

# **Feilo Sylvania Europe Limited**

## **Annual Report and Financial Statements**

31 December 2021

Registered Number: 02721634



**Directors**

M Carpenter

C Harrild

W Yang

S Reed

**Auditors**

Ernst & Young LLP

Grosvenor House

Grosvenor Square

Southampton

SO15 2BE

**Bankers**

HSBC Bank Plc

HSBC House

Mitchell Way,

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DLA Piper

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Avis Way

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BN9 0ED

## Strategic Report

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

### Principal activities and review of the business

Feilo Sylvania Europe Limited (the "Company") acts as an intermediate investment company, holding investments in group subsidiary undertakings and fulfilling certain management control procedures on behalf of its parent undertakings.

Prior to 2019 the Company was the Principal company in Europe selling to customers through other group companies that acted as commissionaire agents on behalf of the Company. Following a review of the group structure Feilo Sylvania International Group Kft in Hungary became the Principal company.

The Company and the wider Feilo Sylvania group have two main objectives, to improve their profitability and increase their market share mainly through innovative energy saving products. As the Company is part of the wider Feilo Sylvania Group the strategy is implemented at Group level.

In order to achieve this, the Group will take the following measures:

- Improve customer service through its order fulfilment process and its supply chain;
- Expand the product mix sold to its customers to include more innovative high technology products, including LED Smart enabled products and connected lighting solutions, together with finance and full Turnkey solutions; and
- Focus on key geographical areas such as Europe (West and East), Middle East and Latin America.

### Key performance indicators (KPIs)

The Company's management have not identified any specific key performance indicators of the Company's performance, given its principal activity as a holding Company.

### Principal risks and uncertainties

As a holding company, Feilo Sylvania Europe Limited has considered the management of the business and the strategy of the wider group within which it operates, which are subject to a number of risks. The emergence of the COVID-19 global pandemic during early 2020 created additional uncertainties around the Company and wider group's current operations. The Company and wider group's management implemented business continuity plans as a result of COVID-19, which are operating as designed, and instigated mitigating actions to minimise the impact on the financial position of the Company and wider group. Although the directors have a reasonable expectation that it will remain viable and able to operate, and restrictions relating to the COVID-19 pandemic have been lifted, uncertainty still exists within the UK and wider global economy. This is due in part to the impact of the pandemic but also the Ukraine conflict which have both led to the trend towards inflation in costs of energy and goods. The other key business risks affecting the Company and wider group are set out below.

### Competition

The Company and wider group operate in a highly competitive market particularly around price. This competition places pressure on margin and growth. Brexit and the conflict in Ukraine also provide uncertainty to margins due to the potential of fluctuation of the prices of procured materials. The Company and wider group mitigate these risks by continuously monitoring the market to assist in pricing decisions and to sell more profitable products in the market, and also by engaging in project-based solution selling. The Company and wider group also invest in improving their customer services, brand recognition and new products.

## Strategic Report (continued)

### Supply chain

The Company and wider group operate in an environment where raw materials and sub assemblies are procured globally which could cause a suspension in the flow of supply chain. Shortages in certain electronic components arising from the global pandemic are leading to supply chain delays. To mitigate this risk the Company and wider group lay emphasis on selecting their suppliers carefully and continuously monitor them to ensure they meet the strict quality standards of the Company and wider group. Alternative suppliers are being sought where appropriate.

### Financial risk management

The Company is a holding company and financial risks exist in the wider group within which it operates. The wider group's operations are subject to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, cash flow risk and foreign exchange risk. The Company and wider group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and wider group by monitoring levels of debt finance and the related finance costs.

### Credit risk

Credit risk arises from deposits with banks and financial institutions and exposures to customers. The Company and wider group have implemented policies that require appropriate credit checks on potential customers before sales are made. For banks and financial institutions, only parties approved by Group Treasury are accepted.

### Liquidity risk

Long term debt finance is provided and maintained by the Company's parent group, whilst the Company and wider group actively maintain their short-term working capital, which combined with the group's long-term funding positions ensures that the Company and wider group have adequate funds available for its operations and planned expansion.

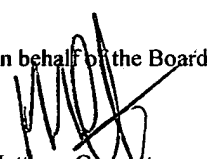
### Cash flow risks

Cash-flow risks are risks that are mainly associated with unexpected movements in the Company and wider group's cash flows on income flowing in, incurred costs to be paid and financing charges.

### Foreign exchange risk

The Treasury Policy allows and requires the management of foreign exchange cash inflows and outflows by entering into foreign exchange contracts in a cost effective manner to protect the local currency value of material payments and receipts.

