served during the year were:

S M Toney (resigned 16 March 2021)
P C Croker
S Krishnan (appointed 16 March 2021)

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Group for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

Future outlook

Despite the continued uncertainty across the globe, which continues to affect supply chains, combined with increased costs, shortage of raw materials and general disruptions to business operations, we remain wholly optimistic about the future in the year ahead with unwavering focus on what we can control. Fiscal 2022 has started with a significant upturn in results against the prior year, despite all of its challenges. Furthermore, we have entered the year on the back of an exciting recapitalisation of the group, which has strengthened our position as a global player in the Lighting Industry.

As part of the recapitalisation, we now have Vertical Manufacturing capabilities based in India to support the development and manufacturing of luminaires, components and controls in the months and years ahead. Coupled with this is the exciting and integration of the 'Harvard' brand within the ADLT business and the accompanying portfolio of LED Drivers and Modules available to our customer base.

COVID-19 Impact

Ventures operations were notably disrupted by the COVID-19 pandemic with the UK lockdown measures severely affecting sales revenues during the first quarter of the fiscal year. Despite a 52% reduction in sales during Q1, we began to see an immediate bounce back as the construction industry activities returned and restrictions began to ease. As a second lockdown loomed during October, we experienced a slight dip in sales before notably strong months for November, December and March 2021.

There is no doubt the pandemic remains a principal risk to our business, industry and the UK economy. However, early signs during the first half of 2021/22 have demonstrated strong year on year growth despite the critical impact on global supply chains.

Post balance sheet events

There are no post balance sheet events to note.

Going concern

The directors have prepared profit and cash flow forecasts for the Company covering the period to 30 November 2022. The forecasts show that the Company has sufficient resources within its facilities for the foreseeable future.

The Group incurred a net profit of £1,200,139 (2020: £8,902,703) during the year ended 31 March 2021, the group has significant borrowings and facilities from Advanced Lighting Technologies Inc, its ultimate parent, and other companies in the Group. The parent Company has provided a formal parental guarantee that these loans will not be reclaimed unless the Group can repay them without affecting its status as a going concern, as a result the directors have concluded that these circumstances do not represent a material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED


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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4/11/2021

and signed on its behalf.



P C Croker
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

Qualified opinion

We have audited the financial statements of Advanced Lighting Technologies Europe Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Consolidated Profit and loss account, the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated and Company Statement of changes in equity, the Consolidated Statement of cash flows, Consolidated Analysis of Net Debt 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).

In our opinion, except for the possible effects of the matter described in the basis of qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified 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 are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

With respect to prior year closing inventory of the subsidiary Venture Lighting International FZE Jebel Ali Free Zone, having a carrying value of £266,484, the audit evidence available to us was limited because we did not observe the counting of physical stock as at 31 March 2020 due to the outbreak of COVID 19. For the same reason, we were unable to satisfy ourselves concerning the existence and condition of inventories by using other audit procedures. Consequently, we were unable to determine whether any adjustment to the carrying value of opening inventory in the current period was necessary.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED (CONTINUED)

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.

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 Group's and of the parent 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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED LIGHTING TECHNOLOGIES
EUROPE LIMITED (CONTINUED)**

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED LIGHTING TECHNOLOGIES EUROPE 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.

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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in jurisdictions in which the company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, data protection, environmental, and bribery and corruption practices.
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and legal expenses.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussions with management to understand where management considered there is a susceptibility to fraud.
- Audit procedures performed by the engagement team included:
 - evaluation of the controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries determined to be large or relating to unusual transaction based on our understanding of the business;
 - identifying and testing related party transactions
 - completion of audit procedures to conclude on the compliance of disclosures in the annual report or accounts with applicable financial reporting requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED LIGHTING TECHNOLOGIES
EUROPE LIMITED (CONTINUED)**

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to entity

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.

