

Company Registration No. 00784246 (England and Wales)

DESIGNPLAN LIGHTING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

THURSDAY



A9EPSGBV

A12

01/10/2020

#102

COMPANIES HOUSE

DESIGNPLAN LIGHTING LIMITED

COMPANY INFORMATION

Directors D Barnes (Managing Director)
 M Wood
 B Harris
 Dr G Van Der Meer
 P Muir
 B Sonesson

Company number 00784246

Registered office 16 Kimpton Park Way
 Sutton
 Surrey
 SM3 9QS

Auditor RSM UK Audit LLP
 Chartered Accountants
 3rd Floor
 Portland
 25 High Street
 Crawley
 West Sussex
 RH10 1BG

DESIGNPLAN LIGHTING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

It was a disappointing year with total sales falling by 15% on 2018. The sales decline was solely attributable to performance in the UK. We expected a tough year with sales to large scale infrastructure projects such as Crossrail coming to an end in 2018, but with the ongoing political and economic uncertainty in the country, coupled with the fact that our target market sectors are almost exclusively publicly funded, trading conditions have been much tougher than expected.

On the contrary, sales to our international markets have exceeded expectations, with a 60% improvement on 2018. This was driven by a large metro project in Denmark and our German branch more than doubling its sales after 2018 was dogged by project delays.

Our gross margin percentage declined against 2018; a result of a greater share of sales coming from lower margin international markets and, in general, the sales decline squeezing down on a partially fixed cost base.

Year-end working capital decreased, in line with the lower sales result.

The company will be looking to improve on its 2019 performance by continuing to focus on key market sectors and continuing to develop innovative solutions to fit the needs of those sectors. Our order book, opportunity bank and new product development pipeline all support this ambition.

The company will also continue to leverage the global presence of the Fagerhult group to further penetrate international markets where our product portfolio is relevant.

Going concern and Covid-19

Subsequent to the year end, the worldwide pandemic of Covid-19 has had an adverse impact on economies globally. Whilst the directors are unable to predict the full extent of the impact on the company's operations, the directors have had regard to the impact of Covid-19 in considering their going concern assessment in respect of these financial statements. The directors have prepared forecasts, covering a period of at least 12 months from the date of approval of these financial statements, which take into consideration the possible impact of the current Covid-19 global pandemic on the company's operations, the actions taken to mitigate any such impact and the cash balances available to the company. In view of the cash reserves, order book and opportunity bank the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and as a minimum for a period of at least 12 months from the date of approval of these financial statements. Consequently, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Brexit

Ongoing uncertainty remains regarding the impact of Brexit on the administrative and logistical ease of cross border transactions once the transition period ends.

Whatever the outcome, the company believes it is well prepared and agile enough to react to the changes.

Research and development

During 2019 the company continued to develop new and second-generation light fittings in line with Section 18 of FRS102. Further information is available in note 10.

Existence of overseas branches

The company has a German branch, as defined in s1046(3) of the Companies Act 2006. The results of the branch are consolidated within the results of the company and are not disclosed separately.

DESIGNPLAN LIGHTING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The ongoing worldwide pandemic of Covid19 poses a threat to the short term performance of the company. At present, the construction industry has not seen the same levels of disruption as other industries but we expect a short term revenue impact nonetheless. There is a great deal of uncertainty as to the longevity of the crisis and should the economic impacts be longer lasting then the risk to the business will increase proportionally.

Treasury

The main treasury risk arises from exchange rate fluctuation. The company manages the risk from exchange rates by trading with customers and suppliers in the same currencies where possible.

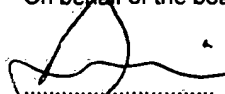
The company does not use long-term debt finance so is not exposed to any material interest rate risk.

Key performance indicators

The board and management monitor the progress of a number of KPIs as follows:

	<u>2019</u>	<u>2018</u>
Turnover	£14,471,148	£17,013,713
Sales growth (%)	-15%	-1%
Gross margin	£6,951,182	£9,124,771
Gross margin (%)	48%	54%
Operating profit	£653,992	£2,494,201

On behalf of the board



B Harris
Director

Date: 23/9/20....

DESIGNPLAN LIGHTING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of research and development, and existence of overseas branches.

Principal activities

The principal activity of the company continued to be that of design, manufacture and sale of light fittings.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Barnes (Managing Director)

A Hawkins

(Resigned 3 January 2020)

M Wood

B Harris

Dr G Van Der Meer

P Muir

B Sonesson

A Browne

(Appointed 1 January 2019 and resigned 30 April 2019)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £3,000,000 (2018: £2,000,000). The directors do not recommend payment of a further dividend.