On behalf of the Board



Matthew Carpenter  
Director

Date: 28-02-2023

## Directors' Report

### Registered No. 02721634

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

### Directors

The directors who served the Company during the year and those appointed subsequently were as follows:

Matthew Carpenter

Christopher Harrild

Wen Yang

Simon Reed (appointed 12 August 2021)

### Results and dividends

The loss for the year after taxation amounted to € 4,683,000 (2020 – loss of €2,088,000), after exceptional cost totalling €1,138,000 (2020 - cost €1,178,000). The details of this are disclosed in the notes to the financial statements.

No dividend was paid or declared in respect of the year ended 31 December 2021.

### Subsequent Events

The COVID-19 global pandemic which began during early 2020 has led to cultural changes with the Company and the wider group. Business continuity plans implemented by management as a result of COVID-19, which included flexible working from home, are still in place, however most employees have now returned to onsite working or hybrid working from home for up to two days per week.

The Company and wider group have seen increased demand in many markets since 2021. This has been evidenced as the wider group within which the Company operates entered 2022 with a significantly larger orderbook than the prior year. However there have been delays in the supply chain caused by the pandemic and the conflict in Ukraine resulting in the wider group being unable to fulfil the customer request dates in some cases. Additionally, rising energy prices and inflationary pressure on the prices of goods, following the conflict in Ukraine, and the weakening of the euro and sterling against the US dollar have resulted in an increase in cost of sales and freight costs within the wider group placing greater pressure on profit margins. This is being addressed by the targeted increase of customer sales prices. The mitigating actions implemented by the directors to reduce costs where possible and minimise the impact on the financial position of the Company and wider group have remained in place throughout 2022 and into 2023 and the situation continues to be monitored very closely. The directors have the expectation that the Company will remain viable and able to operate. The level of uncertainty which existed about the impact of COVID-19 on the UK and wider global economy in early 2021 has significantly diminished as the market recovers, however supply chain issues and inflation of prices globally have meant some unpredictability.

On 28 June 2022 the Company's ultimate parent undertaking changed from Shanghai Feilo Acoustics Co. Ltd to Shanghai Shumian Consulting Management Co. Ltd. This transaction does not change the operations of the Company and wider group and therefore no adjustment has been made to the financial statements.

The financial statements have been prepared based on conditions existing at 31 December 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the balance sheet date and accordingly, assessed these to be none adjusting events. No adjustments have been made to the financial statements for the year ended 31 December 2021 for the impacts of the conflict in Ukraine and the increases in the cost of goods that followed.

## Directors' Report (continued)

### Going concern

The Company is part of the Feilo Sylvania Group (the "Group") and is consolidated into the group financial statements of Feilo Malta Limited and as at 31 December 2021 Shanghai Feilo Acoustics Co. Ltd.

The directors have carried out an assessment of the going concern position of the Company, including consideration and modelling of the potential impacts of the aftermath of the COVID-19 global pandemic, conflict in Ukraine and increased material and freight costs on forecasts of profit and cashflows. The cashflow forecasts prepared for the going concern assessment period, indicate that the company will maintain appropriate cash balances in place until at least 28 February 2024.

In addition to the company's own cash funds held and generated, and given that the company has negative current net liabilities, the directors have also sought and obtained a confirmation of financial support from our ultimate parent company, Shanghai Shumian Consulting Management Co. Ltd, should such financial support be required in the going concern assessment period. The Directors assessed the ability of the parent to provide the required support needed by the company and have concluded that the intercompany funding will continue to be available if required.

After reviewing the above, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern until 28 February 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Employees

The Company and wider group place considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company and wider group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company and wider group continue and that appropriate training is arranged. It is the policy of the Company and wider group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Future developments

Greater environmental awareness is leading to increased demand for energy efficient products. The Company and wider group aim to meet this demand through continuous product development. The Company and wider group also look to expand further into the Projects market.

The company acts as an intermediate investment company, holding investments in group subsidiary undertaking and undertaking certain management control procedures on behalf of its parent undertakings. The company holds loans to and from related parties. The future plan is to reduce the outstanding balances of those loans by carrying out offsets of group intercompany balances are through settlement of balances following receipt of dividend payments to the European holding companies from other subsidiaries in the group.

### Research and development

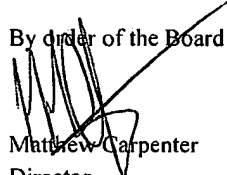
The Company and wider group engage in researching and developing more profitable and efficient products to meet customer needs.

