

Company Registration Number 00330823 (England and Wales)

TEKZONE SOUND AND VISION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

cottons group

TEKZONE SOUND AND VISION LIMITED

COMPANY INFORMATION

Directors	Mr JR Gardner Mr C Gardner Ms MD Russell-Vick
Secretary	Mr C Gardner
Company number	00330823
Registered office	Unit 5 Glebelands Centre Vincent Lane Dorking Surrey UK RH4 3HW
Auditor	Cottons Accountants LLP The Stables Church Walk Daventry Northamptonshire UK NN11 4BL

TEKZONE SOUND AND VISION LIMITED

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TEKZONE SOUND AND VISION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

Tekzone Sound and Vision Ltd is a company specializing in electronics concessions within major department stores and the online marketplace. Our mission is to provide high-quality electronics products and services to our customers while ensuring financial stability and growth in a dynamic industry.

The company is pleased to report a positive performance during the reporting period, with an optimistic outlook for the future. The company will continue to leverage its extensive experience in operating electronics concessions both within major department stores and the online marketplace.

Business Strategy:

Product Diversification: Expand our product range to include innovative and trending electronics, meeting market demands.

Online Presence: Invest in online marketing, e-commerce platforms, and user-friendly websites to enhance the online shopping experience.

Financial Prudence: Continue reducing borrowing and focus on efficient financial management.

Client Focused Approach: Provide exceptional customer service, warranties, and post-purchase support to build customer loyalty.

Principal risks and uncertainties

The company acknowledges several principal risks and uncertainties that impact its operations:

1. Fluctuating Foreign Currency Exchange Rates.
2. Competitive Dynamics within the Electronics Industry, particularly in the online sphere.
3. Global Supply Chain Challenges.
4. Interest Rate Fluctuations and their potential adverse effects on consumer spending.

Development and performance

The company has taken several strategic steps to enhance its financial stability and operational efficiency:

1. **Increased Stock Levels and Reduced Borrowing:** Since 2020, the company has successfully increased its stock levels while reducing overall borrowing, demonstrating a commitment to financial prudence. Notably, 75% of CBILs have been cleared to date.

2. **Key Performance Indicators (KPIs):** The company's directors closely monitor essential KPIs to gauge the company's performance, including:

- A 17.5% increase in Company Turnover in FY22.
- A remarkable 109% rise in Company Profit Before Tax during FY22.
- Vigilant monitoring of section managers, focusing on both sales and profit.
- Setting and tracking individual sales targets to ensure the attainment of overarching sales and profitability objectives.

The Future

These achievements reflect the company's dedication to growth, financial stability, and maintaining a competitive edge in the dynamic electronics industry. Tekzone Sound and Vision Ltd aim to continue with their current concession contracts and web sites, continuing to build on the already impressive results since the pandemic.

TEKZONE SOUND AND VISION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board

Mr JR Gardner
Director

2 October 2023

TEKZONE SOUND AND VISION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of the retail of IT, photographic, video, television and audio equipment.

Results and dividends

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

Ordinary dividends were paid amounting to £114,000. 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:

Mr JR Gardner
Mr C Gardner
Ms MD Russell-Vick

Auditor

The auditors, Cottons Accountants LLP, are 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.

TEKZONE SOUND AND VISION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board

Mr JR Gardner
Director

2 October 2023

TEKZONE SOUND AND VISION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEKZONE SOUND AND VISION LIMITED

Opinion

We have audited the financial statements of Tekzone Sound and Vision Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 31 March 2023 and of its 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

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.

TEKZONE SOUND AND VISION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TEKZONE SOUND AND VISION LIMITED

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

TEKZONE SOUND AND VISION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TEKZONE SOUND AND VISION LIMITED

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006 and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;

considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

TEKZONE SOUND AND VISION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TEKZONE SOUND AND VISION LIMITED

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.

Richard Wilch FCCA
Senior Statutory Auditor
For and on behalf of Cottons Accountants LLP

5 October 2023

Chartered Accountants
Statutory Auditor

The Stables
Church Walk
Daventry
Northamptonshire
UK
NN11 4BL

TEKZONE SOUND AND VISION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	14,385,016	12,247,139
Cost of sales		(10,143,202)	(8,845,656)
Gross profit		4,241,814	3,401,483
Administrative expenses		(3,815,923)	(3,645,482)
Other operating income		430,790	707,203
Operating profit	4	856,681	463,204
Interest receivable and similar income	7	8	-
Interest payable and similar expenses	8	(52,863)	(69,913)
Profit before taxation		803,826	393,291
Tax on profit	9	(170,603)	(99,260)
Profit for the financial year		633,223	294,031

The profit and loss account has been prepared on the basis that all operations are continuing operations.

