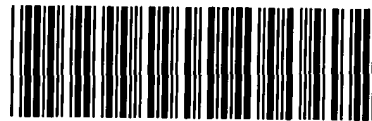


Company Registration No: 08245994 (England and Wales)

Stage Electrics Group Limited (formerly SLX Group Limited)

**Annual report and
group financial statements
for the year ended 31 July 2019**

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Stage Electrics Group Limited (formerly SLX Group Limited)

Company information

Directors	Trevor Smallwood John Laycock Maria Townsend
Secretary	Quayseco Limited
Company number	08245994
Registered office	Encore House Unit 3 Britannia Road Patchway Bristol BS34 5TA
Independent auditor	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ
Bankers	Barclays Bank plc 86 Queens Road Clifton Bristol BS8 1RB
Solicitors	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX

Stage Electrics Group Limited (formerly SLX Group Limited)

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Stage Electrics Group Limited (formerly SLX Group Limited)

Strategic report

For the year ended 31 July 2019

The directors have pleasure in presenting the Strategic Report, the Director's Report and the financial statements for the year ended 31 July 2019. The comparative period shown is for the year ended 31 July 2018.

Fair review of the business

2019 has been a great period of growth with an improvement on the prior year at operating profit before exceptional items (2019 £1.394m V's 2018 £1.088m). We have built on last year's firm basis to achieve this level of growth which has allowed us to make some much needed strategic decisions to further strengthen our cash and profitability now and in the future.

This year we have continued to focus on those parts of the business most important to our many customers and this is reflected in these financial statements, with customers' needs in mind we have, as predicted last year seen during 2019 further growth, we continue investing in R&D whilst building on our current core business which have grown GP Margin in the year. We are showing a very positive statement of comprehensive income with a profit before tax improvement (2019 £1.026m vs 2018 £811k).

We continue to invest in our people, policies and procedures and are proud to have achieved in the year group accreditations for ISO 90001, ISO 14001 and ISO 45001, we are delighted by the team's high level of performance and very confident of a brighter future of further improved trading; we have a strong team who have contributed towards these results and who are working hard towards our future goals and aspirations.

Our Stage Electrics division (Including Northern Light) covering Installation, Sales and Venue Services had another successful year with results above expectations with a promising strong start to 19/20 with the largest order book we have seen for many years.

Following last year's drive to invest in our SLX division, which covers Hire and Events, we achieved notable financial improvements which allowed us to market this division for sale during 2019, We are pleased to confirm that a sale of the SLX division completed post these accounts which allows us to focus on our more profitable division Stage Electrics (including Northern Light) and allows us to invest cash into our people and new growth initiatives. Following completion of the sale we have renamed the group from SLX Group Limited to Stage Electrics Group Limited, our board of directors and investors remain unchanged for the remaining group.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties are considered to relate to increasing competition from UK and overseas competitors where we have seen some amalgamate, Brexit and the effect of changes in government policy on the funding of arts and educational facilities.

These risks are mitigated and monitored through continued development of potential markets, continued review of assets and expected life, regular review of the impact of Brexit both in respect of foreign currency valuation, legislation and review of various trade bodies and arts related funding. This year we increased our stocks by circa 17% to enable us to service our customers and mitigate some purchasing risk that exists around Brexit, we will continue to hold these levels of stock.

Stage Electrics Group Limited (formerly SLX Group Limited)

Strategic report (continued)
For the year ended 31 July 2019

Development and performance

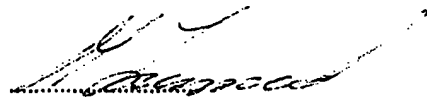
Gross profit and gross profit margin are key performance indicators used by management. The gross margin for the period was 35.3% (2018 36%), with PBT excluding exceptional costs being 4.3% this year against 3.3% 2018. The board are focused on margin management for all new business operations and this is reflected in the new year trading.

Future outlook

Trading following year end has been above expectations, going into the new year with the largest order book we have seen in many years. In addition, we continue to have the support of our lenders as the board look to generate further growth through new products and markets in 2019/20.

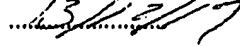
The commercial environment in the company's marketplace is expected to remain very competitive. However, with the sale of our loss making SLX division which also required regular large cash investments we expect to be more liquid and able to focus greater on developing further growth in the remaining profitable businesses, we will continue to obtain further operating efficiencies, whilst developing our Opus range. The company is confident of maintaining market share and improving current levels of performance.