Grant Thornton UK LLP

Peter Edwards
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
Date: 4/11/2021

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	11,945,976	17,007,091
Cost of sales		(7,708,993)	(11,649,405)
Gross profit		4,236,983	5,357,686
Administrative expenses		(3,201,424)	(5,100,728)
Other operating income	5	102,044	-
Operating profit	6	1,137,603	256,958
Income from shares in group undertakings	12	-	8,836,131
Amounts written off investments		-	(15,519)
Interest payable and similar expenses	10	(267,481)	(324,851)
Profit before tax		870,122	8,752,719
Tax on profit	11	329,894	149,984
Profit for the financial year		1,200,016	8,902,703
Profit for the year attributable to:			
Owners of the parent		1,200,016	8,902,703
		1,200,016	8,902,703

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
Profit for the financial year	1,200,016	8,902,703
Other comprehensive income		
Currency translation differences	(171,059)	323,645
Other comprehensive income for the year	(171,059)	323,645
Total comprehensive income for the year	1,028,957	9,226,348
Profit for the year attributable to:		
Owners of the parent Company	1,200,016	8,902,703
	1,200,016	8,902,703
Total comprehensive income attributable to:		
Owners of the parent Company	1,028,957	9,226,348
	1,028,957	9,226,348

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED
REGISTERED NUMBER:03070525

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	48,005	52,067
Investments	16	1	1
		<u>48,006</u>	<u>52,068</u>
Current assets			
Stocks	17	3,310,579	3,079,893
Debtors	18	9,189,088	8,509,450
Cash at bank and in hand	19	1,492,537	1,318,769
		<u>13,992,204</u>	<u>12,908,112</u>
Creditors: amounts falling due within one year	20	(13,346,511)	(13,284,887)
Net current assets/(liabilities)		<u>645,693</u>	<u>(376,775)</u>
Total assets less current liabilities		<u>693,699</u>	<u>(324,707)</u>
Other provisions	22	(91,449)	(102,000)
		<u>(91,449)</u>	<u>(102,000)</u>
Net assets/(liabilities)		<u><u>602,250</u></u>	<u><u>(426,707)</u></u>
Capital and reserves			
Called up share capital	23	12	12
Profit and loss account	24	602,238	(426,719)
Equity attributable to owners of the parent Company		<u><u>602,250</u></u>	<u><u>(426,707)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4/11/2021



P C Croker
Director

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED
REGISTERED NUMBER:03070525

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	16	2,267,722	2,267,722
		<u>2,267,722</u>	<u>2,267,722</u>
Current assets			
Debtors	18	4,071,416	4,071,416
		<u>4,071,416</u>	<u>4,071,416</u>
Creditors: amounts falling due within one year	20	(4,559,014)	(4,559,014)
Net current liabilities		<u>(487,598)</u>	<u>(487,598)</u>
Total assets less current liabilities		<u>1,780,124</u>	<u>1,780,124</u>
Net assets excluding pension asset		<u>1,780,124</u>	<u>1,780,124</u>
Net assets		<u><u>1,780,124</u></u>	<u><u>1,780,124</u></u>
Capital and reserves			
Called up share capital	23	12	12
Other changes in the profit and loss account		-	6,430,289
		<u>1,780,112</u>	<u>1,780,112</u>
Profit and loss account carried forward		<u><u>1,780,124</u></u>	<u><u>1,780,124</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4/11/2021

P C Croker
 Director 

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	12	(426,719)	(426,707)
Comprehensive income for the year			
Profit for the year	-	1,200,016	1,200,016
Currency translation differences	-	(171,059)	(171,059)
Other comprehensive income for the year	-	(171,059)	(171,059)
Total comprehensive income for the year	-	1,028,957	1,028,957
At 31 March 2021	12	602,238	602,250

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	15,140,603	(7,401,538)	7,739,065
Comprehensive income for the year			
Profit for the year	-	8,902,703	8,902,703
Currency translation differences	-	323,645	323,645
Other comprehensive income for the year	-	323,645	323,645
Total comprehensive income for the year	-	9,226,348	9,226,348
Dividends: Equity capital	-	(8,696,060)	(8,696,060)
Shares cancelled during the year	(15,140,591)	-	(15,140,591)
Transfer to/from profit and loss account	-	15,140,591	15,140,591
Intercompany dividend	-	(8,696,060)	(8,696,060)
At 31 March 2020	12	(426,719)	(426,707)

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2020	12	1,780,112	1,780,124
Comprehensive income for the year			
At 31 March 2021	12	1,780,112	1,780,124