## Directors' Report (continued)

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

  
Matthew Carpenter  
Director

Date: 28-02-2023

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Accounting Standards have been disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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 auditors' report to the members of Feilo Sylvania Europe Limited**

### **Opinion**

We have audited the financial statements of Feilo Sylvania Europe Limited for the year ended 31 December 2021, which comprise of Income Statement, Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23, 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 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor'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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 28 February 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **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 contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Independent auditors' report to the members of Feilo Sylvania Europe Limited (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

## **Independent auditors' report to the members of Feilo Sylvania Europe Limited (continued)**

### ***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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relating to the reporting framework (International Accounting Standards and Companies Act 2006), the relevant direct and indirect tax compliance regulations. In addition, the Company has to comply with laws and regulations relating to its operations, including, data protection, anti-bribery and corruption and employee's health and safety.
- We understood how Feilo Sylvania Europe Limited is complying with those frameworks by making enquiries with management to understand how the Company maintains and communicates its policies and procedures to ensure compliance. We corroborated this through our review of the Company's board minutes, through enquiry of employees to verify company policies, and through the inspection of employee handbooks. We also reviewed correspondence with the relevant tax authorities regarding tax compliance.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on the risk assessment procedures, we identified management override of controls to be the fraud risk.
- To address the fraud risk of management override, we tested journals entries identified by applying specific risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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

Feilo Sylvania Europe Limited

## **Independent auditors' report to the members of Feilo Sylvania Europe Limited (continued)**

### **Use of our report**

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

Ernst & Young LLP

Nikki Forster (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Southampton

Date: 1st March 2023 .

## Income Statement

for the year ended 31 December 2021

	Notes	2021 €000	2020 €000
<b>Turnover</b>	2	(17)	2,745
<b>Cost of sales</b>	3	<u>(80)</u>	<u>(2,739)</u>
<b>Gross Profit/(Loss)</b>		(97)	6
<b>Distribution costs</b>	4	<u>-</u>	<u>1</u>
<b>Administrative expenses excluding exceptional items</b>		(85)	(7)
<b>Exceptional items</b>	5	<u>(1,138)</u>	<u>(1,178)</u>
		(1,223)	(1,185)
<b>Operating loss before exceptional items</b>		(182)	-
<b>Exceptional items</b>	5	<u>(1,138)</u>	<u>(1,178)</u>
<b>Operating Loss</b>	6	(1,320)	(1,178)
Interest receivable and similar income	9	2,996	3,933
Interest payable and similar charges	10	(6,334)	(4,817)
Other income/(expense), net	11	<u>(11)</u>	<u>-</u>
<b>Loss on ordinary activities before taxation</b>		(4,669)	(2,062)
Tax charge	12	<u>(14)</u>	<u>(26)</u>
<b>Loss for the year</b>		<u><u>(4,683)</u></u>	<u><u>(2,088)</u></u>

All amounts relate to continuing activities.

## Statement of Comprehensive Income

for the year ended 31 December 2021

	2021 €000	2020 €000
Loss for the year	(4,683)	(2,088)
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive Loss for the year</b>	<u><u>(4,683)</u></u>	<u><u>(2,088)</u></u>

The notes on pages 15 to 29 form an integral part of these financial statements.

**Balance Sheet**

As at 31 December 2021

	Notes	2021 €000	2020 €000
<b>Noncurrent assets</b>			
Intangible assets	13	-	-
Tangible assets	14	2	36
Investments	15	74,013	19,097
Trade and other receivables	17	779	1,318
		<u>74,794</u>	<u>20,451</u>
<b>Current assets</b>			
Stocks	16	-	16
Trade and other receivables	17	95,330	156,436
Cash at bank and in hand		288	60
		<u>95,618</u>	<u>156,512</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	18	173,595	175,200
Lease liabilities		-	263
		<u>173,595</u>	<u>175,463</u>
<b>Net current liabilities</b>			
		(77,977)	(18,951)
<b>Total assets less current liabilities</b>			
		(3,183)	1,500
<b>Creditors: amounts falling due after more than one year</b>			
Lease liabilities		-	-
		<u>-</u>	<u>-</u>
<b>Net assets</b>			
		<u>(3,183)</u>	<u>1,500</u>
<b>Capital and reserves</b>			
Share capital	19	-	-
Capital contribution		69,018	69,018
Accumulated losses		(72,201)	(67,518)
<b>Total (deficit)/equity</b>			
		<u>(3,183)</u>	<u>1,500</u>

These financial statements were approved for issue by the Board of Directors, and were signed on their behalf by:



Matt Carpenter  
Director

Date: 28-02-2023

The notes on pages 15 to 29 form an integral part of these financial statements.

