Company Registration No. 06973805 (England and Wales)

VALUELIGHTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

VALUELIGHTS LIMITED

COMPANY INFORMATION

Directors	D Gutfreund	
	C Hulme	
	D Barrasso	(Appointed 1 August 2022)
	J Bartczak	(Appointed 1 August 2022)
Company number	06973805	
Registered office	The Light Hub 4 Omega Drive Irlam Manchester United Kingdom M44 5GR	
Auditor	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB	

VALUELIGHTS LIMITED

CONTENTS

VALUELIGHTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

Fair review of the business
In the 18 months to June 2022 the business achieved £34m revenue with a loss before tax of £4m. A full business review was conducted during this period, concluding that a business transformation was required. Subsequently redundancies followed throughout the business (£0.3m costs), alongside the removal of three members of the executive team. In addition, the company had to make a significant stock provision (£1.2m) due to the tough buying decisions made in the last 12 months.

The search for a new company CEO commenced and at the end of June 2022 the business had a new leader, Danny Barrasso.

During the year to June 2023, there have been further changes to the executive team including Jan Bartczak joining the business as Chief Commercial Officer in August 2022 and two further members of the executive team departing in September 2022.

The newly formed executive team hired a new senior management team, including a dedicated merchandising and buying team, and continued to create a vision, purpose and values for the business. At the same time a rebranding exercise was completed and the new trading business was born, which was rolled out during the last few months of the year to June 2023.

In the 12 months to June 2023 the business achieved £15m revenue with a loss before tax of £3m.

In addition, further funding was achieved in June2023 through an issue of shares and a working capital loan facility, from existing management team and shareholders.

The business with fresh new faces and a clear strategy is working towards bringing the business back to profitability.

Principal risks and uncertainties
Due to the international nature of the business, we are at risk from adverse currency movements that are beyond our control. We do, however, mitigate this risk where possible through the hedging of appropriate currencies.

Maintaining tight financial controls and retaining visibility of sales margins by sales channels, by customer and by product range is a challenge, particularly with fluctuations in US$ rates. The company has successfully managed this risk to date and it is well positioned for the future.

Cashflow planning and cash management is an area that the Company considers vital and we continually review our current and future cash position.

Key performance indicators
The business has a suite of key performance indicators that monitor trends on the key aspects of the business, namely sales, margins, operational efficiencies and working capital levels.

We closely monitor the breakdown of sales revenue and margins by customer channels, by individual customers and by product.

We continually monitor our stock levels and our stock profile. We measure our 'stock days' performance by individual product to ensure that slower moving items are visible and we are taking appropriate action to manage these products. Stock days at the end of June 2023 were 165 compared with 227 days at the end of June 2022.

We continually monitor our trade debtors and 'debtor day' levels. Debtor day levels at the end of June 2022 were 12 days compared with 14 days at the end of June 2022.

Future developments
Whilst the current stability of the business is a challenge, due to the decisions made during the pandemic and the macro-economic environment, the board remains very positive by the progress made by the new executive team and the company is focused on delivering against its strategic plan.

On behalf of the board

D Barrasso
Director

15 August 2023

VALUELIGHTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities
The principal activity of the company continued to be that of the retailing of electric light fittings and bulbs.

Results and dividends
The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

D Gutfreund	
C Hulme	
D Barrasso	(Appointed 1 August 2022)
J Bartczak	(Appointed 1 August 2022)
P Bates	(Resigned 28 September 2022)
I Todd	(Resigned 28 September 2022)

Auditor
The auditor, PM+M Solutions for Business LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual 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.

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, the directors individually have taken all the necessary steps that they ought to have taken as directors 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

C Hulme
Director

15 August 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALUELIGHTS LIMITED

Opinion

We have audited the financial statements of ValueLights Limited (the 'company') for the year ended 30 June 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 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 of at least twelve months from when the financial statements are authorised for issue.