On behalf of the board



Maria Townsend

Director



Stage Electrics Group Limited (formerly SLX Group Limited)

Directors' report

For the year ended 31 July 2019

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

Principal activities

The principal activity of the group during the year continued to be the sale, hire and installation of stage, lighting and sound equipment for the entertainment, construction and leisure industries.

Directors

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

Trevor Smallwood
John Laycock
Maria Townsend

Results and dividends

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

Ordinary dividends were proposed amounting to £150,000. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Post reporting date events

As noted in the strategic report, after the reporting date the company sold the SLX division of the company, see note 29 for further details.

Auditor

In accordance with the company's articles, a resolution proposing that Saffery Champness LLP be reappointed as auditor of the group will be put at a General Meeting.

Stage Electrics Group Limited (formerly SLX Group Limited)

Directors' report (continued)

For the year ended 31 July 2019

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of its fair review of the business, details of the group's risks and uncertainties and also its future developments.

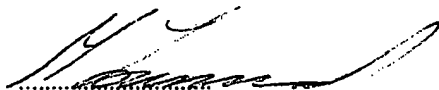
Statement of disclosure to auditor

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 auditor of the company 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 auditor of the company is aware of that information.

Stage Electrics Group Limited (formerly SLX Group Limited)

Directors' report (continued)
For the year ended 31 July 2019

On behalf of the board



Maria Townsend
Director

Date: 13/12/19

Stage Electrics Group Limited (formerly SLX Group Limited)

Independent auditor's report

To the members of Stage Electrics Group Limited (formerly SLX Group Limited)

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Stage Electrics Group Limited (formerly SLX Group Limited)

Independent auditor's report (continued)

To the members of Stage Electrics Group Limited (formerly SLX Group Limited)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Stage Electrics Group Limited (formerly SLX Group Limited)

Independent auditor's report (continued)

To the members of Stage Electrics Group Limited (formerly SLX Group Limited)

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Neil Davies (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

16/12/19
.....

Chartered Accountants
Statutory Auditors

St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

Stage Electrics Group Limited (formerly SLX Group Limited)

**Group statement of comprehensive income
For the year ended 31 July 2019**

		2019	2018
	Notes	£	£
Turnover	3	28,900,157	27,619,373
Cost of sales		(18,692,084)	(17,669,213)
Gross profit		10,208,073	9,950,160
Administrative expenses		(8,824,766)	(8,922,423)
Other operating income		10,750	60,000
Exceptional items	4	(229,918)	(114,161)
Operating profit	5	1,164,139	973,576
Interest payable and similar expenses	9	(138,561)	(162,576)
Profit before taxation		1,025,578	811,000
Tax on profit	10	(148,747)	(110,753)
Profit for the financial year		876,831	700,247

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Income Statement has been prepared on the basis that all operations are continuing operations.

Stage Electrics Group Limited (formerly SLX Group Limited)


**Group statement of financial position
As at 31 July 2019**

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12	605,638		708,438	
Tangible assets	13	3,399,416		4,077,706	
		<u>4,005,054</u>		<u>4,786,144</u>	
Current assets					
Stocks	17	1,637,044	1,397,251		
Debtors	18	4,166,662	4,286,151		
Cash at bank and in hand		463,121	898,105		
		<u>6,266,827</u>	<u>6,581,507</u>		
Creditors: amounts falling due within one year	19	(5,922,206)	(7,503,803)		
Net current assets/(liabilities)		<u>344,621</u>		<u>(922,296)</u>	
Total assets less current liabilities		<u>4,349,675</u>		<u>3,863,848</u>	
Creditors: amounts falling due after more than one year	20	(405,386)		(623,900)	
Provisions for liabilities	23	(216,388)		(238,878)	
Net assets		<u><u>3,727,901</u></u>		<u><u>3,001,070</u></u>	
Capital and reserves					
Called up share capital	25	509,245		509,245	
Share premium account	26	99,950		99,950	
Capital redemption reserve	27	98,012		98,012	
Profit and loss reserves		3,020,694		2,293,863	
Total equity		<u><u>3,727,901</u></u>		<u><u>3,001,070</u></u>	

Stage Electrics Group Limited (formerly SLX Group Limited)

Group statement of financial position (continued)
As at 31 July 2019

The financial statements were approved by the board of directors and authorised for issue on 13/11/19 and are signed on its behalf by:



Maria Townsend
Director

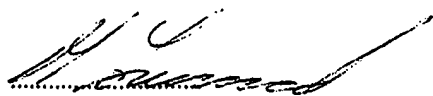
Stage Electrics Group Limited (formerly SLX Group Limited)

**Company statement of financial position
As at 31 July 2019**

	Notes	£	2019 £	£	2018 £
Fixed assets					
Investments	14		5,321,317		5,457,647
Current assets					
Debtors	18	4,100		4,100	
Cash at bank and in hand		2,641		2,375	
		<u>6,741</u>		<u>6,475</u>	
Creditors: amounts falling due within one year	19	(487,091)		(455,253)	
Net current liabilities			(480,350)		(448,778)
Total assets less current liabilities			<u>4,840,967</u>		<u>5,008,869</u>
Creditors: amounts falling due after more than one year	20		(4,063,857)		(4,829,039)
Net assets			<u><u>777,110</u></u>		<u><u>179,830</u></u>
Capital and reserves					
Called up share capital	25		509,245		509,245
Share premium account	26		99,950		99,950
Capital redemption reserve	27		98,012		98,012
Profit and loss reserves			69,903		(527,377)
Total equity			<u><u>777,110</u></u>		<u><u>179,830</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £747,280 (2018 - £107,543 profit).

The financial statements were approved by the board of directors and authorised for issue on 13/12/19 and are signed on its behalf by:



Maria Townsend
Director

Company Registration No. 08245994

Stage Electrics Group Limited (formerly SLX Group Limited)

**Group statement of changes in equity
For the year ended 31 July 2019**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2017		509,245	99,950	98,012	1,593,616	2,300,823
Year ended 31 July 2018:						
Profit and total comprehensive income for the year		-	-	-	700,247	700,247
Balance at 31 July 2018		509,245	99,950	98,012	2,293,863	3,001,070
Year ended 31 July 2019:						
Profit and total comprehensive income for the year		-	-	-	876,831	876,831
Dividends	11	-	-	-	(150,000)	(150,000)
Balance at 31 July 2019		509,245	99,950	98,012	3,020,694	3,727,901

Stage Electrics Group Limited (formerly SLX Group Limited)

**Company statement of changes in equity
For the year ended 31 July 2019**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2017		<u>509,245</u>	<u>99,950</u>	<u>98,012</u>	<u>(634,920)</u>	<u>72,287</u>
Year ended 31 July 2018:						
Profit and total comprehensive income for the year		-	-	-	107,543	107,543
Balance at 31 July 2018		<u>509,245</u>	<u>99,950</u>	<u>98,012</u>	<u>(527,377)</u>	<u>179,830</u>
Year ended 31 July 2019:						
Profit and total comprehensive income for the year		-	-	-	747,280	747,280
Dividends	11	-	-	-	(150,000)	(150,000)
Balance at 31 July 2019		<u><u>509,245</u></u>	<u><u>99,950</u></u>	<u><u>98,012</u></u>	<u><u>69,903</u></u>	<u><u>777,110</u></u>

Stage Electrics Group Limited (formerly SLX Group Limited)

Group statement of cash flows
For the year ended 31 July 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	31	1,194,268	1,821,285
Interest paid		(138,561)	(162,576)
Net cash inflow from operating activities		1,055,707	1,658,709
Investing activities			
Purchase of tangible fixed assets		(586,206)	(709,600)
Proceeds on disposal of tangible fixed assets		254,050	151,446
Net cash used in investing activities		(332,156)	(558,154)
Financing activities			
Repayment of preference shares		(25,000)	(25,000)
Repayment of debentures		(123,340)	(129,323)
Payment of finance leases obligations		(149,560)	(439,286)
Net cash used in financing activities		(297,900)	(593,609)
Net increase in cash and cash equivalents		425,651	506,946
Cash and cash equivalents at beginning of year		(64,561)	(571,507)
Cash and cash equivalents at end of year		361,090	(64,561)
Relating to:			
Cash at bank and in hand		463,121	898,105
Bank overdrafts included in creditors payable within one year		(102,031)	(962,666)

Stage Electrics Group Limited (formerly SLX Group Limited)

**Notes to the financial statements
For the year ended 31 July 2019**

1 Accounting policies

Company information

Stage Electrics Group Limited (formerly SLX Group Limited) ("the company") is a private limited company by shares incorporated in England and Wales. The registered office is Encore House, Unit 3 Britannia Road, Patchway, Bristol, BS34 5TA. With effect from 2 October 2019 the name of the company was changed from SLX Group Limited to Stage Electrics Group Limited.

