

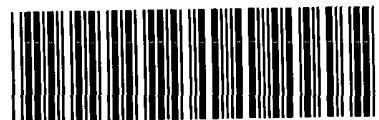
**Thorn Lighting Limited**

Annual report and financial statements

Registered number 00263866

30 April 2022

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## Contents

	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	6
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	8
Independent auditors' report to the members of Thorn Lighting Limited	9
Profit and Loss Account and Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes	15

## Officers and professional advisers

### Directors

Claire Thomson  
Matthew Boucher - resigned 01.06.2022  
Peter Arthy  
Emanuel Hagspiel - appointed 01.06.2022

**Company Secretary**  
Christopher Whitehead

**Registered Office**  
55 Baker Street  
London  
W1U 7EU

**Banker**  
Barclays Bank PLC  
Business Banking  
4<sup>th</sup> Floor  
Apex Plaza  
Forbury Road  
Reading  
RG1 1AX

**Independent Auditors**  
Azets Audit Services  
Chartered Accountants & Statutory Auditor  
1 Massey Road  
Thornaby  
Stockton-on-Tees  
TS17 6DY

## Strategic report

The directors present their strategic report for the year ended 30 April 2022.

### Principal activities

The Company's principal activities during the year were the development, manufacture and sale of lighting equipment. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

### Business review

#### Performance

The profit for the financial year was £7,808,000 (2021: profit of £6,681,000).

Revenue for the year ended 30 April 2022 amounted to £111.8 million (2021: £114.7 million), net of rebates and sales related discounts and represents an decrease of 2.51% on the prior year. The operating profit of £6.917 million is after charging restructuring costs of £0.05 million (2021: £10.343 million operating profit after charging restructuring costs of £0.801 million).

A deferred tax asset of £1.785million (2021: nil) was recognised on the basis of profitable financial forecasts for next 3 years.

#### Measurement

Key performance indicators (KPIs) for the business in the current and preceding years are:

	2022 £000	2021 £000
<b>Revenue</b>	<b>111,816</b>	<b>114,694</b>
<i>% increase/(decrease) from prior year</i>	<i>(2.51%)</i>	<i>5.0%</i>
<b>Gross profit</b>	<b>15,504</b>	<b>19,103</b>
<i>As a % of net revenue</i>	<i>13.9%</i>	<i>16.7%</i>
<b>Stocks</b>	<b>16,094</b>	<b>14,272</b>
<i>Trade debtors due from third parties</i>	<i>260</i>	<i>625</i>

## Strategic report *(continued)*

### Business review *(continued)*

#### *Credit risk*

The company has strict policies on credit checks and credit limits which are regularly maintained and monitored. The company also has utilises to credit insurance facilities for its trade debtors.

#### *Liquidity risk*

The company takes advantage of a group factoring arrangement for trade debtors and has access to a group cashpool facility for daily cash requirements.

#### *Future developments*

While the impact of the COVID-19 pandemic continues to effect global supply chains and logistics, economic forecasts suggest significant increases in inflation and unprecedented rises in energy prices over the next year. The company continues to monitor the situation but there remains significant uncertainty regards the effect on the UK economy.

### Carbon Reporting

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard, the company continues to be engaged in a process aimed at reducing our energy and greenhouse gas emissions.

The company maintain both scope one & two emissions, which are generated from our manufacturing processes, offices, and premises, respectively. Further, we have emissions from transport: company vehicles (scope one) and "grey fleet" (personal cars used for business purposes) - scope three.

The company have a longstanding commitment to tackling climate change. The calculated carbon footprint for current financial year is 1,753.28 tCO<sub>2</sub>e, whilst energy consumption was 12,758,473 kWh (12,758.4 MWh).

The company have reported all of emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. The company have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021.

The reporting period is the fiscal year 2021 / 2022, the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

	2022 Tonnes CO <sub>2</sub> e	2021 Tonnes CO <sub>2</sub> e
Scope 1 Natural gas and transport	1,667.92	1,808.62
Scope 2 Electricity	-	1,092.35
Scope 3 Transport and Electricity T&D	85.36	-
Total emissions	1,753.28	2,900.97

## Strategic report (continued)

### Carbon reporting (continued)

Emissions have reduced by 65.4% since our previous reporting period; the majority of this reduction has been through the procurement of REGO backed electricity, but the business continues to implement energy savings measures.

Scope 1, 2 and scope 3 carbon intensity 30.04.2022 = 0.0065 tCO<sub>2</sub>e p/output hour.

