

Registered number: 06806607

KSR Lighting Limited

Annual report and financial statements

For the Year Ended 31 March 2021

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 P020 7AJ

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**Strategic report
For the Year Ended 31 March 2021**

Introduction

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

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

Business review

Like many businesses, during the year the Company faced unavoidable challenges resulting from both COVID-19 and Brexit. However, the Company adapted in light of these economic factors and has managed to achieve strong results for the year. the Company also benefited from the UK government support available during the pandemic, including the Coronavirus Job Retention Scheme.

The Directors are confident that the sales for the year to 31 March 2022 will see a substantial increase as the UK faces less economic uncertainty.

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 COVID-19 and the uncertainty of Brexit.

The Company managed to finish with a very similar turnover to the prior financial year, despite only having traded for 10 months of the financial year due to the UK government-imposed lockdowns.

By controlling costs as far as possible the Company also achieved a net profit for the year after tax of £2million, which exceeds last year's profit of £1.5million.

The net asset position has increased during the year from £4.5million to £6.2million, which clearly presents a strong position to 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 set 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 are 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 shortage of shipping containers since COVID-19 began has put pressure on margins as a result of substantially increased container costs.

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 or expenditures, 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 our customer needs.

Strategic report (continued)
For the Year Ended 31 March 2021

Financial key performance indicators

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

	2021	2020
	£	£
Turnover	12,616,983	12,709,226
Gross profit	34.4%	30.2%
EBITDA	<u>2,737,280</u>	<u>1,917,115</u>

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

.....
Mr J Callander
Director

Date: 17 December 2021

**Directors' report
For the Year Ended 31 March 2021**

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

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 2021

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: 17 December 2021

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 2021, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of cash flows 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 2021 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.

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.

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, GDPR) and fraud; and
 - Assessment of identified fraud risk factors; and
 - Challenging assumptions and judgments made by management in its significant accounting estimates;
- 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; and
 - Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
 - Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation; and
 - Attendance at the year end stock count; and
 - Third party confirmation from the bank for cash balances at year end; and
 - Review of post year end customer receipts to support debtor recoverability.

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.

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

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 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.

Other matters

The prior period financial statements were not audited.

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

17 December 2021

Statement of income and retained earnings
For the Year Ended 31 March 2021

	2021 £	2020 £
Turnover	12,616,983	12,709,226
Cost of sales	(8,271,579)	(8,875,791)
Gross profit	4,345,404	3,833,435
Administrative expenses	(1,835,993)	(1,946,467)
Other operating income	199,607	-
Operating profit	2,709,018	1,886,968
Interest receivable and similar income	88	-
Interest payable and similar expenses	(5,340)	(39,624)
Profit before tax	2,703,766	1,847,344
Tax on profit	(522,460)	(363,510)
Profit after tax	2,181,306	1,483,834
Retained earnings at the beginning of the year	4,478,032	3,235,698
	4,478,032	3,235,698
Profit for the year	2,181,306	1,483,834
Dividends declared and paid	(282,240)	(241,500)
Retained earnings at the end of the year	6,377,098	4,478,032

The notes on pages 13 to 25 form part of these financial statements.

Balance sheet
As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	15	18,368	21,534
Tangible assets	16	45,895	69,279
		<u>64,263</u>	<u>90,813</u>
Current assets			
Stocks	17	2,873,894	2,444,131
Debtors: amounts falling due within one year	18	7,407,398	5,880,568
Cash at bank and in hand	19	774,601	213,586
		<u>11,055,893</u>	<u>8,538,285</u>
Creditors: amounts falling due within one year	20	(4,259,090)	(3,663,102)
Net current assets		<u>6,796,803</u>	<u>4,875,183</u>
Total assets less current liabilities		<u>6,861,066</u>	<u>4,965,996</u>
Creditors: amounts falling due after more than one year	21	(450,000)	(450,000)
Provisions for liabilities			
Deferred tax	23	(8,868)	(12,864)
		<u>(8,868)</u>	<u>(12,864)</u>
Net assets		<u><u>6,402,198</u></u>	<u><u>4,503,132</u></u>
Capital and reserves			
Called up share capital	24	150	150
Share premium account		24,950	24,950
Profit and loss account		6,377,098	4,478,032
		<u><u>6,402,198</u></u>	<u><u>4,503,132</u></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: 17 December 2021

The notes on pages 13 to 25 form part of these financial statements.