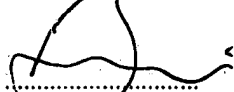
Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



B Harris
Director

Date: 23/9/20

DESIGNPLAN LIGHTING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report and 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 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGNPLAN LIGHTING LIMITED

Opinion

We have audited the financial statements of Designplan Lighting Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGNPLAN LIGHTING LIMITED (CONTINUED)

Matters on which we are required to report by exception

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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

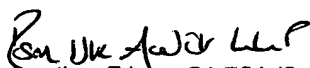
Auditor's responsibilities for the audit of the financial statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Jonathan Ericson BA FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3rd Floor

Portland

25 High Street

Crawley

West Sussex, RH10 1BG

29/9/2020

DESIGNPLAN LIGHTING LIMITED

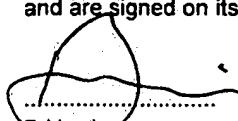
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	14,471,148	17,013,713
Cost of sales		(7,519,966)	(7,888,942)
Gross profit		6,951,182	9,124,771
Distribution costs		(1,129,949)	(1,342,999)
Administrative expenses		(5,196,064)	(5,287,571)
Other operating income		28,823	-
Operating profit	6	653,992	2,494,201
Interest receivable and similar income	8	13,276	11,918
Interest payable and similar expenses	9	(581)	(575)
Profit before taxation		666,687	2,505,544
Tax on profit	10	(126,922)	(478,043)
Profit for the financial year		539,765	2,027,501

DESIGNPLAN LIGHTING LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	12	267,804		238,268	
Tangible assets	13	2,590,167		2,219,506	
Investments	14	2		2	
		<u>2,857,973</u>		<u>2,457,776</u>	
Current assets					
Stocks	16	955,870		1,431,091	
Debtors	17	1,933,283		2,581,933	
Cash at bank and in hand		2,487,225		4,657,185	
		<u>5,376,378</u>		<u>8,670,209</u>	
Creditors: amounts falling due within one year	18	<u>(1,926,350)</u>		<u>(2,446,987)</u>	
Net current assets		<u>3,450,028</u>		<u>6,223,222</u>	
Total assets less current liabilities		<u>6,308,001</u>		<u>8,680,998</u>	
Provisions for liabilities	19	<u>(910,766)</u>		<u>(823,528)</u>	
Net assets		<u>5,397,235</u>		<u>7,857,470</u>	
Capital and reserves					
Called up share capital	22	360,300		360,300	
Capital redemption reserve	23	214,575		214,575	
Profit and loss reserves	23	4,822,360		7,282,595	
Total equity		<u>5,397,235</u>		<u>7,857,470</u>	

The financial statements were approved by the board of directors and authorised for issue on 23/9/20 and are signed on its behalf by:


B Harris
Director

DESIGNPLAN LIGHTING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		360,300	214,575	7,255,094	7,829,969
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	2,027,501	2,027,501
Dividends	11	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2018		360,300	214,575	7,282,595	7,857,470
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	539,765	539,765
Dividends	11	-	-	(3,000,000)	(3,000,000)
Balance at 31 December 2019		360,300	214,575	4,822,360	5,397,235

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Designplan Lighting Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 16 Kimpton Park Way, Sutton, Surrey, SM3 9QS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The company has adopted the amendments to FRS102 published in the Triennial Review 2017. The reported financial position and financial performance for the current year has not been affected by the adoption of the amendments.

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of AB Fagerult. These consolidated financial statements are available from its registered office, AB Fagerhult, SE-566 80 Habo, Sweden.

The company is exempt from the requirement to prepare group accounts as the subsidiary company under S402 of the Companies Act 2006 as the provisions of S405 apply and it is deemed that the subsidiary is not material for the purpose of giving a true and fair view. The accounts therefore reflect the results of the company as an individual undertaking and exclude the results of its subsidiary company.

Going concern

The company's business activities together with the factors likely to affect its future development, performance and position are set out in the review of the business on page 1. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods in the ordinary nature of the business. Turnover is shown net of Value Added Tax, and is recognised when goods are provided to customers upon dispatch.

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

Intangible fixed assets other than goodwill

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and it is amortised over the products useful life. The capitalised development expenditure is stated at cost net of amortisation less any provision for impairment. All research and other development costs are written off as incurred.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful life, which is deemed to be 5 years straight line when the product is live or launched.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Long leasehold land and buildings	over the length of the lease
Plant, machinery and tools	3 to 20 years straight line
Computer, furniture and fittings	3 to 20 years straight line

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

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance has been made for obsolete or slow moving items.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and other short-term liquid investments with original maturities of three months or less.