The company have held full accreditation against ISO Standard 50001 since 2019 and have energy management at the forefront of all its UK operations.

During the period of reporting a number of practical actions to reduce energy consumption have been completed, including the continual roll out of LED lighting in the Distribution Centre and the purchase of energy efficient variable site air compressors.

### Section 172 Statement

Under section 172 of the Companies Act 2006, the Directors have a duty to act in good faith in a way that is most likely to promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of decisions for the long term, the interests of the company's employees, the need to foster relationships with other stakeholders, the impact on the community and the environment and maintaining a reputation for high standards of business conduct. Key decisions made by the board during the year were considered with the aforesaid duty to act in good faith.

The strategy considers the primary stakeholders who impact the performance of the business including: *Our Employees; Our Customer; Our Partners and Suppliers; and Our Shareholders.*

Our strategy will be influenced by the current market conditions, with competitive pressure in the UK being a continuing risk for the company. The company manages this risk by continuing to ensure that it provides products that new and existing customers want at competitive prices and by maintaining strong relationships with customers.

While the impact of the COVID-19 pandemic continues to effect global supply chains and logistics, economic forecasts suggest significant increases in inflation and unprecedented rises in energy prices over the next year. The company continues to monitor the situation but there remains significant uncertainty regards the effect on the UK economy.

To enhance our strategy, we continue to invest internally in our people and methods to ensure we can maximise our opportunities and satisfy our customer expectations. The company's policies on employee development and involvement include continuing investment in progressive programmes of training, communication and consultation, equal opportunities and quality management. Every employee has a personal development plan designed to align their skills and development with improved customer satisfaction. This is of course tailored to their role and function through the company value chain. Communication is also a critical factor through these challenging times and the company performs regular staff briefings with our people to share our strategy, take feedback and keep everybody appraised on the business performance. Employees also continue to be provided with information about the company through a regular newsletter.

In addition, we have now switched our customer interactions to largely online mediums and have adapted our style and content accordingly to provide a tailored approach to our customers. Our whole ethos is centred around adding value to our customers' business and ultimately to our shareholders by enhancing our business performance.

Supplier relationships are important across all areas of the business. The company has developed key and positive long-term relationships that have ensured a stable and sustainable supply chain.

In summary, through our progressive approach and with the continuous evaluation of the market we aim to develop and provide optimal solutions to promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of decisions for the long term, the interests of the company's employees, the need to foster relationships with other stakeholders, the impact on the community and the environment (as detailed in the "Carbon Reporting" section) and maintaining a reputation for high standards of business conduct.

**Strategic report** *(continued)*

**Section 172 Statement** *(continued)*

The directors therefore confirm that they have fulfilled their duties in respect of Section 172 of the Companies Act 2006 to act in good faith in a way that would most likely promote the success of the company for the benefit of its shareholders.

By order of the board



**Claire Thomson**  
*Director*

55 Baker Street  
London  
W1U 7EU

31 August 2022

## Directors' report

The directors present their directors' report and audited financial statements for the year ended 30 April 2022.

### Future developments

Refer to the Strategic report for disclosure of the Directors reporting of future developments.

### Risks and uncertainties

Refer to the Strategic report for disclosure of the Directors reporting of risks and uncertainties.

### Research and development

The Company has continued its programme of research and development during the year, to improve existing products as well as introducing new products in order to meet the requirements of its customers and to increase the efficient usage of energy resources. This resulted in the capitalisation of £80,000 of such costs in the year (2021: £nil).

### Financial instruments

The Company makes and receives payments in foreign currencies, primarily Euros, Swedish Krona and US Dollars. The Company hedges significant future transactions and cash flows to protect the sterling equivalent of these transactions. Further details of the Company's financial instruments are given in note 18.

### Proposed dividends

The directors do not recommend the payment of a dividend (2021: £nil). There have been no dividends paid during the year (2021: nil)

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Claire Thomson  
Matthew Boucher  
Peter Arthy  
Emanuel Hagspiel

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Employment policies

The Company is committed to providing equality of opportunity to all employees and potential employees and is committed to continuous training and skills development in all its activities.

The Company's policies on employee development and involvement include continuing investment in progressive programmes of training, communication and consultation, equal opportunities and quality management. It is the policy of the Company to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion, including those who become disabled during their employment.

## **Directors' report** *(continued)*

### **Employment involvement**

Employees continue to be provided with information about the Company through a regular newsletter and online material detailing overall financial performance and group strategies.