## Statement of Changes in Equity

for the year ended 31 December 2021

	Share Capital €000	Capital Contribution €000	Accumulated Losses €000	Total Deficit €000
<b>At 1 January 2020</b>	-	<b>69,018</b>	<b>(65,430)</b>	<b>3,588</b>
Loss for the financial year	-	-	(2,088)	(2,088)
<b>Total comprehensive loss for the year</b>	-	-	<b>(2,088)</b>	<b>(2,088)</b>
<b>At 31 December 2020</b>	-	<b>69,018</b>	<b>(67,518)</b>	<b>1,500</b>
Loss for the financial year	-	-	(4,683)	(4,683)
<b>Total comprehensive loss for the year</b>	-	-	<b>(4,683)</b>	<b>(4,683)</b>
<b>At 31 December 2021</b>	-	<b>69,018</b>	<b>(72,201)</b>	<b>(3,183)</b>

The notes on pages 15 to 29 form an integral part of these financial statements.

## Notes to the financial statements

at 31 December 2021

### 1. Accounting policies

#### 1.1 Basis of preparation

The financial statements of Feilo Sylvania Europe Limited were approved for issue by the Board of Directors on the date as shown on the Balance Sheet. Feilo Sylvania Europe Limited is incorporated and domiciled in England and Wales.

The financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in line with the applicable accounting standards.

The company has taken advantage of the exemption under S400 of the Companies Act 2006 not to prepare group statements as it is a wholly owned subsidiary of Feilo Malta Limited and Shanghai Feilo Acoustics Co. Limited. (see Note 22). On 28 June 2022, the Company's ultimate parent undertaking changed from Shanghai Feilo Acoustics Co., Ltd. to Shanghai Shumian Consulting Management Co. Ltd. (see Note 23).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- (i) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement; and
- (j) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; (iii) paragraph 118(e) of IAS 38 Intangible Assets; (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property; and (v) paragraph 50 of IAS 41 Agriculture.

In accordance with IAS 21 'The Effect of Changes in Foreign Exchange Rates', the functional currency of the company is Euros as the majority of the company's income, expenditure, assets and liabilities are denominated in Euros. The financial statements are also presented in Euros, and all values are rounded to the nearest thousand Euro (€000) except where otherwise indicated. The Euro exchange rate into Sterling as at 31 December 2021 was £1: €1.1910 (2020 – £1: €1.1172) and the average rate for 2021 was £1: €1.1655 (2020 – £1: €1.1267).

#### 1.2 Change in Accounting Policies - New Standards

##### A. New and amended standards adopted

There are no standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2021 that would be expected to have a material impact on the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

At the date of authorisation of these Financial Statements, the following amendments were effective:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

These amendments have no impact on the Financial Statements of the Company for the year ended 31 December 2021.



# Notes to the financial statements

at 31 December 2021

## 1. Accounting policies (continued)

### 1.2 Change in Accounting Policies - New Standards (continued)

#### B. Standards Issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group.

	Effective for accounting periods beginning on or after
• Amendments to IAS 1: Classification of Liabilities as Current or Non-current	01 January 2023
• IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022

The Group is in the process of making an assessment of what the impact of these new standards, amendments and interpretations are expected to be in the period of initial application.

### 1.3 Going concern

The Company is part of the Feilo Sylvania Group (the "Group") and is consolidated into the group financial statements of Feilo Malta Limited and as at 31 December 2021 Shanghai Feilo Acoustics Co. Ltd.

The directors have carried out an assessment of the going concern position of the Company, including consideration and modelling of the potential impacts of the aftermath of the COVID-19 global pandemic, conflict in Ukraine and increased material and freight costs on forecasts of profit and cashflows. The cashflow forecasts prepared for the going concern assessment period, indicate that the company will maintain appropriate cash balances in place until at least 28 February 2024.

In addition to the company's own cash funds held and generated, and given that the company has negative current net liabilities, the directors have also sought and obtained a confirmation of financial support from our ultimate parent company, Shanghai Shumian Consulting Management Co. Ltd, should such financial support be required in the going concern assessment period. The Directors assessed the ability of the parent to provide the required support needed by the company and have concluded that the intercompany funding will continue to be available if required.

After reviewing the above, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern until 28 February 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### 1.4 Judgements and key sources of uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Given the impact of the COVID-19 pandemic on the wider UK and global economies, the going concern assessment performed by the directors as part of the approval of the financial statements is now considered to be a significant judgement.

## Notes to the financial statements

at 31 December 2021

### 1. Accounting policies (continued)

#### 1.4 Judgements and key sources of uncertainty (continued)

##### *Taxation*

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 12.