The group consists of Stage Electrics Group Limited (formerly SLX Group Limited) and all of its subsidiaries as listed in note 15.

1.1 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 are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)
For the year ended 31 July 2019

1 Accounting policies (continued)

The group financial statements incorporate those of Stage Electrics Group Limited (formerly SLX Group Limited) and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group has entered into a joint operation. This is not a separate entity and as such the group has not accounted for the operation under the equity method. The joint operation is accounted for as an ordinary contract in the groups operation reflecting the level of interest that the group holds as per the contractual agreement in place.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

Turnover is taken on fixed price contracts while the contract is in progress, having regard to the proportion of the total contract which has been completed at the statement of financial position date, estimated by reference to the costs incurred to date versus the total estimated costs to completion. Provision is made for all foreseeable losses.

Turnover on equipment sales is recognised at the point of despatch and turnover on hire of equipment is recognised on a straight line basis from the hire date.

Amounts recoverable on contracts represent turnover recognised, primarily on fixed price contracts, which has not yet been invoiced to clients net of any provision for unrecoverable amounts. Such amounts are separately disclosed within debtors.

Conversely, amounts due on contracts represent amounts invoiced before work carried out. Such amounts are separately disclosed within creditors.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

Negative goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the identifiable assets and liabilities acquired over the fair value of the consideration. The excess is initially recognised in the statement of financial position. Subsequently, the excess exceeding the fair value of consideration is recognised in the statement of comprehensive income in the periods expected to be benefited.

Trademarks

Concessions, patents, licences and trademarks purchased by the Group are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between three and five years.

1.6 Tangible fixed assets

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

Depreciation 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:

Leasehold land and buildings	Straight line over unexpired lease term - maximum 50 years
Plant and equipment	25% straight line basis
Fixtures and fittings	10% straight line basis
Hire equipment	10% and 20% straight line basis
Motor vehicles	25% straight line basis

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 recognised in the income statement.

1 Accounting policies (continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 are valued using the average costing method.

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 at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.10 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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, 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

1 Accounting policies (continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the group 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 group.

1.12 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 income statement 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 group'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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. 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.

1.13 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.

1.14 Retirement benefits

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.15 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 statement of financial position 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)
For the year ended 31 July 2019

1 Accounting policies (continued)

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 leased asset are consumed.

1.16 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 are included in the income statement for the period.

1.17 Exceptional costs

Material items which fall outside the ongoing activities of the company are separately disclosed in the statement of comprehensive income where they are relevant to understanding the true and fair view of financial performance of the company for the period reported.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group'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.

Impairment of intangible assets

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units. This requires estimations of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Revenue recognised in respect of long term contracts

Revenue is recognised in respect of long term contracts. Revenue is recognised based on the cost of completion method and requires management's best estimate of the expected total costs to complete and the overall outcome of the contract. Related amounts due to or from long term contracts is included in the financial statements based on the agreed contract and management knowledge of variations and modifications as the contract progresses reflecting all available knowledge at any point in time.

Key sources of estimation uncertainty

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

Provisions

Provision is made in respect of dilapidations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish the net present value of the obligations require management's judgement (if applicable).

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)
For the year ended 31 July 2019

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of goods	20,597,987	19,807,612
Rendering of services	8,302,170	7,811,761
	<u>28,900,157</u>	<u>27,619,373</u>

In the opinion of the directors disclosure of information relating to turnover attributable to the markets supplied in the course of the year would be seriously prejudicial to the interests of the company, it is therefore not disclosed.

4 Exceptional costs

	2019	2018
	£	£
Internal restructuring cost	229,918	114,161
	<u>229,918</u>	<u>114,161</u>

Material items which fall outside the ongoing activities of the company are separately disclosed in the statement of comprehensive income where they are relevant to understanding the true and fair view of financial performance of the company for the period reported.