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

### **Going concern**

Refer to note 1 of the financial statements for disclosure of the directors' view on the company's ability to continue as a going concern

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent Auditors**

PricewaterhouseCoopers LLP resigned as external auditor during the year and the directors appointed Azets Audit Services Limited, trading as Azets Audit Services to fill the vacancy arising.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**Claire Thomson**  
*Director*

55 Baker Street  
London  
W1U 7EU

31 August 2022

## Statement of directors' responsibilities in respect of the financial statements

The directors acknowledge their responsibilities 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.



**Claire Thomson**  
Director

55 Baker Street  
London  
W1U 7EU

31 August 2022

## **Independent Auditor's Report to the Members of Thorn Lighting Limited**

### **Opinion**

We have audited the financial statements of Thorn Lighting Limited (the 'company') for the year ended 30 April 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 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 auditor 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 original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 Auditor's Report to the Members of Thorn Lighting Limited (continued)**

### **Opinions 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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

- adequate accounting records have not been kept, 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 on page 8, 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 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:

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

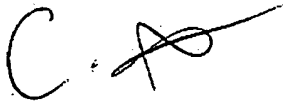
Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

## **Independent Auditor's Report to the Members of Thorn Lighting Limited (continued)**

### **Use of our report**

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



**Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services Limited**  
Chartered Accountants & Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle Upon Tyne  
NE3 3LS

Date: 31 August 2022

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 30 April 2022*

	<i>Note(s)</i>	2022 £000	2021 £000
Revenue	2	111,816	114,694
Cost of sales		(96,312)	(95,591)
<b>Gross profit</b>		<b>15,504</b>	<b>19,103</b>
Selling and distribution costs		(6,566)	(6,071)
Administrative expenses – <i>including restructuring costs of £50,000 (2021:£801,000)</i>	3	(2,021)	(2,689)
<b>Operating profit</b>	<b>3-6</b>	<b>6,917</b>	<b>10,343</b>
Other interest receivable and similar income	7	-	143
Interest payable and similar expenses	8	(2,668)	(2,364)
<b>Profit before taxation</b>		<b>4,249</b>	<b>8,122</b>
Tax on profit	9	3,559	(1,441)
<b>Profit for the financial year</b>		<b>7,808</b>	<b>6,681</b>
<b>Other comprehensive income / (expense)</b>			
<i>Items that will not be recycled to profit or loss:</i>			
Remeasurements of defined benefit liability	21	9,840	(7,251)
Income tax on items that will not be recycled to profit or loss	9	(1,870)	1,378
<b>Total other comprehensive income / (expense) for the year, net of income tax</b>		<b>7,970</b>	<b>(5,873)</b>
<b>Total comprehensive income for the year</b>		<b>15,778</b>	<b>808</b>

The above results were derived from continuing operations.

**Balance Sheet**  
*at 30 April 2022*

	Note	2022		2021	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	10		628		598
Tangible assets	11		24,414		25,931
Investments	12		1		1
			<u>25,043</u>		<u>26,530</u>
<b>Current assets</b>					
Stocks	13	16,094		14,272	
Debtors	14	13,176		15,441	
Cash at bank and in hand		570		506	
		<u>29,840</u>		<u>30,219</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(59,587)</u>		<u>(64,551)</u>	
<b>Net current liabilities</b>			<u>(29,747)</u>		<u>(34,332)</u>
<b>Total assets less current liabilities</b>			<u>(4,704)</u>		<u>(7,802)</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(13,703)		(14,174)
<b>Provisions for liabilities</b>					
Other provisions	20	(3,677)		(3,223)	
Pension liability	21	(25,589)		(38,252)	
			<u>(29,266)</u>		<u>(41,475)</u>
<b>Net liabilities</b>			<u>(47,673)</u>		<u>(63,451)</u>
<b>Capital and reserves</b>					
Called up share capital	22		28,359		28,359
Share premium account			41,680		41,680
Profit and loss account			(117,712)		(133,490)
			<u>(47,673)</u>		<u>(63,451)</u>
<b>Total Shareholders' (deficit) / funds</b>			<u>(47,673)</u>		<u>(63,451)</u>

The notes on pages 15 to 37 are an integral part of these financial statements. These financial statements were authorised for issue by the board of directors on 31 August 2022 and were signed on its behalf by:



**Claire Thomson**  
Director

Company registered number: 00263866

## Statement of Changes in Equity

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total £000
Balance at 1 May 2020	28,359	41,680	(134,298)	(64,259)
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	6,681	6,681
Other comprehensive income for the year	-	-	(5,873)	(5,873)
<b>Total comprehensive income for the year</b>	-	-	808	808
<b>Balance at 30 April 2021</b>	<b>28,359</b>	<b>41,680</b>	<b>(133,490)</b>	<b>(63,451)</b>
Balance at 1 May 2021	28,359	41,680	(133,490)	(63,451)
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	7,808	7,808
Other comprehensive expense for the year	-	-	7,970	7,970
<b>Total comprehensive income for the year</b>	-	-	15,778	15,778
<b>Balance at 30 April 2022</b>	<b>28,359</b>	<b>41,680</b>	<b>(117,712)</b>	<b>(47,673)</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Thorn Lighting Limited (the "Company") is a private limited company incorporated, domiciled and registered in England in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The Company's ultimate parent undertaking, Zumtobel Group AG includes the Company in its consolidated financial statements. The consolidated financial statements of Zumtobel Group AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address outlined in note 26. Therefore, the company is exempt, by virtue of section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

### Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payment, business combinations, non-current assets held for sale, financial instruments, fair value measurements, capital management, revenue from contracts with customers, presentation of comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment property, presentation of a cash-flow statement, the effects of new standards not yet effective, impairment of assets and disclosures in respect of the compensation of key management personnel and of transactions with a management entity that provides key management personnel services to the company

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### *Use of estimates and judgements*

In the preparation of the financial statements, it is necessary for the management of the company to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### **Defined benefit pension scheme**

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures of the defined benefit pension scheme.

#### **Deferred taxes**

The company recognised deferred tax assets based on financial forecasts for future years. The assumptions reflect historical experience, current trends and future expectations for the next 3 accounting periods.

## Notes (continued)

### 1 Accounting policies (continued)

#### *New standards, amendments, IFRIC interpretations and new relevant disclosure requirements*

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 April 2022 that have a material impact on the company's financial statements.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis except that derivative financial instruments are measured at fair value through the profit and loss account.

#### *Going concern*

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

Notwithstanding the net liabilities at 30 April 2022 of £47,673,000 and net current liabilities of £29,747,000, the financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Company meets its day to day working capital requirements through participating in the group cash pooling facility. The directors have prepared cash flow forecasts to 30 April 2025 which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Zumtobel Group AG, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Zumtobel Group AG not seeking repayment of the amounts currently due to the group, which at 30 April 2022 amounted to loans of £40,284,000, and providing additional financial support during that period. Zumtobel Group AG has provided a letter of support stating its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

Further information on the ultimate parent company's financial position can be found in the financial statements of Zumtobel Group AG which can be obtained from the address given in note 26.

One of the principal reasons for the net liabilities position is the defined benefit pension scheme liability of £25,589,000. This pension liability is a longer term liability and is expected to be settled over a number of future years. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company is expected to have a sufficient level of financial resources available through current facilities (including group support) and therefore the directors believe that the Company is well placed to manage its business risks successfully.

#### *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account. Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

**Classification of financial instruments issued by the Company**

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets (continued)*

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds (net of costs and expense of sale) and the carrying amount of the asset and is recognised in income.

#### *Business combinations*

All unincorporated business combinations are accounted for by applying the acquisition method. The company measures goodwill at the acquisition date as the fair value of the consideration (excluding contingent consideration) transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Costs relating to the acquisition are expensed as incurred.

#### *Intangible assets*

##### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Capitalised development costs are amortised on a straight line basis over the product life cycle.

##### *Government grants*

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

##### *Stocks*

Stock is stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

Raw materials, consumables and goods for resale	-	Purchase cost arrived at on the "first in, first out" basis.
Work in progress and finished goods	-	Cost of direct materials and labour plus attributable overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and sale. Provisions are made against obsolete and surplus stock.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Impairment excluding stocks and deferred tax assets*

##### *Financial assets (including trade and other debtors)*

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Employee benefits*

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

## Notes (continued)

### 1 Accounting policies (continued)

#### *Defined benefit plans (continued)*

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

#### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### *Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the plan has either been communicated publically or has commenced. Future operating losses are not provided for.

#### *Revenue*

The Company accounts for revenue in line with IFRS 15 Revenue from Contracts with Customers, with revenue being based on the consideration specified in a contract with a customer. The Company recognises revenue when it has transferred control over a product or service to a customer.

The following is a description of the principal activities of the Company from which it generates revenue.