#### 1.5 Significant Accounting Policies

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

##### **Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The company has concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term given is 30-90 days upon delivery. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, including extended warranty arrangements. The company also considers the effects of variable consideration and the existence of any significant financing components.

Revenue from the provision of services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits of the service provided by the company.

##### **Tangible fixed assets**

All tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life, as follows:

Fixtures, fittings and equipment	—	10% – 33% straight line
----------------------------------	---	-------------------------

The carrying values of tangible fixed assets are reviewed annually for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Intangible assets**

All intangible assets are shown at cost less accumulated amortisation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life, as follows:

Software and licences	—	20% – 50% straight line
Development Costs	—	Period of expected future benefit

The carrying values of intangible assets are reviewed annually for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

at 31 December 2021

### 1. Accounting policies (continued)

#### *ROU assets and leases*

##### *1) Leases*

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

##### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *i) Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

##### *ii) Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payments occurs.

##### *iii) Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## Notes to the financial statements

at 31 December 2021

### 1. Accounting policies (continued)

#### **Investments**

Investments in group undertakings are stated at cost. As permitted by section 612 of the Companies Act 2006, where the relief afforded under section 610 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

Investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Cost of sales**

Cost of sales represents the direct and indirect expenses attributable to turnover excluding commission paid to its commissionaire agents which is classified as distribution cost.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

The cost comprises of expenditure which has been incurred in the normal course of business in bringing the product to its present location and condition.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the settlement of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

#### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. With the exception of trade receivables, the company initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at transaction price, in line with related revenue recognition criteria. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or derivatives designed as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

## Notes to the financial statements

at 31 December 2021

### 1. Accounting policies (continued)

#### *Financial Instruments (continued)*

The company's financial instruments comprise trade debtors, trade creditors, cash and loans to and from other group companies.

#### *Recognition and derecognition*

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

Financial assets are removed from the balance sheet when the rights to the cash-flows from the asset expire or when the risks and rewards of ownership of the asset are transferred or when control of the asset is transferred from the company.

Financial liabilities are removed from the balance sheet when the related obligation is discharged, cancelled or expires.

#### *Short-term trade and other receivables*

Short-term trade and other receivables are stated at original invoice amount less an allowance for doubtful debts.

#### *Loans and borrowings*

All loans and borrowings are recognised at cost less amounts repaid, net of issue costs directly associated with the borrowing. Issue costs directly attributable to specific borrowings are capitalised, and offset against the principle value of the related debt. These fees are amortised to the income statement over the life of the related debt in order to produce a constant rate of return. Fees not directly attributable to specific borrowings are charged to the income statement as incurred.

#### *Trade payables*

Trade payables are carried at payment or settlement amounts.

#### *Exceptional items*

The company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

#### *Provision for liabilities*

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. Where the effect of the time value of money is material the provisions are discounted.

## Notes to the financial statements

at 31 December 2021

### 2. Turnover

Turnover relates to one continuing activity, the sale of lighting products.

The geographical market of the turnover of the Company in 2021 is countries other than the U.K. and Europe (2020: countries other than the U.K. and Europe)

### 3. Cost of Sales

No exceptional charges were included within cost of sales in 2021 (2020 - no exceptional charges were reported)

### 4. Distribution costs

Distribution costs include € nil (2020 – € 1,000) relating to commission paid to feilo subsidiaries under the group's commissionaire arrangements. There is no commission fee payment during 2021.

### 5. Exceptional expenses

	2021	2020
	€000	€000
Exceptional charges/income:		
Restructuring cost associated with the closure of London office	(137)	-
Write off of the loan with Feilo Sylvania Norway (currency adjustment in 2020)	-	(3)
Impairment of investment in subsidiary	84	4,345
Economic ownership transfer of intellectual property, sale of fixed asset to Feilo Sylvania International Group Kft.	-	(3,164)
Impairment of non-recoverable receivable balances from group companies	1,191	-
	<u>1,138</u>	<u>1,178</u>

Loan and trade receivable balances from other group companies have been impaired by the Company, where the debtor company is no longer trading and unlikely to settle the receivable balance.

The Company sold the asset relating to the economic ownership of the intellectual property on the Group's brands due to the transfer of Principal activities to Feilo Sylvania International Group Kft in Hungary which occurred on 31 December 2019. An external accounting firm was engaged to calculate the market valuation of the IP on the brands and this been used as the basis for the sale of the fixed asset. The sale of the asset was dated July 2020.