Statement of cash flows
For the Year Ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,181,306	1,483,834
Adjustments for:		
Amortisation of intangible assets	3,166	1,266
Depreciation of tangible assets	25,096	28,881
Government grants	(199,607)	-
Interest paid	5,340	39,624
Interest received	(88)	-
Taxation charge	522,460	363,510
(Increase) in stocks	(429,763)	(94,202)
(Increase) in debtors	(1,526,831)	(1,140,739)
Increase in creditors	491,066	55,003
Corporation tax (paid)	(421,534)	(306,927)
Net cash generated from operating activities	650,611	430,250
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(22,800)
Purchase of tangible fixed assets	(1,711)	(9,007)
Government grants received	199,607	-
Interest received	88	-
Net cash from investing activities	197,984	(31,807)
Cash flows from financing activities		
Dividends paid	(282,240)	(241,500)
Interest paid	(5,340)	(39,624)
Net cash used in financing activities	(287,580)	(281,124)
Net increase in cash and cash equivalents	561,015	117,319
Cash and cash equivalents at beginning of year	213,586	96,267
Cash and cash equivalents at the end of year	774,601	213,586
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	774,601	213,586
	774,601	213,586

The notes on pages 13 to 25 form part of these financial statements.

Analysis of Net Debt
For the Year Ended 31 March 2021

	At 1 April 2020	Cash flows	At 31 March
	£	£	2021 £
Cash at bank and in hand	213,586	561,015	774,601
Debt due after 1 year	(450,000)	-	(450,000)
Debt due within 1 year	(715,329)	500	(714,829)
	<u>(951,743)</u>	<u>561,515</u>	<u>(390,228)</u>

The notes on pages 13 to 25 form part of these financial statements.

**Notes to the financial statements
For the Year Ended 31 March 2021**

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. Accounting policies

2.1 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 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. While the impact of the COVID-19 virus has been assessed by the directors, so far as reasonably possible, due to its unprecedented nature on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the Company's trade, its customers and suppliers.

However, taking into consideration the UK Government's response and the company's planning, the directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future.

Notes to the financial statements
For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.3 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.

2.4 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.

2.5 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 income and retained earnings in the same period as the related expenditure.

2.6 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.

Notes to the financial statements
For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.7 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.

2.8 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.

2.9 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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2.10 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.

Notes to the financial statements
For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

**Notes to the financial statements
For the Year Ended 31 March 2021**

2. Accounting policies (continued)

2.16 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.

2.17 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 income and retained earnings.

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.

3. 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

A provision has been made for obsolete stock. This provision is an estimate and has been calculated by reviewing the ageing of stock. The provision for obsolete stock was £105,583 (2020: £77,085).

Notes to the financial statements
For the Year Ended 31 March 2021

4. Turnover

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

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants receivable	199,607	-
	<u>199,607</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	38,630	5,649
Other operating lease rentals	<u>338,020</u>	<u>339,124</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>12,000</u>	<u>-</u>

Notes to the financial statements
For the Year Ended 31 March 2021

8. Employees

	2021 £	2020 £
Wages and salaries	1,074,737	1,082,754
Social security costs	97,764	101,770
Cost of defined contribution scheme	23,399	22,754
	<u>1,195,900</u>	<u>1,207,278</u>

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

	2021 No.	2020 No.
Number of employees	<u>35</u>	<u>34</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	53,071	96,375
	<u>53,071</u>	<u>96,375</u>

10. Wages analysis

	2021 £	2020 £
Management and administration	199,074	293,161
Warehouse and distribution	244,387	325,473
Sales	<u>631,276</u>	<u>464,120</u>

11. Interest receivable

	2021 £	2020 £
Other interest receivable	88	-
	<u>88</u>	<u>-</u>

Notes to the financial statements
For the Year Ended 31 March 2021

12. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	5,340	39,624
	<u>5,340</u>	<u>39,624</u>

13. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	526,456	365,534
	<u>526,456</u>	<u>365,534</u>
Total current tax	<u>526,456</u>	<u>365,534</u>
Deferred tax		
Origination and reversal of timing differences	(3,996)	(2,024)
	<u>(3,996)</u>	<u>(2,024)</u>
Total deferred tax	<u>(3,996)</u>	<u>(2,024)</u>
Taxation on profit on ordinary activities	<u>522,460</u>	<u>363,510</u>