Revenue from the sale of goods and services is realised when the Company transfers the major risks and opportunities associated with ownership to the buyer, recovery of consideration is probable and the associated costs and possible return of goods can be measured reliably.

## Notes (continued)

### 1 Accounting policies (continued)

#### Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance expenses on lease liabilities (prior to 1 May 2021 finance leases under IAS 17) recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### Leases

##### *As a lessee*

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components

## Notes (continued)

### 1 Accounting policies (continued)

#### *As a lessee (continued)*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Notes (continued)**

**2 Revenue**

	2022 £000	2021 £000
Sale of goods	111,798	114,675
Commissions	18	19
	111,816	114,694
	111,816	114,694

All revenue originates in the UK and comprises sales of lighting and ancillary products excluding value added tax but including transactions with fellow subsidiary undertakings of the parent undertaking.

A geographical analysis of the Company's revenue by destination is as follows:

	2022 £000	2021 £000
UK	51,654	50,835
Europe	51,280	52,570
Rest of World	8,882	11,289
	111,816	114,694
	111,816	114,694

Revenue includes an adjustment for sales deductions (primarily customer discounts) of £5,000 (2021: £6,000).

**3 Restructuring costs**

	2022 £000	2021 £000
Impairment of Goodwill (see note 10)	50	541
Restructuring costs	-	260
	50	801
	50	801

**4 Expenses and auditors' remuneration**

*Included in operating profit are the following:*

	2022 £000	2021 £000
Depreciation of tangible fixed assets	4,832	5,404
Profit on disposal of tangible fixed assets	(32)	(2)
Impairment of goodwill	50	541
Amortisation of internally generated intangible assets	3	109
Impairment loss on trade and other debtors	108	-
Reversal of impairment loss recognised on trade and other debtors	(402)	(63)
Restructuring costs expensed as incurred – included in administrative expenses	125	260
Research and development cost expensed as incurred	3,952	3,534
	3,952	3,534
Auditors' remuneration:		
- audit of these financial statements pursuant to legislation	40	65
- amounts owed to previous auditor	46	-
	46	-
	46	-

**Notes (continued)**

**5 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Factories and laboratories	371	393
Selling and administration	39	24
	410	417

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	13,822	13,334
Social security costs	1,370	1,263
Other pension costs (note 21)	1,464	1,492
	16,656	16,089

**6 Directors' remuneration**

	2022 £000	2021 £000
Directors' remuneration	222	254
Company contributions to money purchase pension plans	68	9
	290	263

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £131,000 (2021: £152,000), and company pension contributions of £43,000 (2021: £5,000) were made to a money purchase scheme on their behalf.

	Number of directors	
	2022	2021
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	2	2

**7 Other interest receivable and similar income**

	2022 £000	2021 £000
Net gain on derivative financial instruments designated as fair value through profit or loss	-	101
Other	-	42
	-	143

**Notes (continued)**

**8 Interest payable and similar expenses**

	2022	2021
	£000	£000
Net interest on net defined benefit plan liability	676	465
Net loss on derivative financial instruments designated as fair value through profit or loss	12	-
Lease liabilities	1,347	1,390
Interest payable to group undertakings	437	474
Other	196	35
	2,668	2,364
	2,668	2,364

**9 Tax on profit**

**Tax (credit) / charge recognised in the profit and loss account**

	2022		2021	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Prior year R&D credit adjustment		48		43
Adjustments in respect of prior periods		47		20
		95		63
<i>Deferred tax (see note 19)</i>				
Origination and reversal of temporary differences	(3,491)		1,378	
Adjustments in respect of prior periods	(124)		-	
Effect of tax rate change on opening balance	(39)		-	
		(3,654)		1,378
Total deferred tax		(3,654)		1,378
Total tax (credit) / charge recognised in the profit and loss account		(3,559)		1,441

**Income tax recognised in other comprehensive income / (expense)**

	2022	2021
	£000	£000
Remeasurements of defined benefit liability	1,870	(1,378)
	1,870	(1,378)

**Notes (continued)**

**9 Tax on profit / (loss) (continued)**

**Reconciliation of standard tax rate**

	2022 £000	2021 £000
Profit for the year	7,808	6,681
Tax (credit) / expense	(3,559)	1,441
	4,249	8,122
Profit excluding taxation	4,249	8,122
Tax using the UK corporation tax rate of 19% (2021: 19%)	807	1,543
Expenses not deductible for tax purposes	-	50
Group relief claimed	-	(45)
Current year timing differences for which no deferred tax asset was recognised	3,696	(456)
Adjustments in respect of prior periods	(77)	20
Fixed asset differences	185	286
Reduction in tax rate on deferred tax balances	(6,671)	-
Over provided in prior years	48	43
Losses acquired in business combination	(1,547)	-
	(3,559)	1,441
Total tax (credit) / charge recognised in profit or loss	(3,559)	1,441