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	15,140,603	(13,470,514)	1,670,089
Comprehensive income for the year			
Profit for the year	-	8,820,337	8,820,337
Currency translation differences	-	(14,242)	(14,242)
Contributions by and distributions to owners			
Dividends: Equity capital	-	(8,696,060)	(8,696,060)
Shares cancelled during the year	(15,140,591)	-	(15,140,591)
Transfer to/from profit and loss account	-	15,140,591	15,140,591
At 31 March 2020	12	1,780,112	1,780,124

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,200,016	8,902,703
Adjustments for:		
Depreciation of tangible assets	36,207	20,289
Government grants	(90,271)	-
Interest paid	267,481	324,851
Intercompany dividend	-	(8,696,060)
Taxation charge	(180,033)	(149,984)
(Increase)/decrease in stocks	(230,686)	1,061,254
Decrease in debtors	586,459	1,693,539
(Increase)/decrease in amounts owed by group undertakings	(1,213,848)	8,168,690
Increase/(decrease) in creditors	598,746	(514,145)
(Decrease) in amounts owed to group undertakings	(2,076,243)	(410,323)
(Decrease)/increase in provisions	(10,551)	11,999
Corporation tax received	180,156	148,246
Exchange gains on consolidation	(171,059)	323,645
Net cash generated from operating activities	(1,103,626)	10,884,704
Cash flows from investing activities		
Purchase of tangible fixed assets	(32,145)	(3,110)
Government grants received	90,271	-
Dividend payable to parent Company	-	(8,696,060)
Net cash from investing activities	58,126	(8,699,170)

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from financing activities		
New secured loans	1,486,749	-
Repayment of loans	-	(1,815,336)
Interest paid	(267,481)	(324,851)
Net cash used in financing activities	<u>1,219,268</u>	<u>(2,140,187)</u>
Net increase in cash and cash equivalents	<u>173,768</u>	<u>45,347</u>
Cash and cash equivalents at beginning of year	1,318,769	1,273,422
Cash and cash equivalents at the end of year	<u><u>1,492,537</u></u>	<u><u>1,318,769</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,492,537	1,318,769
	<u><u>1,492,537</u></u>	<u><u>1,318,769</u></u>

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021**

	At 1 April 2020 £	Cash flows £	New loan financing £	At 31 March 2021 £
Cash at bank and in hand	1,318,769	173,768	-	1,492,537
Debt due within 1 year	(725,562)	-	(1,486,749)	(2,212,311)
	<u>593,207</u>	<u>173,768</u>	<u>(1,486,749)</u>	<u>(719,774)</u>

The notes on pages 20 to 40 form part of these financial statements.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

1. General information

The Company is a private company limited by shares & incorporated in England. Its registered head office is located at c/o Venture Lighting Europe Limited, Unit 11 Plot C, Sils Road, Castle Donington, Derby, DE74 2US.

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 Company's functional and presentational currency is Sterling (£).

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2016.

2.3 Going concern

The directors have prepared profit and cash flow forecasts for the Company covering the period to 30 November 2022. The forecasts show that the Company has sufficient resources within its facilities for the foreseeable future.

The Group incurred a net profit of £1,200,016 (2020: £8,902,703) during the year ended 31 March 2021, the Group has significant borrowings and facilities from Advanced Lighting Technologies Inc, its ultimate parent, and other companies in the Group. The parent Company has provided a formal parental guarantee that these loans will not be reclaimed unless the Group can repay them without affecting its status as a going concern, as a result the directors have concluded that these circumstances do not represent a material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

2. Accounting policies (continued)**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Goodwill	-	10 % straight line
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2.6 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 Group 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 Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Consolidated profit and loss account during the period in which they are incurred.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

Fixtures & fittings	- 10% - 33% straight line
Equipment	- 20% - 33% 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 in the Consolidated profit and loss account.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated profit and loss account on a straight line basis over the lease term.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated profit and loss account for the period.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated profit and loss account.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

2. Accounting policies (continued)**2.10 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

2. Accounting policies (continued)**2.11 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.

2.12 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 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.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

2.15 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

2. Accounting policies (continued)**2.15 Foreign currency translation (continued)**

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Finance costs

Finance costs are charged to the Consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 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.

