

Registered number: 06806607

KSR Lighting Limited

Annual report and financial statements

For the Year Ended 31 March 2022



KSR Lighting Limited

Company Information

Directors

Mr J Callander
Mr M Callander
Mrs K Callander
Mrs S Callander

Company secretary

Mr M Callander

Registered number

06806607

Registered office

9 Donnington Park
85 Birdham Road
Chichester
West Sussex
PO20 7AJ

Independent auditors

Kreston Reeves LLP
Chartered Accountants and Statutory Auditor
9 Donnington Park
85 Birdham Road
Chichester
West Sussex
United Kingdom
PO20 7AJ

KSR Lighting Limited

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KSR Lighting Limited

Strategic report For the Year Ended 31 March 2022

Introduction

The principal activity of the Company is the distribution of lighting to the wholesale sector.

The Company trades from premises in Horndean, Waterlooville, Hampshire.

Business review

During the year the Company faced unavoidable challenges resulting from the continued increase in shipping costs and increase in living costs in the UK. However, the Company adapted in light of these economic factors and has managed to achieve strong results for the year.

The directors believe that the sales for the year to 31 March 2023 will see a small increase as the UK faces uncertainty in the marketplace but with relocation of our premises in 2023 this will help to grow our business further.

The directors consider the results for the financial year to be strong given the adverse trading conditions during the last 12 months with the impact of increasing costs in transportation from the Far East and cost of living increases in the UK.

The Company managed to increase its turnover compared to the prior financial year by nearly £3 million, despite the increase in raw material costs over the last 12 months.

By carefully controlling overheads as far as possible, the Company also achieved a net profit for the year after tax of £2.3 million, which exceeds last year's profit after tax of £2.1 million.

The net asset position has increased during the year from £6.4 million to £8.2 million, which clearly presents a strong position to the shareholders.

Principal risks and uncertainties

Credit Risk: - The Company regularly carries out a rigorous credit control on all accounts and consistently updates credit limits to ensure that bad debts are kept to a minimum.

Currency Risk: - The Company is exposed to foreign exchange markets. This exposure is managed by monitoring currency fluctuations daily and ensuring that there are forward contracts in place to ensure consistent rates, which in turn has a less detrimental effect on the running of the business.

Economic Risk: - World events like the recent increases in raw materials costs, labour costs and energy costs has put pressure on our margins.

We believe that there are many factors that will continue to affect our ability to sustain and increase both revenue and profitability and impact the nature and amount of our expenditure, including:

Technological change: - Our success depends in part on our ability to keep pace with technological changes and evolving industry standards in our product offerings and to successfully develop, launch and drive demand for new and enhanced, innovative, high-quality solutions that meet or exceed customer needs.

Financial key performance indicators


The Directors consider the following measures to be the key performance indicators to monitor the business:

KSR Lighting Limited

**Strategic report (continued)
For the Year Ended 31 March 2022**

	2022	2021
	£	£
Turnover	15,546,266	12,616,983
Gross profit	31.5%	34.4%
EBITDA	2,894,194	2,737,280

This report was approved by the board and signed on its behalf.


.....
Mr J Callander
Director

Date: 31.10.2022

KSR Lighting Limited

Directors' report For the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Directors

The directors who served during the year were:

Mr J Callander
Mr M Callander
Mrs K Callander
Mrs S Callander

Future developments

The directors will continue to strive to expand the range of products they are able to offer.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

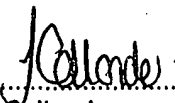
KSR Lighting Limited

Directors' report (continued)
For the Year Ended 31 March 2022

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
Mr J Callander
Director

Date: 31.10.2022.

KSR Lighting Limited

Independent auditors' report to the members of KSR Lighting Limited

Opinion

We have audited the financial statements of KSR Lighting Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 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 2022 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

KSR Lighting Limited

Independent auditors' report to the members of KSR Lighting Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

KSR Lighting Limited

Independent auditors' report to the members of KSR Lighting Limited (continued)

Auditors' 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 Auditors' 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.