*Factors that may affect future current and total tax charges*

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

**10 Intangible assets**

	Goodwill £000	Development costs £000	Total £000
<i>Cost</i>			
At 1 May 2021	4,818	2,195	7,013
Acquisitions	-	83	83
	4,818	2,278	7,096
At 30 April 2022	4,818	2,278	7,096
<i>Accumulated amortisation and provision for impairment</i>			
At 1 May 2021	4,220	2,195	6,415
Amortisation for the year	-	3	3
Impairment charge	50	-	50
	4,270	2,198	6,468
At 30 April 2022	4,270	2,198	6,468
<i>Net book value</i>			
At 30 April 2022	548	80	628
At 30 April 2021	598	-	598

## Notes (continued)

### 10 Intangible assets (continued)

During 2017 the company acquired the trade and tangible fixed assets, with a book value of £550,000 from a fellow group undertaking for a consideration of £5,368,000. Goodwill arising on the acquisition amounted to £4,818,000. Following a review undertaken by the directors the goodwill was impaired by £50,000 in the year (2021: £541,000). A post tax discount rate of 8.3% was applied to expected future cash flows to calculate the recoverable amount according to value in use. Capitalised development costs are development costs on luminaire products which are amortised over the lifecycle of the product which is typically 3-5 years.

During the period the company acquired the trade and assets of AC/DC LED Limited. This has been classified as a business combination of entities under common control, as both Thorn Lighting Limited and AC/DC LED Limited were ultimately controlled by Zumtobel Group AG both before and after the business combination. As such the directors have applied the book-value method. There was no difference between the consideration paid and the book-value of the assets and liabilities transferred (£361,000).

### 11 Tangible fixed assets

	Short leasehold land and buildings £000	Plant and equipment and motor vehicles £000	Assets in the course of construction £000	Total £000
<i>Cost</i>				
At 1 May 2021	38,016	40,449	1,850	80,315
Additions	934	-	2,384	3,318
Transfers	-	1,866	(1,866)	-
Disposals	-	(20)	-	(20)
At 30 April 2022	<u>38,950</u>	<u>42,295</u>	<u>2,368</u>	<u>83,613</u>
<i>Accumulated Depreciation</i>				
At 1 May 2021	21,901	32,483	-	54,384
Charge during the year	2,189	2,643	-	4,832
Disposals	-	(17)	-	(17)
At 30 April 2022	<u>24,090</u>	<u>35,109</u>	<u>-</u>	<u>59,199</u>
<i>Net book value</i>				
At 30 April 2022	<u>14,860</u>	<u>7,186</u>	<u>2,368</u>	<u>24,414</u>
At 30 April 2021	<u>16,115</u>	<u>7,966</u>	<u>1,850</u>	<u>25,931</u>

#### Right-of-use assets

At 30 April 2022, tangible fixed assets includes right-of-use assets as follows:

	Short leasehold land and buildings £000	Total £000
Balance at 30 April 2021	8,635	8,635
Additions in the year	934	935
Depreciation charge for year	(1,217)	(1,217)
Balance at 30 April 2022	<u>8,352</u>	<u>8,352</u>

**Notes (continued)**

**11 Tangible fixed assets (continued)**

At 30 April 2021 the net carrying amount of short leasehold land and buildings was £8,635,000.

**12 Investments**

	Subsidiary undertakings £000	Trading Investments £000	Total £000
<i>Cost</i>			
At 1 May 2021 and 30 April 2022	32	1	33
<i>Provisions</i>			
At 1 May 2021 and 30 April 2022	32	-	32
<i>Net book value</i>			
At 30 April 2021 and 30 April 2022	-	1	1

The directors are of the opinion that the aggregate value of its investments in subsidiary undertakings is not less than their carrying amount.