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Provisions are made for liabilities arising in respect of potential sales agency commissions under an EU Agency Directive and costs associated with honouring our product warranty agreements.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Retirement benefits

Contributions to defined contribution pension funds are charged to the profit and loss account as they become payable in accordance with the rules of the funds.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Warranty provision

Warranty provisions are an extrapolation based on the cost of honouring past claims applied to recent trading levels, plus any specific liabilities that the company may be aware of.

Stock provision

Provisions are recognised when there is objective evidence of impairment or obsolescence of stock items. The provision is calculated based on the analysis of historic usage and expected future use of stock lines, and represents the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion

Capitalisation of intangible fixed assets

Intangible fixed assets are capitalised based on expected future performance of products and are written off over their expected useful life.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Sales of goods	14,471,148	17,013,713
	<u> </u>	<u> </u>
	2019 £	2018 £
Other revenue		
Interest income	13,276	11,918
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	9,448,005	13,293,646
Overseas sales	5,023,143	3,720,067
	<u> </u>	<u> </u>
	14,471,148	17,013,713
	<u> </u>	<u> </u>

4 Employees

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

	2019 Number	2018 Number
Production staff	68	74
Sales	26	27
Administration	45	49
	<u> </u>	<u> </u>
	139	150
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	5,154,722	5,349,582
Social security costs	450,589	439,958
Pension costs	142,827	127,614
	<u> </u>	<u> </u>
	5,748,138	5,917,154
	<u> </u>	<u> </u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	399,040	667,997
Company pension contributions to defined contribution schemes	18,462	31,349
	<u>417,502</u>	<u>699,346</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	110,906	141,439
Company pension contributions to defined contribution schemes	5,215	6,613
	<u>116,121</u>	<u>148,052</u>

6 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	26,852	(862)
Depreciation of owned tangible fixed assets	418,371	347,562
Loss/(profit) on disposal of tangible fixed assets	25	(1,726)
Amortisation of intangible assets	33,210	27,359
Operating lease charges	904,024	833,426
	<u>1,382,482</u>	<u>1,202,861</u>

7 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	17,900	17,700
For other services		
Taxation compliance services	2,940	2,885
Other taxation services	5,710	7,950
All other non-audit services	2,800	2,785
	<u>29,350</u>	<u>28,420</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	12,909	11,918
Other interest income	367	-
Total income	13,276	11,918

9 Interest payable and similar expenses

	2019	2018
	£	£
Other interest	581	575

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	62,631	486,357
Adjustments in respect of prior periods	(19,193)	(22,665)
Double tax relief	-	(4,984)
Total UK current tax	43,438	458,708
Foreign current tax on profits for the current period	-	7,966
Adjustments in foreign tax in respect of prior periods	1,715	(9,587)
Total current tax	45,153	457,087
Deferred tax		
Origination and reversal of timing differences	63,743	20,956
Adjustment in respect of prior periods	18,026	-
Total deferred tax	81,769	20,956
Total tax charge	126,922	478,043

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	666,687	2,505,544
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	126,671	476,053
Tax effect of expenses that are not deductible in determining taxable profit	5,862	7,629
Adjustments in respect of prior years	(1,167)	(32,252)
Research and development tax credit	(5,414)	-
Tax chargeable at different rates	(7,499)	(69)
Foreign tax adjustments	1,715	2,982
Deferred tax not recognised	-	20,370
Other timing differences	6,754	3,330
Taxation charge for the year	126,922	478,043

The company has brought forward capital losses of £167,373 (2018: £167,373) which are available to offset capital gains in the future.

The UK main corporation tax rate will reduce to 17% from 1 April 2020, announced in the Finance Bill 2016, which was substantively enacted on 12 September 2016. The changes have been substantively enacted at the reporting date and are reflected in the deferred tax liability at the year end date.

11 Dividends

	2019 Per share £	2018 Per share £	2019 Total £	2018 Total £
Ordinary				
Interim paid	8.33	5.55	3,000,000	2,000,000
Total dividends				
Interim paid			3,000,000	2,000,000

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Intangible fixed assets

	Product development £
Cost	
At 1 January 2019	298,637
Additions	116,415
Disposals	(53,669)
At 31 December 2019	361,383
Amortisation and impairment	
At 1 January 2019	60,369
Amortisation charged for the year	33,210
At 31 December 2019	93,579
Carrying amount	
At 31 December 2019	267,804
At 31 December 2018	238,268

The amortisation charge for the year is recognised within cost of sales.