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

Based on our understanding of the Company and industry, and through discussion with the directors (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Checking and reperforming the reconciliation of key control accounts; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax and regulatory authorities; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

KSR Lighting Limited

Independent auditors' report to the members of KSR Lighting Limited (continued)

- collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.



Simon Webber BA (hons) DChA FCA (Senior statutory auditor)
for and on behalf of

Kreston Reeves LLP

Chartered Accountants and Statutory Auditor
Chichester

Date: 1 November 2022

KSR Lighting Limited

Statement of comprehensive income For the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover		15,546,266	12,616,983
Cost of sales		(10,651,722)	(8,271,579)
Gross profit		4,894,544	4,345,404
Administrative expenses		(2,033,175)	(1,835,993)
Other operating income		-	199,607
Operating profit		2,861,369	2,709,018
Interest receivable and similar income		-	88
Interest payable and similar expenses		(6,362)	(5,340)
Profit before tax		2,855,007	2,703,766
Tax on profit	14	(552,951)	(522,460)
Profit for the financial year		2,302,056	2,181,306

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 14 to 26 form part of these financial statements.

KSR Lighting Limited
Registered number: 06806607

Balance sheet
As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	16	10,768	18,368
Tangible assets	17	45,642	45,895
		<u>56,410</u>	<u>64,263</u>
Current assets			
Stocks	18	5,674,463	2,873,894
Debtors: amounts falling due within one year	19	7,904,252	7,407,398
Cash at bank and in hand	20	334,444	774,601
		<u>13,913,159</u>	<u>11,055,893</u>
Creditors: amounts falling due within one year	21	(5,309,875)	(4,259,090)
Net current assets		<u>8,603,284</u>	<u>6,796,803</u>
Total assets less current liabilities		<u>8,659,694</u>	<u>6,861,066</u>
Creditors: amounts falling due after more than one year	22	(420,000)	(450,000)
Provisions for liabilities			
Deferred tax	23	(11,672)	(8,868)
		<u>(11,672)</u>	<u>(8,868)</u>
Net assets		<u><u>8,228,022</u></u>	<u><u>6,402,198</u></u>
Capital and reserves			
Called up share capital	24	150	150
Share premium account		24,950	24,950
Capital redemption reserve		30,000	-
Profit and loss account		8,172,922	6,377,098
		<u>8,228,022</u>	<u>6,402,198</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr J Callander
 Director

Date: 31.10.2022.

The notes on pages 14 to 26 form part of these financial statements.

KSR Lighting Limited

**Statement of changes in equity
For the Year Ended 31 March 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020	150	24,950	-	4,478,032	4,503,132
Comprehensive income for the year					
Profit for the year	-	-	-	2,181,306	2,181,306
Dividends: Equity capital	-	-	-	(282,240)	(282,240)
At 1 April 2021	150	24,950	-	6,377,098	6,402,198
Comprehensive income for the year					
Profit for the year	-	-	-	2,302,056	2,302,056
Dividends: Equity capital	-	-	-	(476,232)	(476,232)
Purchase of own shares	-	-	30,000	-	30,000
Transfer to/from profit and loss account	-	-	-	(30,000)	(30,000)
Total transactions with owners	-	-	30,000	(506,232)	(476,232)
At 31 March 2022	150	24,950	30,000	8,172,922	8,228,022

The notes on pages 14 to 26 form part of these financial statements.

KSR Lighting Limited

**Statement of cash flows
For the Year Ended 31 March 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	2,302,056	2,181,306
Adjustments for:		
Amortisation of intangible assets	7,600	3,166
Depreciation of tangible assets	25,225	25,096
Loss on disposal of tangible assets	(13,867)	-
Government grants	-	(199,607)
Interest paid	6,362	5,340
Interest received	-	(88)
Taxation charge	552,951	522,460
(Increase) in stocks	(2,800,569)	(429,763)
(Increase) in debtors	(496,854)	(1,526,831)
Increase in creditors	1,104,094	491,066
Corporation tax (paid)	(603,456)	(421,534)
Net cash generated from operating activities	83,542	650,611
Cash flows from investing activities		
Purchase of tangible fixed assets	(30,105)	(1,711)
Sale of tangible fixed assets	19,000	-
Government grants received	-	199,607
Interest received	-	88
Net cash from investing activities	(11,105)	197,984
Cash flows from financing activities		
Shares treated as debt - redeemed	(30,000)	-
Dividends paid	(476,232)	(282,240)
Interest paid	(6,362)	(5,340)
Net cash used in financing activities	(512,594)	(287,580)
Net (decrease)/increase in cash and cash equivalents	(440,157)	561,015
Cash and cash equivalents at beginning of year	774,601	213,586
Cash and cash equivalents at the end of year	334,444	774,601
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	334,444	774,601
	334,444	774,601