5 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	15,642	1,089
Depreciation of owned tangible fixed assets	843,945	464,830
Depreciation of tangible fixed assets held under finance leases	193,492	653,809
Profit on disposal of tangible fixed assets	(26,991)	(7,013)
Amortisation of intangible assets	102,800	(159,213)
Release of negative goodwill	-	(231,792)
Cost of stocks recognised as an expense	17,480,631	16,863,838
Operating lease charges	<u>381,160</u>	<u>485,185</u>

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

6 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group, company and the company's subsidiaries	32,910	31,950
For other services		
Taxation compliance services	6,465	6,280

7 Employees

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Administrative staff	44	44	-	-
Sales and hire	148	148	-	-
	192	192	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	5,608,934	5,734,991	-	-
Social security costs	483,098	442,391	-	-
Pension costs	224,581	176,576	-	-
	6,316,613	6,353,958	-	-

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)
For the year ended 31 July 2019

8 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	175,900	165,833
Company pension contributions to defined contribution schemes	7,667	6,350
	<u>183,567</u>	<u>172,183</u>

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and loans	36,811	34,843
Interest on finance leases and hire purchase contracts	61,756	64,247
Other interest on financial liabilities	39,994	63,486
	<u>138,561</u>	<u>162,576</u>

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	104,847	-
Deferred tax		
Origination and reversal of timing differences	43,900	(27,468)
Write down or reversal of write down of deferred tax asset	-	138,221
Total deferred tax	43,900	110,753
Total tax charge for the year	148,747	110,753

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

	2019	2018
	£	£
Profit before taxation	1,025,578	811,000
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	194,860	154,090
Tax effect of expenses that are not deductible in determining taxable profit	3,826	17,699
Tax effect of income not taxable in determining taxable profit	-	(57,412)
Tax effect of utilisation of tax losses not previously recognised	(6,428)	(36,348)
Change in unrecognised deferred tax assets	(38,422)	45,835
Permanent capital allowances in excess of depreciation	8,370	(3,667)
Depreciation on assets not qualifying for tax allowances	(5,682)	-
Other non-reversing timing differences	(957)	1,323
Deferred tax adjustments in respect of prior years	(6,820)	(10,767)
Taxation charge for the year	148,747	110,753

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

11 Dividends

	2019	2018
	£	£
Final paid	150,000	-

12 Intangible fixed assets

Group	Goodwill	Trademarks	Total
	£	£	£
Cost			
At 1 August 2018	1,013,687	117,500	1,131,187
Disposals	-	(100,000)	(100,000)
At 31 July 2019	1,013,687	17,500	1,031,187
Amortisation and impairment			
At 1 August 2018	305,249	117,500	422,749
Amortisation charged for the year	102,800	-	102,800
Disposals	-	(100,000)	(100,000)
At 31 July 2019	408,049	17,500	425,549
Carrying amount			
At 31 July 2019	605,638	-	605,638
At 31 July 2018	708,438	-	708,438

Goodwill

Goodwill arose on the acquisition of the share capital of Performing Arts Technology Limited on 3 June 2014. It is being amortised over its estimated useful economic life of 10 years.

Company

The Company holds no intangible fixed assets.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)
For the year ended 31 July 2019

13 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Hire equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2018	595,741	596,075	165,777	11,172,771	557,437	13,087,801
Additions	-	18,499	-	565,193	2,514	586,206
Disposals	(431,510)	(3,713)	(49,410)	(1,199,151)	(136,415)	(1,820,199)
At 31 July 2019	164,231	610,861	116,367	10,538,813	423,536	11,853,808
Depreciation and impairment						
At 1 August 2018	527,318	455,690	146,625	7,428,621	451,841	9,010,095
Depreciation charged in the year	48,277	77,225	5,916	861,035	44,984	1,037,437
Eliminated in respect of disposals	(431,510)	(77)	(49,410)	(979,295)	(132,848)	(1,593,140)
At 31 July 2019	144,085	532,838	103,131	7,310,361	363,977	8,454,392
Carrying amount						
At 31 July 2019	20,146	78,023	13,236	3,228,452	59,559	3,399,416
At 31 July 2018	68,423	140,385	19,152	3,744,150	105,596	4,077,706

The company had no tangible fixed assets at 31 July 2019 or 31 July 2018.