### 6. Operating Profit

This is stated after charging/(crediting):

	2021	2020
	€000	€000
	<u>€000</u>	<u>€000</u>
The operating profit is stated after charging the following:	€000	€000
Auditors' remuneration– audit of financial statements	48	48
Auditors' remuneration– non-audit services	15	15
Depreciation on tangible fixed assets	34	28
R&D tax credit	(66)	(72)
General administration items	88	(13)
Cost of stocks (recognised in costs of sales)	116	2,739
Turnover	17	(2,745)

## Notes to the financial statements

at 31 December 2021

### 7. Directors' remuneration

During 2021 the directors were paid by fellow group companies including Feilo Sylvania Fixtures UK Limited and Feilo Sylvania UK Limited.

### 8. Staff costs

The Company has one employee working in management and administration who is paid by Feilo Sylvania Fixtures UK Limited.

### 9. Interest receivable and similar income

The Company had interest receivable on loans to group undertakings of €2,996,000 (2020: €3,933,000)

### 10. Interest payable and similar charges

	2021	2020
	€000	€000
Bank loans and overdrafts	5	47
Interest payable on group loans	3,548	3,774
Foreign exchange loss	2,781	996
	<u>6,334</u>	<u>4,817</u>

### 11. Other income/(expense), net

	2021	2020
	€000	€000
Rental income	42	-
Other expense	(53)	-
	<u>(11)</u>	<u>-</u>

The Company sublet its office in London for part of the year. The other expense relates to the rental costs plus lawyer's fees. The office ceased being used in 2019 by the company.

### 12. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2021	2020
	€000	€000
<i>Current tax:</i>		
Corporation tax - prior year adjustment	-	-
Other taxes on profit	14	26
Current tax charge	<u>14</u>	<u>26</u>
Deferred tax charge - Origination and reversal of temporary differences	-	-
Deferred tax charge	<u>-</u>	<u>-</u>
Total tax charge	<u>14</u>	<u>26</u>

## Notes to the financial statements

at 31 December 2021

### 12. Tax (continued)

#### (b) Factors affecting tax charge for the year

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

	2021 €000	2020 €000
Loss on ordinary activities before tax	(4,683)	(2,088)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(890)	(397)
<i>Effects of:</i>		
Expenses not deductible for tax purposes		-
Disallowed expenditure	242	826
Other overseas taxes on (loss)/income	14	26
Tax losses and other timing differences not recognised as deferred tax		-
Utilisation of deductible losses	648	(429)
Total tax charge	14	26

#### (c) Deferred tax

In line with the deferred tax accounting policy and FRS 101, no deferred tax asset has been recognised at 31 December 2020 due to the uncertainty as to when suitable taxable profits will arise in future periods.

There is a total unrecognised deferred tax asset of €6,150,000 (2020 - €5,483,000) which relates to tax losses carried forward of €5,331,000 (2020 - €4,684,000), decelerated capital allowance of €806,000 (2020 - €779,000) and other short term timing differences of €13,000 (2020 - €20,000).

#### (d) Factors that may affect future tax charges

Future tax charges will be impacted by the availability of tax losses carried forward as detailed above.

The UK Budget Announcement 3 March 2021 stated that the current corporation tax rate of 19% will increase to 25% from 1 April 2023. The change from 19% to 25% was substantially enacted on 24 May 2021 and has therefore been reflected in these financial statements with regards to deferred tax assets and liabilities where appropriate.



# Notes to the financial statements

at 31 December 2021

## 13. Intangible assets

	<i>Software &amp; Licenses</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>
Cost:		
At 1 January 2021	2,293	2,293
At 31 December 2021	<u>2,293</u>	<u>2,293</u>
Depreciation:		
At 1 January 2021	2,293	2,293
At 31 December 2021	<u>2,293</u>	<u>2,293</u>
Net book value:		
At 1 January 2021	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>-</u>

## 14. Tangible fixed assets

	<i>Fixtures &amp; equipment</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>
Cost:		
At 1 January 2021	4,136	4,136
At 31 December 2021	<u>4,136</u>	<u>4,136</u>
Depreciation:		
At 1 January 2021	4,100	4,100
Charge for the year	34	34
At 31 December 2021	<u>4,134</u>	<u>4,134</u>
Net book value:		
At 1 January 2021	<u>36</u>	<u>36</u>
At 31 December 2021	<u>2</u>	<u>2</u>

The gross value of fully depreciated assets still in use is €34,000 (2020: €51,000).