The notes on pages 14 to 26 form part of these financial statements.

KSR Lighting Limited

**Analysis of Net Debt
For the Year Ended 31 March 2022**

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash at bank and in hand	774,601	(440,157)	-	334,444
Debt due after 1 year	(450,000)	-	30,000	(420,000)
Debt due within 1 year	(714,829)	(61,201)	-	(776,030)
	<u>(390,228)</u>	<u>(501,358)</u>	<u>30,000</u>	<u>(861,586)</u>

The notes on pages 14 to 26 form part of these financial statements.

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

1. General information

The Company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

9 Donnington Park
85 Birdham Road
Chichester
West Sussex
PO20 7AJ

The principal place of business is:

Unit E Hazleton Interchange
Lakesmere Road
Horndean
Hampshire
PO8 9JU

2. Redemption of preference shares

On 10 March 2022, 30,000 preference shares of £1.00 each were redeemed.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

3. Accounting policies (continued)

3.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

3.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

3.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

3.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

3. Accounting policies (continued)

3.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website	-	3	years
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3.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

3. Accounting policies (continued)

3.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	20% straight line
Plant and machinery	-	25% straight line
Motor vehicles	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

3.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

3. Accounting policies (continued)

3.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

3.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

In application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying value of assets and liabilities. The estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

The estimates and assumptions which have the highest risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Stock provision

The directors have concluded that all necessary stock adjustments have been made and there is no obsolete stock at the year end (2021: £105,583).

KSR Lighting Limited**Notes to the financial statements
For the Year Ended 31 March 2022****5. Turnover**

The whole of the turnover is attributable to the sales of lighting products.

	2022 £	2021 £
United Kingdom	15,546,266	12,616,983
	<u>15,546,266</u>	<u>12,616,983</u>

6. Other operating income

	2022 £	2021 £
Government grants receivable	-	199,607
	<u>-</u>	<u>199,607</u>

7. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Exchange differences	(99,174)	38,630
Other operating lease rentals	399,933	338,020
	<u>399,933</u>	<u>338,020</u>

8. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,000	12,000
	<u>11,000</u>	<u>12,000</u>

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

9. Employees

	2022	2021
	£	£
Wages and salaries	1,097,202	1,074,737
Social security costs	96,835	97,764
Cost of defined contribution scheme	23,273	23,399
	1,217,310	1,195,900

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Number of employees	34	35

10. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	54,500	53,071
	54,500	53,071

11. Wages analysis

	2022	2021
	£	£
Management and administration	380,240	199,074
Warehouse and distribution	166,305	244,387
Sales	550,657	631,276

12. Interest receivable

	2022	2021
	£	£
Other interest receivable	-	88
	-	88

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

13. Interest payable and similar expenses

	2022 £	2021 £
Other interest payable	6,362	5,340
	<u>6,362</u>	<u>5,340</u>

14. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	550,147	526,456
Total current tax	<u>550,147</u>	<u>526,456</u>
Deferred tax		
Origination and reversal of timing differences	2,804	(3,996)
Total deferred tax	<u>2,804</u>	<u>(3,996)</u>
Taxation on profit on ordinary activities	<u>552,951</u>	<u>522,460</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>2,855,007</u>	<u>2,703,766</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	542,451	513,716
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,876	8,208
Short term timing difference leading to an increase (decrease) in taxation	(178)	536
Other differences leading to an increase (decrease) in the tax charge	2,802	-
Total tax charge for the year	<u>552,951</u>	<u>522,460</u>

Factors that may affect future tax charges

The main rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023.