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Plant and equipment	16,356	40,597	-	-
Motor vehicles	42,409	40,154	-	-
Hire equipment	1,325,962	2,166,657	-	-
	<u>1,384,727</u>	<u>2,247,408</u>	<u>-</u>	<u>-</u>

All leasehold property is held on a short lease. This is consistent with 2018.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

14 Fixed asset investments

		Group		Company	
	Notes	2019	2018	2019	2018
		£	£	£	£
Investments in subsidiaries	15	-	-	5,321,317	5,457,647

Movements in fixed asset investments
Company

	Shares in group undertakings £
Cost or valuation	
At 1 August 2018	5,457,647
Redemption of preference shares	(136,330)
At 31 July 2019	5,321,317
Carrying amount	
At 31 July 2019	5,321,317
At 31 July 2018	5,457,647

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

15 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Northern Light and Technical Services Limited	England and Wales	Theatre and performance supplies	Ordinary £1 shares		100.00
Performing Arts Technology Limited	England and Wales	Holding company	"A" Ordinary £1 shares	100.00	
SE1 Events Limited	England and Wales	Dormant	Ordinary £1 shares		100.00
Studio Electrics Limited	England and Wales	Dormant	Ordinary £1 shares		100.00
Stage Electrics Limited	England and Wales	Dormant	Ordinary £1 shares		100.00
Stage Electrics Partnership Limited	England and Wales	Theatre and performance supplies	Ordinary £1 shares, "C" Ordinary £1 shares, Preference £1 shares	100.00	
Theatre Direct limited	England and Wales	Dormant	Ordinary £1 shares		100.00
Theatre Vision Limited	England and Wales	Dormant	Ordinary £1 shares		100.00

All entities listed above which include an indirect holding are directly owned by subsidiary undertakings within the group.

The registered address of Northern Light Stage and Technical Services Limited and Performing Arts Technology Limited is 4th Floor 115 George Street, Edinburgh, EH2 4JN.

The registered address of all other subsidiaries is Encore House, Unit 3 Britannia Road Patchway Trading Estate, Patchway, Bristol, United Kingdom, BS34 5TA.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)
For the year ended 31 July 2019

16 Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,715,309	3,709,073	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	4,968,352	7,034,353	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

17 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Finished goods and goods for resale	1,637,044	1,397,251	-	-

18 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,866,558	3,014,938	-	-
Gross amounts owed by contract customers	843,801	685,286	-	-
Other debtors	4,950	8,849	4,100	4,100
Prepayments and accrued income	408,964	468,299	-	-
	4,124,273	4,177,372	4,100	4,100
Deferred tax asset (note 23)	42,389	108,779	-	-
	4,166,662	4,286,151	4,100	4,100

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

19 Creditors: amounts falling due within one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Debenture loans	21	111,150	129,307	111,150	129,307
Bank loans and overdrafts	21	102,031	962,666	-	-
Obligations under finance leases	22	509,986	571,215	-	-
Other borrowings	21	25,000	25,000	25,000	25,000
Trade creditors		2,747,664	3,815,262	-	-
Gross amounts owed to contract customers		504,915	331,318	-	-
Corporation tax payable		104,847	-	-	-
Other taxation and social security		749,478	762,032	-	-
Dividends payable		150,000	-	150,000	-
Other creditors		547,761	568,454	200,941	300,946
Accruals and deferred income		369,374	338,549	-	-
		<u>5,922,206</u>	<u>7,503,803</u>	<u>487,091</u>	<u>455,253</u>

20 Creditors: amounts falling due after more than one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Debenture loans	21	-	105,183	-	105,183
Obligations under finance leases	22	405,386	493,717	-	-
Other borrowings	21	-	25,000	-	25,000
Amounts owed to group undertakings		-	-	4,063,857	4,698,856
		<u>405,386</u>	<u>623,900</u>	<u>4,063,857</u>	<u>4,829,039</u>

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

21 Loans and overdrafts

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Debenture loans	111,150	234,490	111,150	234,490
Bank overdrafts	102,031	962,666	-	-
Preference shares	25,000	50,000	25,000	50,000
	<u>238,181</u>	<u>1,247,156</u>	<u>136,150</u>	<u>284,490</u>
Payable within one year	238,181	1,116,973	136,150	154,307
Payable after one year	-	130,183	-	130,183

Group

The group has provided a cross company guarantee in respect of the bank overdraft by way of fixed and floating charge over the assets of the group.

The group has also provided a guarantee in favour of the outstanding finance lease obligations and revolving credit facility by way of charge over subsidiary assets.

Company

The company has guaranteed the bank overdraft facility of the group by way of cross company guarantee by fixed and floating charge over the assets of the group.