**(a) Subsidiary undertakings**

The companies in which the Company's interest at the year end is more than 20% are as follows:

Name of company	Country of registration (or incorporation)	Holding	Proportion of share holding	Status of business
Smart & Brown Limited	England [1]	Ordinary shares	100%	Dormant
British Lighting Industries Limited	England [1]	Ordinary shares	100%	Dormant
Atlas International Limited	England [1]	Ordinary shares	100%	Dormant
Oriole Emergency & Fire Protection Limited	England [1]	Ordinary shares	100%	Dormant
Thorn Lighting Group	England [1]	Ordinary shares	50%*	Dormant
TLG Supplemental Pension Trustees Limited	England [1]	Ordinary shares	50%**	Dormant
Thorn Lighting Pension Trustees Limited	England [1]	Ordinary shares	50%**	Dormant
Thorn Lighting International	England [1]	Ordinary shares	50%***	Dormant
Thorn Lighting Overseas	England [1]	Ordinary shares	50%***	Dormant

\* percentage directly held by the company with the remaining 50% held by British Lighting Industries Limited

\*\* percentage directly held by the company with the remaining 50% held by Thorn Lighting Group

\*\*\* indirectly held through Thorn Lighting Group

[1] registered office: 55 Baker Street, London, W1U 7EU

**(b) Trading investments**

Investments comprise of a 1.55% holding in Thorn Lighting India Private Limited, a trading company incorporated in India.

**13 Stocks**

	2022 £000	2021 £000
Raw materials	8,309	6,688
Work in progress	1,453	1,318
Finished goods	6,332	6,266
	<u>16,094</u>	<u>14,272</u>

## Notes (continued)

### 13 Stocks (continued)

Stocks are stated after an obsolescence provision of £2,945,000 (2021: £3,091,000). The charge to profit in respect of obsolescence, including stock disposed of in the year, was £1,012,000 (2021: £207,000). Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounts to £68,946,000 (2021: £66,034,000).

### 14 Debtors

	2022 £000	2021 £000
Trade debtors	260	625
Trade debtors from group undertakings	8,931	12,861
Other amounts owed by group undertakings	1,018	970
Taxation and social security costs	405	958
Other debtors	30	-
Deferred tax (note 19)	1,785	-
Other financial assets designated as fair value through profit or loss (note 18)	8	3
Prepayments and accrued income	739	24
	<u>13,176</u>	<u>15,441</u>
Due within one year	11,272	14,991
Due after more than one year	1,904	450
	<u>13,176</u>	<u>15,441</u>

The directors consider that the carrying amount of trade and other debtors approximates to their fair value.

Trade debtors are stated after provisions for impairment of £4,000 (2021: £406,000). Trade debtors are not subject to any significant provision for credit losses.

Trade debtors are subject to a factoring arrangement and the amount shown is net of a factored amount of £0.165 million (2021: £0.206 million). The factoring contract is such that the risk transfers to the factoring bank and therefore the trade debtors have been derecognised.

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

### 15 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Lease liabilities	1,413	1,298
Trade creditors	10,784	12,213
Trade creditors to group companies	1,965	7,761
Other amounts owed to group undertakings	206	126
Loans from group undertakings (note 17)	40,284	39,060
Taxation and social security costs	544	583
Other creditors and accruals	4,333	3,469
Other financial liabilities designated as fair value through profit or loss (note 18)	58	41
	<u>59,587</u>	<u>64,551</u>

The directors consider that the carrying amount of trade and other payables approximates their fair value.

**Notes (continued)**

**15 Creditors: amounts falling due within one year (continued)**

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

Loans from group undertakings relate to interest-bearing borrowings from the group cash pooling facility. Loans from group undertakings are primarily denominated in GBP, unsecured and payable on demand. Interest is payable at variable rates of SONIA plus 0.8% per annum.

**16 Creditors: amounts falling due after more than one year**

	2022 £000	2021 £000
Lease liabilities	13,703	14,174
	<u>13,703</u>	<u>14,174</u>

**17 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2022 £000	2021 £000
<i>Creditors: amounts falling due after more than one year</i>		
Lease liabilities	13,703	14,174
	<u>13,703</u>	<u>14,174</u>
<i>Creditors: amounts falling due within one year</i>		
Lease liabilities	1,413	1,298
Loans from group undertakings	40,284	39,060
	<u>41,697</u>	<u>40,358</u>

Loans from group undertakings relate to interest-bearing borrowings from the group cash pooling facility. Loans from group undertakings are primarily denominated in GBP, unsecured and repayable on demand. Interest is payable at variable rates of SONIA plus 0.8% per annum.