TEKZONE SOUND AND VISION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	11		452,577		603,436
Current assets					
Stocks	13	2,379,666		2,458,595	
Debtors	14	706,194		896,687	
Cash at bank and in hand		612,368		87,110	
		<u>3,698,228</u>		<u>3,442,392</u>	
Creditors: amounts falling due within one year	15	<u>(1,815,507)</u>		<u>(2,163,003)</u>	
Net current assets			<u>1,882,721</u>		<u>1,279,389</u>
Total assets less current liabilities			<u>2,335,298</u>		<u>1,882,825</u>
Creditors: amounts falling due after more than one year	16		(250,917)		(313,288)
Provisions for liabilities					
Deferred tax liability	18	<u>73,910</u>		<u>78,289</u>	
			<u>(73,910)</u>		<u>(78,289)</u>
Net assets			<u><u>2,010,471</u></u>		<u><u>1,491,248</u></u>
Capital and reserves					
Called up share capital	21		208		208
Share premium account	22		39,914		39,914
Capital redemption reserve	23		138		138
Profit and loss reserves	24		<u>1,970,211</u>		<u>1,450,988</u>
Total equity			<u><u>2,010,471</u></u>		<u><u>1,491,248</u></u>

The financial statements were approved by the board of directors and authorised for issue on 2 October 2023 and are signed on its behalf by:

Mr JR Gardner
Director

Company Registration No. 00330823

TEKZONE SOUND AND VISION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2021		208	39,914	138	1,270,957	1,311,217
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	294,031	294,031
Dividends	10	-	-	-	(114,000)	(114,000)
Balance at 31 March 2022		208	39,914	138	1,450,988	1,491,248
Year ended 31 March 2023:						
Profit and total comprehensive income for the year		-	-	-	633,223	633,223
Dividends	10	-	-	-	(114,000)	(114,000)
Balance at 31 March 2023		208	39,914	138	1,970,211	2,010,471

TEKZONE SOUND AND VISION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	859,238		759,731	
Interest paid		(52,863)		(69,913)	
Income taxes paid		(56,745)		(16)	
Net cash inflow from operating activities		<u>749,630</u>		<u>689,802</u>	
Investing activities					
Purchase of tangible fixed assets		-	(58,484)		
Interest received		<u>8</u>	<u>-</u>		
Net cash generated from/(used in) investing activities			8		(58,484)
Financing activities					
Repayment of bank loans		(110,380)	113,395		
Payment of finance leases obligations		-	(213,567)		
Dividends paid		<u>(114,000)</u>	<u>(114,000)</u>		
Net cash used in financing activities		<u>(224,380)</u>		<u>(214,172)</u>	
Net increase in cash and cash equivalents		525,258		417,146	
Cash and cash equivalents at beginning of year		<u>87,110</u>		<u>(330,036)</u>	
Cash and cash equivalents at end of year		<u><u>612,368</u></u>		<u><u>87,110</u></u>	

The notes on pages 13 to 24 form part of these financial statements.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Tekzone Sound and Vision Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 5 Glebelands Centre, Vincent Lane, Dorking, Surrey, UK, RH4 3HW.

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 £.

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

1.2 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.

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.

1.3 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

1.4 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:

Fixtures and fittings	25% on reducing balance
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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.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1.6 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.

1.7 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.

1.8 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.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

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.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including 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.

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.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and 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.

1.9 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.

1.10 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.

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.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

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

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 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.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Sales of goods	14,123,538	12,042,866
Sales out manufacturer claims	261,478	204,273
	<u>14,385,016</u>	<u>12,247,139</u>
	2023	2022
	£	£
Other revenue		
Interest income	8	-
Grants received	-	60,729
	<u>-</u>	<u>60,729</u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(60,729)
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	6,300
Depreciation of owned tangible fixed assets	150,859	186,524
Operating lease charges	63,248	66,286
	<u>222,117</u>	<u>298,381</u>

5 Employees

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

	2023	2022
	Number	Number
Administrative & operational staff	55	63
	<u>55</u>	<u>63</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	1,568,555	1,561,149
Social security costs	161,286	138,993
Pension costs	29,576	27,157
	<u>1,759,417</u>	<u>1,727,299</u>

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	169,933	166,744
Company pension contributions to defined contribution schemes	1,321	1,321
	<u>171,254</u>	<u>168,065</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

7 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	8	-
	<u>8</u>	<u>-</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	8	-
	<u>8</u>	<u>-</u>

8 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	53,475	57,454
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	12,459
Other interest	(612)	-
	<u>52,863</u>	<u>69,913</u>

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	174,982	91,697
Adjustments in respect of prior periods	-	23,909
Total current tax	<u>174,982</u>	<u>115,606</u>
Deferred tax		
Origination and reversal of timing differences	(4,379)	(16,346)
Total tax charge	<u>170,603</u>	<u>99,260</u>

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation

(Continued)

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:

	2023 £	2022 £
Profit before taxation	803,826	393,291
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	152,727	74,725
Tax effect of expenses that are not deductible in determining taxable profit	24,422	35,440
Permanent capital allowances in excess of depreciation	(6,546)	(19,094)
Under/(over) provided in prior years	-	23,909
Deferred tax adjustments in respect of prior years	-	(16,346)
Movement in pension creditor	-	626
Taxation charge for the year	170,603	99,260

10 Dividends

	2023 Per share £	2022 Per share £	2023 Total £	2022 Total £
Ordinary				
Interim paid	548.08	548.08	114,000	114,000

11 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 April 2022 and 31 March 2023	2,252,210
Depreciation and impairment	
At 1 April 2022	1,648,774
Depreciation charged in the year	150,859
At 31 March 2023	1,799,633
Carrying amount	
At 31 March 2023	452,577
At 31 March 2022	603,436

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Financial instruments

	2023 £	2022 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	634,580	794,041
Carrying amount of financial liabilities		
Measured at amortised cost	1,600,537	2,020,208

13 Stocks

	2023 £	2022 £
Finished goods and goods for resale	2,379,666	2,458,595

14 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	384,772	409,935
Corporation tax recoverable	-	34,952
Other debtors	161,916	140,397
Prepayments and accrued income	159,506	311,403
	706,194	896,687

15 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	17	252,098	300,107
Trade creditors		1,072,140	1,386,012
Corporation tax		174,982	91,697
Other taxation and social security		218,286	156,302
Deferred income	19	72,619	208,084
Other creditors		3,709	7,753
Accruals and deferred income		21,673	13,048
		1,815,507	2,163,003

16 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	17	250,917	313,288

A Fixed and floating charge over all assets both present and future is held by HSBC for the bank overdraft and loan.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Loans and overdrafts

	2023 £	2022 £
Bank loans	503,015	613,395
Payable within one year	252,098	300,107
Payable after one year	250,917	313,288

The long-term loans are secured by fixed charges over 5 years.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	73,910	78,289
Movements in the year:		2023 £
Liability at 1 April 2022		78,289
Credit to profit or loss		(23,279)
Effect of change in tax rate - profit or loss		18,900
Liability at 31 March 2023		73,910

19 Deferred income

	2023 £	2022 £
Other deferred income	72,619	208,084

20 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	29,576	27,157

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.

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Retirement benefit schemes

(Continued)

The amount outstanding at the year end was £5,889 (2022: £5,167)

21 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid Ordinary of £1 each	208	208	208	208

22 Share premium account

	2023 £	2022 £
At the beginning and end of the year	39,914	39,914

23 Capital redemption reserve

	2023 £	2022 £
At the beginning and end of the year	138	138

24 Profit and loss reserves

	2023 £	2022 £
At the beginning of the year	1,450,988	1,270,957
Profit for the year	633,223	294,031
Dividends declared and paid in the year	(114,000)	(114,000)
At the end of the year	1,970,211	1,450,988

25 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	857,699	89,621
Between two and five years	1,148,068	1,725,245
In over five years	247,050	-
	2,252,817	1,814,866

TEKZONE SOUND AND VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

26 Ultimate controlling party

There is no ultimate controlling party of Tekzone Sound and Vision Limited as there is no majority shareholder of the company.

27 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	633,223	294,031
Adjustments for:		
Taxation charged	170,603	99,260
Finance costs	52,863	69,913
Investment income	(8)	-
Depreciation and impairment of tangible fixed assets	150,859	186,524
Movements in working capital:		
Decrease in stocks	78,929	76,408
Decrease/(increase) in debtors	155,541	(508,681)
(Decrease)/increase in creditors	(247,307)	526,030
(Decrease)/increase in deferred income	(135,465)	16,246
Cash generated from operations	859,238	759,731

28 Analysis of changes in net funds/(debt)

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	87,110	525,258	612,368
Borrowings excluding overdrafts	(613,395)	110,380	(503,015)
	(526,285)	635,638	109,353

29 Auditor's liability limitation agreement

Upon appointment of Cottons Accountants LLP as auditors, the company entered into a limitation liability agreement with the auditors and this was approved by resolution on 23rd June 2023. Liability is limited to the lesser of 20 times the audit fee or £160,000. In accordance with section 537 of CA06, the effect of the liability limitation agreement is to limit the auditor's liability to less than such amount as is fair and reasonable, as determined by that section, the agreement shall have effect as if it limited the liability to such amount as is fair and reasonable, as so determined.

The agreement limits the liability owed to the company by the auditors in respect of any negligence, default or breach of duty, or breach of trust, occurring in the course of the audit of the accounts for the year ending 31st March 2023.

The agreement does not limit liability for any instance of fraud or dishonesty on behalf of the auditor or any other liability that cannot be excluded or restricted by applicable laws or regulations.

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