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

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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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 the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, 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.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- the matters discussed among the audit engagement team and relevant specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income, posting of unusual journals and complex transactions; and manipulating the Company's performance profit measures and other key performance indicators to meet remuneration targets and externally communicated targets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety regulations, pensions legislation and tax legislation.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the identified risks of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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.

Christopher Johnson FCA
Senior Statutory Auditor
For and on behalf of PM+M Solutions for Business LLP

15 August 2023

Chartered Accountants
Statutory Auditor

New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

VALUELIGHTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year ended 30 June 2023 £	18 months ended 30 June 2022 £
Turnover	3	**14,733,508**	33,635,800
Cost of sales		**(8,602,660)**	(18,074,280)
Gross profit		**6,130,848**	15,561,520
Distribution costs		**(2,265,327)**	(7,732,355)
Administrative expenses		**(6,812,877)**	(11,188,005)
Operating loss	4	**(2,947,356)**	(3,358,840)
Interest receivable and similar income	6	**4,398**	2,880
Interest payable and similar expenses	7	**(535,346)**	(321,560)
Loss before taxation		**(3,478,304)**	(3,677,520)
Tax on loss	8	**-**	349,700
Loss for the financial year		**(3,478,304)**	(3,327,820)
Other comprehensive income			
Cash flow hedges (loss)/gain arising in the year	18	**(398,436)**	468,158
Total comprehensive income for the year		**(3,876,740)**	(2,859,662)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

VALUELIGHTS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	**10**		**3,489,409**		3,956,237
Current assets					
Stocks	**11**	**3,891,693**		7,187,556	
Debtors	**12**	**1,774,152**		1,256,367	
Cash at bank and in hand		**358,166**		445,211	
		6,024,011		8,889,134	
Creditors: amounts falling due within one year	**13**	**(12,579,810)**		(11,607,540)	
Net current liabilities			**(6,555,799)**		(2,718,406)
Total assets less current liabilities			**(3,066,390)**		1,237,831
Creditors: amounts falling due after more than one year	**14**		**(61,470)**		(488,951)
Net (liabilities)/assets			**(3,127,860)**		748,880
Capital and reserves					
Called up share capital	**17**		**100**		100
Hedging reserve	**18**		**(49,711)**		348,725
Profit and loss reserves			**(3,078,249)**		400,055
Total equity			**(3,127,860)**		748,880

The financial statements were approved by the board of directors and authorised for issue on 15 August 2023 and are signed on its behalf by:

C Hulme
Director

Company Registration No. 06973805

VALUELIGHTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

		Share capital	Hedging reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2021		100	(119,433)	3,727,875	3,608,542
Year ended 30 June 2022:					
Loss for the year		-	-	(3,327,820)	(3,327,820)
Other comprehensive income:					
Cash flow hedges gains		-	468,158	-	468,158
Total comprehensive income for the year		-	468,158	(3,327,820)	(2,859,662)
Balance at 30 June 2022		100	348,725	400,055	748,880
Year ended 30 June 2023:					
Loss for the year		**-**	**-**	**(3,478,304)**	**(3,478,304)**
Other comprehensive income:					
Cash flow hedges gains	**18**	**-**	**(398,436)**	**-**	**(398,436)**
Total comprehensive income for the year		**-**	**(398,436)**	**(3,478,304)**	**(3,876,740)**
Balance at 30 June 2023		**100**	**(49,711)**	**(3,078,249)**	**(3,127,860)**

1 Accounting policies

Company information
ValueLights Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Light Hub, 4 Omega Drive, Irlam, Manchester, United Kingdom, M44 5GR.

1.1 Reporting period
The accounting period was extended in the previous period to cover 18 months to 30 June 2022. This was done in order to bring the year end in line with other group companies. The comparative figures cover a 18 month period and therefore are not entirely comparable.

1.2 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 financial statements have been prepared until 2nd July 2023.

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, modified to include certain financial instruments at fair value. 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 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: Interest income/expense and net gains/losses for financial instruments not measured at fair value; 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.