13 Tangible fixed assets

	Long leasehold land and buildings £	Plant, machinery and tools £	Computer, furniture and fittings £	Total £
Cost				
At 1 January 2019	907,250	3,355,297	777,185	5,039,732
Additions	6,393	628,358	154,307	789,058
Disposals	-	(32,285)	(60,506)	(92,791)
At 31 December 2019	913,643	3,951,370	870,986	5,735,999
Depreciation and impairment				
At 1 January 2019	223,170	2,077,258	519,798	2,820,226
Depreciation charged in the year	54,055	278,872	85,444	418,371
Eliminated in respect of disposals	-	(32,261)	(60,504)	(92,765)
At 31 December 2019	277,225	2,323,869	544,738	3,145,832
Carrying amount				
At 31 December 2019	636,418	1,627,501	326,248	2,590,167
At 31 December 2018	684,080	1,278,039	257,387	2,219,506

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	15	2	2

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 & 31 December 2019	2
Carrying amount	
At 31 December 2019	2
At 31 December 2018	2

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Designplan International Limited	16 Kimpton Park Dormant Way, Sutton, Surrey, SM3 9QS		Ordinary	100.00

16 Stocks

	2019 £	2018 £
Raw materials and consumables	690,740	1,031,368
Work in progress	130,854	275,402
Finished goods and goods for resale	134,276	124,321
	955,870	1,431,091

During the year, an impairment loss on finished goods of £91,459 (2018: £85,874) was recognised in cost of sales.

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

17 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,391,533	1,671,580
Corporation tax recoverable	38,230	-
Amounts owed by group undertakings	154,735	556,643
Other debtors	2,000	6,880
Prepayments and accrued income	346,785	346,830
	<u>1,933,283</u>	<u>2,581,933</u>

During the year, £6,000 (2018: £4,294) was charged to the profit and loss in respect of trade receivables due from customers from whom payment was deemed doubtful.

18 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	309,589	592,941
Payments on account	108,351	208,481
Amounts due to group undertakings	7,424	2
Corporation tax	-	194,845
Other taxation and social security	216,682	120,083
Other creditors	24,975	22,803
Accruals and deferred income	1,259,329	1,307,832
	<u>1,926,350</u>	<u>2,446,987</u>

19 Provisions for liabilities

	Notes	2019 £	2018 £
Commercial agent indemnity provision		437,610	379,421
Warranty provision		322,914	375,634
		<u>760,524</u>	<u>755,055</u>
Deferred tax liabilities	20	150,242	68,473
		<u>910,766</u>	<u>823,528</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Commercial agent indemnity provision £	Warranty provision £	Total £
At 1 January 2019	379,421	375,634	755,055
Additional provisions in the year	71,486	111,500	182,986
Utilisation of provision	(13,297)	(164,220)	(177,517)
At 31 December 2019	<u>437,610</u>	<u>322,914</u>	<u>760,524</u>

A provision is made of £387,610 at the rate of 0.5% of net invoiced sales generated by each agent, for amounts likely to be payable by the company to sales consultants operating in Europe on retirement, under the EU Agency Directive.

A provision has also been made of £322,914 for liabilities arising in respect of costs for product warranties.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	161,000	78,609
Other timing differences	(10,758)	(10,136)
	<u>150,242</u>	<u>68,473</u>
Movements in the year:		2019 £
Liability at 1 January 2019		68,473
Charge to profit or loss		81,769
Liability at 31 December 2019		<u>150,242</u>

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

21 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	142,827	127,614

The company operates a defined contribution scheme. The scheme is a funded defined contribution personal pension plan where the assets are held separately for individual members and are not available generally to all members.

At the balance sheet date there were outstanding contributions totalling £24,470 (2018: £22,573) due to the pension scheme.

22 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
360,300 Ordinary of £1 each	360,300	360,300
	360,300	360,300

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

23 Reserves

Capital redemption reserve

The nominal value of shares held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

24 Operating lease commitments

Lessee

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

	2019	2018
	£	£
Within one year	808,551	851,460
Between one and five years	2,960,343	3,019,165
In over five years	6,964,759	7,691,517
	10,733,653	11,562,142

DESIGNPLAN LIGHTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

25 Capital commitments

The company had capital commitments relating to plant and machinery of £nil at 31 December 2019 (2018: £499,850).

26 Events after the reporting date

Subsequent to the year end the worldwide pandemic of Covid19 has struck. Given the unpredictable nature and impact of the outbreak, and how rapidly the responses to the outbreak are changing, the directors are unable to predict the full extent of the impact.

27 Ultimate controlling party

The company's immediate parent company is Fagerhults Belysning AB and the ultimate holding company is AB Fagerhult, both incorporated in Sweden. AB Fagerhult is considered to be the company's controlling party.

The largest and smallest group preparing consolidated accounts that include the results of the company is AB Fagerhult. These accounts can be obtained from AB Fagerhult, SE-566 80 Habo, Sweden.