## Notes to the financial statements

at 31 December 2021

### 15. Investments

	<i>Share in group undertakings €000</i>
Cost:	
At 1 January 2021	25,464
Additions in the year	55,000
At 31 December 2021	80,464
Provision:	
At 1 January 2021	(6,367)
Impairment charge in the year	(84)
At 31 December 2021	(6,451)
Net book value:	
At 1 January 2021	19,097
At 31 December 2021	74,013

The directors consider the carrying value of the investments to be supported by their underlying net assets and expected ongoing trading activities of the subsidiary concerned, except where impairment charges have been made.

The investment balances in group undertakings held are:

<i>Name of undertaking</i>	<i>Proportion of voting rights &amp; ordinary share capital held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Feilo Sylvania Fixtures UK Limited	100%	England and Wales	Lighting products
Feilo Sylvania UK Limited	100%	England and Wales	Lighting products
Feilo Sylvania Dubai FZCO	83%	United Arab Emirates	Lighting products
Feilo Sylvania Poland sp. zo.o	1%	Poland	Lighting products
Tasfiye Halinde Havells Sylvania TR			
Elektrik Ürünleri Ticaret Limited	99.99%	Turkey	Lighting products
Feilo Sylvania (Thailand) Ltd	1%	Thailand	Lighting products
Feilo Sylvania International Group Kft.	99.04%	Hungary	Lighting products

On 25 June 2021, the Company had a receivable balance from FSIG amounting to €55,000,000 arising from loans between these companies, in which, both companies agreed to consider this as in-kind contribution. Accordingly, the Company made the contribution in kind entirely available (i.e., conversion of inter-company loans receivable to long-term investment) to FSIG, effective June 2021.

## Notes to the financial statements

at 31 December 2021

16. Stocks	2021	2020
	€000	€000
Finished goods	-	16

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

## 17. Trade and other receivables

	2021	2020
	€000	€000
Amounts due within one year		
Trade receivables	37	781
Amounts owed by group undertakings	94,482	154,809
Other receivables	35	366
Prepayments and accrued income	776	480
	<u>95,330</u>	<u>156,436</u>

Amounts owed by group undertakings will be partly settled by initiating offset agreements reducing both the Company's intercompany receivable and payable positions. Such transactions will be carried out in 2022, and in subsequent years. It is also envisaged that dividend payments from group subsidiaries outside Europe will lead to reductions in the outstanding balances.

	2021	2020
	€000	€000
Amounts due after more than one year		
Prepayments and accrued income	779	1,318
	<u>779</u>	<u>1,318</u>

Included in the amounts owed by group undertakings are loans of €90,315,000 (2020: €152,287,000) that bear interest at market rates. The maturity of the loans are within one to twelve months of the balance sheet date.

Included in the prepayments and accrued income are the following amounts:

- €779,000 (2020 - €1,318,000) security deposit with HSBC, placed as a guarantee that the Feilo Sylvania group will fulfil its pension obligations at its fellow subsidiary in Belgium. This will be in place for more than one year.

## Notes to the financial statements

at 31 December 2021

### 18. Trade and other payables

	2021	2020
	€000	€000
Amounts due within one year		
Trade creditors	597	866
Amounts owed to group undertakings	172,090	173,011
Other taxation and social security	319	308
Accruals and deferred income	624	1,015
	<u>173,630</u>	<u>175,200</u>

Included in the amounts owed to group undertakings are loans of €169,250,000 (2020: €167,895,000) that bear interest at market rates. The maturity of the loans is within one to twelve months of the balance sheet date.

Such transactions will be carried out in 2022, and in subsequent years. It is also envisaged that dividend payments from group subsidiaries outside Europe will lead to reductions in the outstanding balances.

### 19. Issued share capital

	2021	2020
	No. €	No. €
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100 <u>142</u>	100 <u>142</u>

### 20. Contingent liabilities

In August 2020 a fire broke out in a plant in France which had installed lighting placed on the market by the Company. A third party has evaluated the product in question and determined that there is no safety issue. However, investigations at the plant are ongoing and at this stage the source of the fire has not been established and the lighting source has not been ruled out as one of the potential causes. It is likely that should a claim arise that this would be covered by the group's product liability insurance. It is not possible to reliably estimate the value of a potential claim should one arise.