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	2,703,766	1,847,344
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	513,716	350,995
Effects of:		
Other differences leading to an increase (decrease) in the tax charge	8,744	12,515
Total tax charge for the year	<u>522,460</u>	<u>363,510</u>

Factors that may affect future tax charges

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

**Notes to the financial statements
For the Year Ended 31 March 2021**

14. Dividends

	2021 £	2020 £
Shareholder dividends	282,240	241,500
	<u>282,240</u>	<u>241,500</u>

15. Intangible assets

	Website £
Cost	
At 1 April 2020	22,800
At 31 March 2021	<u>22,800</u>
Amortisation	
At 1 April 2020	1,266
Charge for the year on owned assets	3,166
At 31 March 2021	<u>4,432</u>
Net book value	
At 31 March 2021	<u>18,368</u>
At 31 March 2020	<u>21,534</u>

Notes to the financial statements
For the Year Ended 31 March 2021

16. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2020	31,386	185,490	22,000	238,876
Additions	-	1,711	-	1,711
At 31 March 2021	<u>31,386</u>	<u>187,201</u>	<u>22,000</u>	<u>240,587</u>
Depreciation				
At 1 April 2020	23,465	138,065	8,067	169,597
Charge for the year on owned assets	2,819	17,876	4,400	25,095
At 31 March 2021	<u>26,284</u>	<u>155,941</u>	<u>12,467</u>	<u>194,692</u>
Net book value				
At 31 March 2021	<u>5,102</u>	<u>31,260</u>	<u>9,533</u>	<u>45,895</u>
At 31 March 2020	<u>7,921</u>	<u>47,425</u>	<u>13,933</u>	<u>69,279</u>

17. Stocks

	2021 £	2020 £
Finished goods and goods for resale	2,873,894	2,444,131
	<u>2,873,894</u>	<u>2,444,131</u>

18. Debtors

	2021 £	2020 £
Trade debtors	6,896,707	5,553,502
Other debtors	93,809	34,200
Prepayments and accrued income	416,882	292,866
	<u>7,407,398</u>	<u>5,880,568</u>

Notes to the financial statements
For the Year Ended 31 March 2021

19. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	774,601	213,586
	<u>774,601</u>	<u>213,586</u>

20. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,386,848	2,091,335
Corporation tax	344,456	239,534
Other taxation and social security	623,442	109,674
Other creditors	744,085	1,207,131
Accruals and deferred income	160,259	15,428
	<u>4,259,090</u>	<u>3,663,102</u>

The aggregate amount of secured liabilities included in other creditors is £Nil (2020: £457,616) all of which is due within one year.

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

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

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

	2021 £	2020 £
Redeemable preference shares	450,000	450,000
	<u>450,000</u>	<u>450,000</u>

22. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>774,601</u>	<u>213,586</u>

Notes to the financial statements
For the Year Ended 31 March 2021

23. Deferred taxation

	2021 £
At beginning of year	(12,864)
Charged to profit or loss	3,996
At end of year	<u>(8,868)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(8,868)	(12,864)
	<u>(8,868)</u>	<u>(12,864)</u>

24. Share capital

	2021 £	2020 £
Shares classified as equity		
Allotted, called up and fully paid		
150 (2020 - 150) Ordinary Shares shares of £1.00 each	<u>150</u>	<u>150</u>
	2021 £	2020 £
Shares classified as debt		
Allotted, called up and partly paid		
450,000 (2020 - 450,000) Preference Shares shares of £1.00 each	<u>450,000</u>	<u>450,000</u>

25. Prior year adjustment

Costs totaling £450,181 previously included in administration expenses have been reclassified as cost of sales. There has been no change to the previously reported reserves as a result of these reclassifications.

Notes to the financial statements
For the Year Ended 31 March 2021

26. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	306,806	335,974
Later than 1 year and not later than 5 years	414,459	712,845
	<u>721,265</u>	<u>1,048,819</u>

27. 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 £10,933 (2020: £nil) to a company that the directors are also directors of. 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 (2020: £nil).

During the year KSR Lighting Limited made purchases of £1,265,157 (2020: £2,010,195) from a company under joint control. As at the year end the net balance due to the company from KSR Lighting Limited was £115,606 (2020: £150,722).

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