2.18 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

2. Accounting policies (continued)**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.22 Research and development

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

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

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

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Judgements and estimates 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. The resulting accounting estimates may differ from the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Provisions for slow moving and obsolete stock

The Group estimates the net realisable value of its stock in order to ensure that each item is measured at the lower of cost and net realisable value. Accordingly, provisions are made against certain stock items where the cost is deemed to exceed the net realisable value. Estimates are made in order to calculate the required provisions with any movement in the provision charged or credited to the Consolidated profit and loss account and the carrying value of the stock on the Balance sheet.

Depreciation, useful lives and residual values of tangible fixed assets

The Group estimates the useful lives and residual values of tangible fixed assets in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the Consolidated profit and loss account and the carrying values of the tangible fixed assets on the Balance sheet.

Deferred tax

The Group estimates future profitability in arriving at the fair value of the deferred tax assets and liabilities. If the final tax outcome is different to the estimated deferred tax amount the resulting changes will be reflected in the Consolidated profit and loss account, unless the tax relates to an item charged to equity in which case the changes in tax estimates will also be reflected in equity.

Bad debt provision

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 18 for the net carrying amount of the debtors and associated impairment provision.

Warranty provision

The Group makes an estimate of the warranty provision at the year end. Estimates are made in order to calculate the required provisions with any movement in the provision charged or credited to the Consolidated profit and loss account.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

4. Turnover

The whole of the turnover is derived from its principal activity.

The directors are of the opinion that disclosure of the geographical analysis of turnover would be prejudicial to the interests of the Company. Accordingly this information has been omitted from these financial statements.

5. Other operating income

	2021 £	2020 £
Other operating income	11,773	-
Government grants - furlough	90,271	-
	<u>102,044</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	7,174	6,441
Depreciation of tangible fixed assets	36,207	36,044
Exchange differences	(764,601)	359,161
Other operating lease rentals - land and buildings	1,274,462	515,397
	<u>1,274,462</u>	<u>515,397</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>46,350</u>	<u>43,975</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>6,000</u>	<u>6,592</u>

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	1,832,758	1,952,833	-	-
Social security costs	179,019	221,269	-	-
Cost of defined contribution scheme	78,655	86,788	-	-
	<u>2,090,432</u>	<u>2,260,890</u>	<u>-</u>	<u>-</u>

The parent Company did not have any employee costs in the year to 31 March 2021 or 31 March 2020.

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

	2021 No.	2020 No.
Distribution	45	48
Administrative	7	8
Directors	2	3
	<u>54</u>	<u>59</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	132,292	147,167
Directors pension costs	13,000	13,000
	<u>145,292</u>	<u>160,167</u>

During the year retirement benefits were accruing to 1 director (2020: 1) in respect of defined contribution pension schemes.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

10. Interest payable and similar expenses

	2021	2020
	£	£
Bank interest payable	20,650	70,124
Loans from group undertakings	246,831	254,727
	<u>267,481</u>	<u>324,851</u>

11. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	<u>(329,894)</u>	<u>(149,984)</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(329,894)</u>	<u>(149,984)</u>

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>869,743</u>	<u>8,752,719</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	<u>165,251</u>	<u>1,663,017</u>
Effects of:		
Fixed asset differences	1,275	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	364	1,204
Capital allowances for year in excess of depreciation	-	(4,269)
Adjustments to tax charge in respect of prior periods	(329,894)	(149,984)
Other timing differences leading to an increase/(decrease) in taxation	-	461
Non-taxable income	-	(1,699,193)
Deferred tax not recognised	(166,890)	51
Utilisation of tax losses	-	38,729
Total tax charge for the year	<u><u>(329,894)</u></u>	<u><u>(149,984)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Non-trading losses carried forward not recognised amounted to £2,298,547 (2020: £4,450,348).

Capital tax losses carried forward not recognised amounted to £200,512 (2020: £200,500).