## Notes to the financial statements

at 31 December 2021

### 21. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries within the Feilo Malta sub-group. Transactions entered into during 2020, and trading balances outstanding with other related parties, are as follows:

*Year ended 31 December 2021*

	<i>Sales to related party</i>	<i>Other income from related party</i>	<i>Purchases from related party</i>	<i>Amounts owed by related party</i>	<i>Amounts owed to related party</i>
	€000	€000	€000	€000	€000
<i>Related Party</i>					
Feilo Exim Limited	-	-	-	-	-
Shanghai Feilo Investment Co. Ltd.	-	-	-	-	105
Shanghai Yaming Lighting Co., Ltd.	-	-	-	-	2,585
INESA EUROPA Kft.	-	-	-	-	-
INESA UK Limited	-	-	-	469	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>469</b>	<b>2,690</b>

*Year ended 31 December 2020*

	<i>Sales to related party</i>	<i>Other income from related party</i>	<i>Purchases from related party</i>	<i>Amounts owed by related party</i>	<i>Amounts owed to related party</i>
	€000	€000	€000	€000	€000
<i>Related Party</i>					
Feilo Exim Limited	-	-	-	-	-
Shanghai Feilo Investment Co. Ltd.	-	-	149	-	500
Shanghai Yaming Lighting Co., Ltd.	-	-	-	-	2,403
INESA EUROPA Kft.	-	-	-	93	289
INESA UK Limited	-	-	-	451	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>149</b>	<b>544</b>	<b>3,192</b>

Sales and purchases between related parties are made on an arm's length basis. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same. The company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2021, the company has not made any provision for doubtful debts relating to amounts owed by related parties.

## Notes to the financial statements

at 31 December 2021

### 22. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Flowil International Lighting (Holding) B.V., a company incorporated in the Netherlands.

The Company's results are consolidated within the group financial statements of Feilo Malta Limited, a company incorporated in Malta. These group financial statements are the smallest financial statements incorporating the results of the Company that are publicly available. Copies of the Feilo Malta Limited financial statements can be obtained from The Registrar of Companies, Malta Financial Services, Notable Road, Attard, Malta.

At 31 December 2021, the ultimate parent undertaking and controlling party was Shanghai Feilo Acoustics Co. Ltd, a company incorporated in China. The directors consider Shanghai Feilo Acoustics Co. Ltd to be the controlling party by virtue of its controlling interest in the Company's share capital. The group financial statements of Shanghai Feilo Acoustics Co. Ltd are the largest financial statements which incorporate the results of the company that are publicly available. Copies of the Shanghai Feilo Acoustics Co. Ltd financial statements can be obtained from Shanghai Feilo Acoustics Co. Ltd, No. 1001 Jiaxin Highway, Jiading district, Shanghai, SHA 200233.

As disclosed in Note 23, starting 28 June 2022, the ultimate parent undertaking and controlling party is Shanghai Shumian Consulting Management Co. Ltd. Copies of the Shanghai Shumian Consulting Management Co. Ltd financial statements can be obtained from Shanghai Shumian Consulting Management Co Ltd, Room 05, 1st Floor, No. 39 Ruiping Road, Xuhui District, Shanghai.

### 23. Subsequent Events

The COVID-19 global pandemic which began during early 2020 has led to cultural changes with the Company and the wider group. Business continuity plans implemented by management as a result of COVID-19, which included flexible working from home, are still in place, however most employees have now returned to onsite working or hybrid working from home for up to two days per week.

The Company and wider group have seen increased demand in many markets since 2021. This has been evidenced as the wider group within which the Company operates entered 2022 with a significantly larger orderbook than the prior year. However there have been delays in the supply chain caused by the pandemic and the conflict in Ukraine resulting in the wider group being unable to fulfil the customer request dates in some cases. Additionally, rising energy prices and inflationary pressure on the prices of goods, following the conflict in Ukraine, and the weakening of the euro and sterling against the US dollar have resulted in an increase in cost of sales and freight costs within the wider group placing greater pressure on profit margins. This is being addressed by the targeted increase of customer sales prices. The mitigating actions implemented by the directors to reduce costs where possible and minimise the impact on the financial position of the Company and wider group have remained in place throughout 2022 and into 2023 and the situation continues to be monitored very closely. The directors have the expectation that the Company will remain viable and able to operate. The level of uncertainty which existed about the impact of COVID-19 on the UK and wider global economy in early 2021 has significantly diminished as the market recovers, however supply chain issues and inflation of prices globally have meant some unpredictability.

On 28 June 2022 the Company's ultimate parent undertaking changed from Shanghai Feilo Acoustics Co. Ltd to Shanghai Shumian Consulting Management Co. Ltd. This transaction does not change the operations of the Company and wider group and therefore no adjustment has been made to the financial statements.

The financial statements have been prepared based on conditions existing at 31 December 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the balance sheet date and accordingly, assessed these to be none adjusting events. No adjustments have been made to the financial statements for the year ended 31 December 2021 for the impacts of the conflict in Ukraine and the increases in the cost of goods that followed.