The loan notes are repayable annually over 5 and 7 years. Interest is either charged at 5% above Bank of England base rate or the loan note is non interest bearing.

The preference shares are redeemable at a premium of 10%. The latest date of their redemption is in 2019, however, they can be redeemed before this date if the holders are provided with three months notice by the company.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

22 Finance lease obligations

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	509,986	571,215	-	-
In two to five years	405,386	493,717	-	-
	<u>915,372</u>	<u>1,064,932</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3.25 years (2018: 3.25 years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Amounts outstanding in respect of finance lease obligations are secured by way of fixed charge over the assets of the group.

23 Deferred taxation

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

	Liabilities	Liabilities	Assets	Assets
	2019	2018	2019	2018
Group	£	£	£	£
Accumulated capital allowances	216,388	238,878	-	-
Tax losses	-	-	5,055	77,130
Other short term timing differences	-	-	37,334	31,649
	<u>216,388</u>	<u>238,878</u>	<u>42,389</u>	<u>108,779</u>

The company has no deferred tax assets or liabilities.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)
For the year ended 31 July 2019

23 Deferred taxation (continued)

	Group	Company
	2019	2019
	£	£
Movements in the year:		
Liability at 1 August 2018	130,099	-
Charge to profit or loss	43,900	-
Liability at 31 July 2019	<u>173,999</u>	<u>-</u>

The deferred tax asset relates to the utilisation of tax losses against future expected profits. The company is expected to be profitable over the next 12 months and indeed foreseeable future; although the reversal of the asset is uncertain of timing it is reasonable to assume that 50% of the asset will be reversed within 12 months. The deferred tax liability relates to accelerated capital allowances and is expected to reverse in the future; the timing of which is also uncertain.

24 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>224,581</u>	<u>176,576</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
Ordinary shares of £1 each	750	750
"A" ordinary shares of £1 each	508,495	508,495
	<u>509,245</u>	<u>509,245</u>

Ordinary shares are entitled to one vote per share and to receive dividends equally out of the profits of the company. The "A" Ordinary shares are not entitled to vote or receive dividends out of the profits of the company. "A" Ordinary shares rank second in priority on a return of capital or capital reduction.

Stage Electrics Group Limited (formerly SLX Group Limited)

Notes to the financial statements (continued)

For the year ended 31 July 2019

26 Share premium account

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
At beginning and end of year	<u>99,950</u>	<u>99,950</u>	<u>99,950</u>	<u>99,950</u>

The share premium account represents the premium arising on the issue of equity shares, net of issue expenses.

27 Capital redemption reserve

The capital redemption reserve represents the value of ordinary shares repurchased by the company.

28 Operating lease commitments

Lessee

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	252,853	409,400	-	-
Between two and five years	388,594	92,151	-	-
	<u>641,447</u>	<u>501,551</u>	<u>-</u>	<u>-</u>

29 Events after the reporting date

On 11 October 2019, the group disposed of the trade and assets of its SLX Hire and Events division. The fair value of the consideration was lower than the assets disposed of therefore a loss on disposal will be shown in the following accounting period.

Of the profit before tax of £1,025,578, the Stage Electrics and Northern Light Installation and Venue Services divisions (retained) made a profit of £1,266,963 and the SLX Hire and Events division made a loss of £241,385.

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For the year ended 31 July 2019

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	183,567	172,183

During the current and previous period no director received remuneration through the company; the above is in respect of the group. No guarantees have been given or received.

Group and company

In the prior year the directors advanced the company £300,000, at the year end £200,000 remains outstanding. The loan is repayable in two equal instalments ending 30 June 2020 and incurs interest at a rate of 10% per annum. During the period interest of £20,671 (2018: £42,839) was paid to the directors in respect of these loans.

31 Cash generated from group operations

	2019	2018
	£	£
Profit for the year after tax	876,831	700,247
Adjustments for:		
Taxation charged	148,747	110,753
Finance costs	138,561	162,576
Gain on disposal of tangible fixed assets	(26,991)	(7,013)
Amortisation and impairment of intangible assets	102,800	(159,213)
Depreciation and impairment of tangible fixed assets	1,037,437	1,118,639
Movements in working capital:		
(Increase) in stocks	(239,793)	(204,634)
Decrease/(increase) in debtors	53,099	(78,221)
(Decrease)/increase in creditors	(896,423)	178,151
Cash generated from operations	1,194,268	1,821,285