12. Income from related undertakings

	2021 £	2020 £
Dividends received- Dubai	-	8,696,060
Dividends received- South Africa	-	140,071
	<u>-</u>	<u>8,836,131</u>

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

13. Dividends

	2021	2020
	£	£
Dividend paid	-	8,696,060
	<u> </u>	<u> </u>

14. Intangible assets

Group

	Goodwill
	£
Cost	
At 1 April 2020	326,418
At 31 March 2021	<u>326,418</u>
Amortisation	
At 1 April 2020	326,418
At 31 March 2021	<u>326,418</u>
Net book value	
At 31 March 2021	<u> </u>
At 31 March 2020	<u> </u>

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

15. Tangible fixed assets

Group

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 April 2020	1,720,825	684,818	2,405,643
Additions	5,950	26,195	32,145
At 31 March 2021	<u>1,726,775</u>	<u>711,013</u>	<u>2,437,788</u>
Depreciation			
At 1 April 2020	1,711,251	642,325	2,353,576
Charge for the year on owned assets	5,390	30,817	36,207
At 31 March 2021	<u>1,716,641</u>	<u>673,142</u>	<u>2,389,783</u>
Net book value			
At 31 March 2021	<u>10,134</u>	<u>37,871</u>	<u>48,005</u>
At 31 March 2020	<u>9,574</u>	<u>42,493</u>	<u>52,067</u>

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

16. Fixed asset investments

Group

	Unlisted Investments £
Cost	
At 1 April 2020	1
At 31 March 2021	<u>1</u>
Net book value	
At 31 March 2021	<u>1</u>
At 31 March 2020	<u>1</u>

Company

	Investments in subsidiary companies £
Cost	
At 1 April 2020	2,267,722
At 31 March 2021	<u>2,267,722</u>
Net book value	
At 31 March 2021	<u>2,267,722</u>
At 31 March 2020	<u>2,267,722</u>

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Venture Lighting Europe Limited	Unit 11 Plot C Sills Road, Castle Donington, Derby, DE74 2US	Ordinary & Preference	100%
Venture Lighting International FZE	PO Box 16994, Dubai, U.A.E	Ordinary	100%

17. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Finished goods and goods for resale	3,310,579	3,079,893	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £5,594,020 (2020: £9,113,343).

An impairment loss of £91,166 (2020: £136,613) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	3,082,843	3,651,911	-	-
Amounts owed by group undertakings	5,243,860	4,037,108	3,961,106	3,961,106
Other debtors	420,674	195,784	110,310	110,310
Prepayments and accrued income	441,711	624,647	-	-
	9,189,088	8,509,450	4,071,416	4,071,416

An impairment loss of £222,443 (2020: £225,804) was recognised against trade debtors.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

19. Cash and cash equivalents

	Group 2021 £	<i>Group 2020 £</i>
Cash at bank and in hand	1,492,537	<i>1,318,769</i>

20. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Bank loans	2,212,311	<i>725,562</i>	-	-
Trade creditors	1,999,155	<i>1,177,027</i>	-	-
Amounts owed to group undertakings	8,277,424	<i>10,360,762</i>	4,559,014	<i>4,559,014</i>
Corporation tax	123	<i>-</i>	-	-
Other taxation and social security	96,952	<i>151,896</i>	-	-
Other creditors	760,546	<i>869,640</i>	-	-
	13,346,511	<i>13,284,887</i>	4,559,014	<i>4,559,014</i>

Bank loans are secured over certain assets within the Group and are repayable on demand. Interest is charged at LIBOR plus 2-3%.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

21. Financial instruments

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Financial assets held at amortised cost				
Trade debtors	3,082,843	3,651,911	-	-
Amounts owed by group undertakings	5,243,860	4,037,108	3,961,106	3,961,106
Other debtors	420,674	195,784	110,310	110,310
Cash and cash equivalents	1,492,537	1,318,769	-	-
	<u>10,239,914</u>	<u>9,203,572</u>	<u>4,071,416</u>	<u>4,071,416</u>
	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Financial liabilities held at amortised cost				
Bank loans	2,212,311	725,562	-	-
Trade creditors	1,999,155	1,177,027	-	-
Amounts owed to group undertakings due within one year	8,277,424	10,360,762	4,559,014	4,559,014
Other creditors	760,546	869,640	-	-
	<u>13,249,436</u>	<u>13,132,991</u>	<u>4,559,014</u>	<u>4,559,014</u>

22. Provisions

Group

	Warranty provision £
At 1 April 2020	102,000
Charged to profit or loss	(10,551)
At 31 March 2021	<u>91,449</u>