KSR Lighting Limited

**Notes to the financial statements
For the Year Ended 31 March 2022**

15. Dividends

	2022 £	2021 £
Shareholder dividends	476,232	282,240
	<u>476,232</u>	<u>282,240</u>

16. Intangible assets

	Website £
Cost	
At 1 April 2021	22,800
At 31 March 2022	<u>22,800</u>
Amortisation	
At 1 April 2021	4,432
Charge for the year on owned assets	7,600
At 31 March 2022	<u>12,032</u>
Net book value	
At 31 March 2022	<u>10,768</u>
At 31 March 2021	<u>18,368</u>

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

17. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2021	31,386	187,201	22,000	240,587
Additions	-	3,117	26,988	30,105
Disposals	-	-	(22,000)	(22,000)
At 31 March 2022	<u>31,386</u>	<u>190,318</u>	<u>26,988</u>	<u>248,692</u>
Depreciation				
At 1 April 2021	26,284	155,941	12,467	194,692
Charge for the year on owned assets	2,448	15,678	7,099	25,225
Disposals	-	-	(16,867)	(16,867)
At 31 March 2022	<u>28,732</u>	<u>171,619</u>	<u>2,699</u>	<u>203,050</u>
Net book value				
At 31 March 2022	<u>2,654</u>	<u>18,699</u>	<u>24,289</u>	<u>45,642</u>
At 31 March 2021	<u>5,102</u>	<u>31,260</u>	<u>9,533</u>	<u>45,895</u>

18. Stocks

	2022 £	2021 £
Finished goods and goods for resale	5,674,463	2,873,894
	<u>5,674,463</u>	<u>2,873,894</u>

19. Debtors

	2022 £	2021 £
Trade debtors	7,406,648	6,896,707
Other debtors	78,372	93,809
Prepayments and accrued income	419,232	416,882
	<u>7,904,252</u>	<u>7,407,398</u>

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

20. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	334,444	774,601
	334,444	774,601

21. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	3,263,286	2,386,848
Corporation tax	291,147	344,456
Other taxation and social security	217,847	623,442
Other creditors	1,131,465	744,085
Accruals and deferred income	406,130	160,259
	5,309,875	4,259,090

The aggregate amount of secured liabilities included in other creditors is £336,149 (2021: £nil) all of which is due within one year.

On 12 April 2019 the Company had a fixed and floating charge placed over all of the assets in the form of a debenture.

On 26 June 2012 the Company had a fixed and floating charge placed over all of the assets in the form of a debenture.

22. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Redeemable preference shares	420,000	450,000
	420,000	450,000

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

23. Deferred taxation

	2022 £
At beginning of year	(8,868)
Charged to profit or loss	(2,804)
At end of year	(11,672)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(11,672)	(8,868)
	(11,672)	(8,868)

24. Share capital

	2022 £	2021 £
Shares classified as equity		
Allotted, called up and fully paid		
150 (2021 - 150) Ordinary shares of £1.00 each	150	150
	2022 £	2021 £
Shares classified as debt		
Allotted, called up and partly paid		
420,000 (2021 - 450,000) Preference shares of £1.00 each	420,000	450,000

25. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	323,205	306,806
Later than 1 year and not later than 5 years	182,828	414,459
	506,033	721,265

KSR Lighting Limited

Notes to the financial statements For the Year Ended 31 March 2022

26. Related party transactions

Key management compensation

The directors of the Company have defined key management personnel as the directors of the company.

Transactions with other related parties

During the year KSR Lighting Limited made sales of £60,775 (2021: £10,933) to a company under joint control. KSR Lighting Limited also made a loan to the company. As at the year end the total balance due from the company to KSR Lighting Limited was £16,986 (2021: £16,986).

During the year KSR Lighting Limited made purchases of £2,645,458 (2021: £1,265,157) from a company under joint control. As at the year end the net balance due to the company from KSR Lighting Limited was £375,396 (2021: £115,606).