1.3 Going concern
The directors have received confirmation that continuing financial support will be provided by the company's ultimate parent entity to enable it to settle its liabilities as they fall due for the foreseeable future and on that basis consider it appropriate to prepare the financial statements on a going concern basis.

1.4 Turnover
Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue 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.

1.5 Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1 Accounting policies **(Continued)**

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

Software	33.3% Straight Line

1.6 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 over their useful lives on the following bases:

Fixtures, fittings & equipment	25% Straight Line
Computer equipment	25% 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.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.10 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 in the company's balance sheet 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 creditors, bank loans 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. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1 Accounting policies **(Continued)**

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Hedge accounting

The company designates certain hedging instruments as fair value hedges.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the effectiveness with which the hedging instrument offsets changes in cash flows of the hedged item is assessed, to ensure the instrument remains highly effective and thus satisfies the criteria to apply hedge accounting under FRS102.

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive income, with the gain or loss on the ineffective portion being recognised immediately through the profit and loss account.

Amounts previously recognised in other comprehensive income are reclassified to the profit and loss account in the period when the hedged item is recognised in the profit and loss account.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

Slow moving and obsolete stock provision
The demand for the company's products can be strongly influenced by fashion trends and/or technical innovations. In addition, there is a risk that overall consumer demand could fall as a result of changes in the economic environment.

Against this background, the Directors have reviewed the profile of the stockholding at year-end on a product by product basis and made an assessment of the provision required in respect of slow moving and obsolete products. The Directors have taken a prudent view and have made additional provisions where necessary. The Directors have concluded that stock is being properly valued at the lower of cost and net realisable value.

Stock valuation
The company utilises a landed cost model so as to facilitate the appropriate inclusion of freight costs in the stock valuation. This estimation process has a significant impact on the stock valuation and as a result the landed cost model is reviewed on a sufficiently regular basis as to ensure that such estimations approximate to actual costs.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of electric light fittings and bulbs	**14,733,508**	33,635,800

	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	**14,714,551**	33,276,516
Europe	**18,957**	359,284
	14,733,508	33,635,800

	2023	2022
	£	£
Other revenue		
Interest income	**4,398**	2,880

4 Operating loss

Operating loss for the year is stated after charging/(crediting):	2023 £	2022 £
Fees payable to the company's auditor for the audit of the company's financial statements	**19,726**	33,908
Depreciation of owned tangible fixed assets	**456,780**	545,181
Depreciation of tangible fixed assets held under finance leases	**206,718**	-
Profit on disposal of tangible fixed assets	**(798)**	(49,817)
Operating lease charges	**83,298**	185,317

5 Employees

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

	2023 Number	2022 Number
Distribution	**31**	39
Sales	**16**	30
Admin	**31**	38
Total	**78**	107

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	**2,789,471**	4,824,887
Social security costs	**287,994**	483,793
Pension costs	**62,872**	196,699
	3,140,337	5,505,379

6 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	**4,398**	2,880

7 Interest payable and similar expenses

	2023 £	2022 £
Interest on finance leases and hire purchase contracts	**94,672**	115,235
Other interest	**440,674**	206,325
	535,346	321,560

8 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(349,700)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Loss before taxation	**(3,478,304)**	(3,677,520)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	**(712,909)**	(698,729)
Tax effect of expenses that are not deductible in determining taxable profit	**39**	18,671
Other non-reversing timing differences	-	3,083
Other permanent differences	**205**	-
Fixed asset differences	**6,226**	(39,642)
Deferred tax asset not recognised	**672,055**	366,917
Group relief surrendered/(claimed)	**34,384**	-
Taxation charge/(credit) for the year	-	(349,700)

9 Intangible fixed assets

	Software
	£
Cost	
At 1 July 2022 and 30 June 2023	**410,240**
Amortisation and impairment	
At 1 July 2022 and 30 June 2023	**410,240**
Carrying amount	
At 30 June 2023	-
At 30 June 2022	-