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

23. Share capital

	2021	2020
	£	£
Authorised		
100,000 (2020: 100,000) Ordinary shares of £1 each	100,000	<i>100,000</i>
19,900,000 (2020: 19,900,000) 'A' Preference shares of £1 each	19,900,000	<i>19,900,000</i>
10,000,000 (2020: 10,000,000) 'B' Preference shares of £1 each	10,000,000	<i>10,000,000</i>
	<u>30,000,000</u>	<u><i>30,000,000</i></u>
 Allotted, called up and fully paid		
12 (2020: 12) Ordinary shares of £1 each	<u>12</u>	<u><i>12</i></u>

The rights attached to the preference shares are as follows:

'A' Preference shares

The shares can be redeemed, at par, at the option of the Company at any time after giving one month's notice. 'A' preference shareholders have the right on a winding-up to receive, in priority to ordinary shares, the sum of £1 per share. The shares carry no voting rights.

'B' Preference shares

The shares can be redeemed, at par, at the option of the Company at any time after giving one month's notice. 'B' preference shareholders have the right on a winding-up to receive, in priority to ordinary shares, the sum of £1 per share. The shares carry no voting rights.

During the previous year there was a capital reduction to eliminate the preference shareholdings above.

24. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

25. Contingent liabilities

In the year the Group entered into arrangements with Barclays, FGI and Wells Fargo whereby fixed charge guarantees are held over all of the company's borrowings.

26. Capital commitments

There were no capital commitments at 31 March 2021 or 31 March 2020

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

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

27. Pension commitments

The Group 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 £77,498 (2020: £86,788).

Contributions totalling £13,188 (2020: £12,086) were payable to the fund at the balance sheet date.

28. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Group 2020 £</i>
Not later than 1 year	254,930	355,236
Later than 1 year and not later than 5 years	990,603	160,162
	<u>1,245,533</u>	<u>515,398</u>

Operating lease charges for the year amounted to £316,778 (2020: £515,397).

29. Post balance sheet events

The are no post balance sheet events to note.

30. Controlling party

The directors consider that the ultimate parent undertaking of the Company is Advanced Lighting Technologies Inc., incorporated in the USA.

The smallest and largest group undertakings, including the Company, for which Group accounts have been prepared is headed by Advanced Lighting Technologies Europe Limited, which is incorporated in England and Wales.

From March 2021, the ultimate parent undertaking of the Company became ADLT, LLC.

ADVANCED LIGHTING TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

31. Related party transactions

The Company has taken advantage of the exemption in FRS 102 and has not disclosed transactions with other members of the Group headed by Advanced Lighting Technologies Europe Limited.

The following are considered to be related party transactions requiring disclosure:

	Sales 2021 £	Purchases 2021 £	Debtor 2021 £	Creditor 2021 £
Advanced Lighting Technologies Inc.	-	-	4,070	695,216
Venture US Marketing	-	-	-	-
Venture Lighting - Solon	-	-	-	-
Advanced Lighting Technologies Singapore	-	-	-	-
Venture Lighting India Ltd	-	-	-	(24,468)
Venture Lighting Power Systems	-	-	-	-
Auer Lighting	-	21,887	-	-
Advanced Lighting Technologies Australia	449	-	-	-
Advanced Lighting Technologies New Zealand	967	-	-	-

	Sales 2020 £	Purchases 2020 £	Debtor 2020 £	Creditor 2020 £
Advanced Lighting Technologies Inc.	4,289	-	4,532	3,661,192
Venture US Marketing	-	1,133	-	-
Venture Lighting - Solon	-	-	-	-
Advanced Lighting technologies Singapore	-	-	-	-
Venture Lighting India Ltd	-	362,088	-	-
Venture Lighting Power Systems	-	-	-	-
Auer Lighting	-	54,227	-	-
Advanced Lighting Technologies Australia	1,324	-	-	-
Advanced Lighting Technologies New Zealand	1,539	-	-	-

Key management personnel are considered to be the directors of Advanced Lighting Technologies Europe Limited and its subsidiaries. The compensation paid or payable to key management during the year for employee services amounted to £162,089 (2020: £178,641).