10 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 July 2022	**4,846,276**	**691,521**	**5,537,797**
Additions	**105,697**	**90,973**	**196,670**
Disposals	**(195,075)**	**-**	**(195,075)**
At 30 June 2023	**4,756,898**	**782,494**	**5,539,392**
Depreciation and impairment			
At 1 July 2022	**1,263,016**	**318,544**	**1,581,560**
Depreciation charged in the year	**382,182**	**281,316**	**663,498**
Eliminated in respect of disposals	**(195,075)**	**-**	**(195,075)**
At 30 June 2023	**1,450,123**	**599,860**	**2,049,983**
Carrying amount			
At 30 June 2023	**3,306,775**	**182,634**	**3,489,409**
At 30 June 2022	3,583,260	372,977	3,956,237

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023	2022
	£	£
Fixtures, fittings & equipment	**923,728**	1,130,446

11 Stocks

	2023	2022
	£	£
Finished goods	**3,891,693**	7,187,556

12 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	**184,606**	286,059
Amounts owed by group undertakings	**899,835**	173,593
Derivative financial instruments	**-**	348,725
Other debtors	**4,060**	6,412
Prepayments and accrued income	**685,651**	441,578
	1,774,152	1,256,367

12 Debtors (Continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Obligations under finance leases	15	**507,826**	507,826
Trade creditors		**875,442**	1,015,163
Amounts owed to group undertakings		**8,585,117**	7,375,264
Taxation and social security		**666,208**	611,807
Derivative financial instruments		**49,711**	-
Accruals and deferred income		**1,895,506**	2,097,480
		12,579,810	11,607,540

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	15	**61,470**	488,951

15 Finance lease obligations

Future minimum lease payments due under finance leases:	2023 £	2022 £
Within one year	**507,826**	507,826
In two to five years	**61,470**	488,951
	569,296	996,777

The obligations under hire purchase contracts are secured on the assets to which they relate.

16 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	**62,872**	196,699

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2023	2022	2023	2022
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
80 A Ordinary shares of £1 each	**80**	80	**80**	80
20 B Ordinary shares of £1 each	**20**	20	**20**	20
	100	100	**100**	100

A ordinary shares are entitled to one vote in any circumstances. Each A Ordinary share is entitled pari passu to dividend payments or any other distribution. Each A ordinary share is entitled pari passu to participate in a distribution arising from winding up of the company.

The holders of B ordinary shares are not entitled to attend, vote or speak at general meetings. Each B ordinary share is entitled pari passu to dividend payments or any other distribution. Each B ordinary share is entitled pari passu to participate in a distribution arising from a winding up of the company.

18 Hedging reserve

During 2022 the company entered into cash flow hedges to mitigate foreign exchange risk on firm commitments payable in US Dollars, by committing to buy US Dollars over the period 29 April 2022 to 30 June 2022 at a range of pre-determined exchange rates.

At June 2022, the fair value of hedging instruments was an asset of £348,725.

During 2023 the company entered into cash flow hedges to mitigate foreign exchange risk on firm commitments payable in US Dollars, by committing to buy US Dollars over the period 03 July 2023 to 31 December 2024 at a range of pre-determined exchange rates.

At June 2023, the fair value of hedging instruments was a liability of £49,711.

19 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:

	2023	2022
	£	**£**
Within one year	**35,811**	55,161
Between two and five years	**8,067**	66,181
	43,878	121,342

20 Ultimate controlling party

The immediate parent company ValueLights Holdings Limited, a company registered in England and Wales.

Mr S Caunce is the ultimate controlling party by virtue of his majority shareholding in the ultimate parent company, Burning Sky Limited, a company incorporated in England and Wales.

The smallest group into which the entity is consolidated is ValueLights Holdings Limited. Consolidated financial statements can be obtained from the Registered Office at, The Light Hub, 4 Omega Drive, Irlam, Manchester, M44 5GR.

The largest group into which the entity is consolidated is Burning Sky Limited. Consolidated financial statements can be obtained from the Registered Office at, Croston Hall Grape Lane, Croston, Leyland, England, PR26 9HB.