*Lease liabilities:*

Lease liabilities are payable as follows:

	Future minimum lease payments 2022 £000	Interest 2022 £000	Present value of minimum lease payments 2022 £000	Future minimum lease payments 2021 £000	Interest 2021 £000	Present value of minimum lease payments 2021 £000
Less than one year	2,694	1,281	1,413	2,638	1,340	1,298
Between one and five years	13,175	3,792	9,383	12,118	4,144	7,974
More than five years	5,003	683	4,320	7,494	1,294	6,200
	<u>20,872</u>	<u>5,756</u>	<u>15,116</u>	<u>22,250</u>	<u>6,778</u>	<u>15,472</u>

These amounts relate primarily to the lease on the company's premises at Spennymoor, United Kingdom.

**Notes (continued)**

**18 Other financial (liabilities)/assets**

	2022	2021
	£000	£000
<b>Amounts falling due within one year</b>		
Financial assets designated as fair value through profit or loss (note 14)	8	3
Financial liabilities designated as fair value through profit or loss (note 15)	(58)	(41)
	(50)	(38)
	(50)	(38)

**Derivative financial instruments**

The Company is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets.

As at the balance sheet date, total notional amount of outstanding forward exchange contracts and fair values that the Company has committed are as below:

Currency	2022				Currency	2021			
	Nominal value £000	Currency	Nominal value in currency '000	Market value £000		Nominal value £000	Currency	Nominal value in currency '000	Market value £000
GBP	6,888	EUR	8,244	(47)	GBP	6,395	EUR	7,700	(37)
GBP	-	SEK	-	-	GBP	13	SEK	150	-
GBP	77	AUD	138	(2)	GBP	157	AUD	281	-
GBP	205	NZD	395	(1)	GBP	149	NZD	292	(3)
GBP	-	USD	-	-	GBP	243	USD	336	2
				(50)					(38)
				(50)					(38)

Changes in the fair value of the above non-hedging currency derivatives amounted to £12,000 and have been recognised as a loss in the profit and loss account in the year (note 8). In 2021, this represented a gain of £101,000 (note 7).

**19 Deferred tax assets**

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
Tax losses	1,785	-	-	-	1,785	-
	1,785	-	-	-	1,785	-
Net tax assets	1,785	-	-	-	1,785	-

## Notes (continued)

### 19 Deferred tax assets (continued)

#### Movement in deferred tax during the year

	1 May 2021 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	30 April 2022 £000
Tax losses	-	3,655	(1,870)	1,785
	-	-	-	1,785

In addition to the above there are deferred tax assets not recognised of £24,226,000 as at 30 April 2022 (2021: £22,315,000) as there is insufficient certainty as to when these amounts may be recoverable from future profits.

### 20 Other provisions

	Long term incentives provision £000	Dilapidations provision £000	Restructuring provision £000	Warranty provision £000	Total £000
At 30 April 2021	-	2,613	250	360	3,223
Provided during the financial year	11	57	125	865	1,058
Utilised during the financial year	-	(10)	(335)	(259)	(604)
At 30 April 2022	11	2,660	40	966	3,677

#### Long term incentives

A cash based long term incentive programme (LTI) was introduced for key managers in the Zumtobel Group during 2013. Amounts due under the LTI are payable over the following three years.

#### Dilapidations provision

As part of the company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between 2023 and 2029 as the leases terminate.

#### Restructuring provision

The restructuring provision related to redundancy costs which were unpaid and remained provided for. The restructuring provision also included future lease obligations in respect of certain premises occupied by the company.

#### Warranty costs

Provisions for warranty costs are created on an individual basis as required by specific circumstances. In addition, lump sum provisions are created for unreported claims in accordance with Group guidelines based on set percentages of annual revenue.

### 21 Employee benefits

#### Defined Benefit Scheme

The Company operates a UK registered trust based pension scheme that provides defined benefits. The Fund closed to new members with effect from 8 May 2003 and closed to future accrual on 1 May 2009. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Fund in accordance with the Fund's Trust Deed and Rules, which sets out their powers. The Trustees of the Fund are required to act in the best interests of the beneficiaries of the Fund. There is a requirement that at least one-third of the Trustees are nominated by the members of the Fund.

**Notes (continued)**

**21 Employee benefits (continued)**

The valuation used for FRS 101 disclosures has been based on a full formal actuarial valuation as at 31 March 2018, and was updated for FRS 101 purposes to 30 April 2022 by a qualified independent actuary. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Employer contributions over the accounting period amounted to £4,427,000 (2021: £2,025,000).

The scheme includes some employees from another group company, Tridonic UK Limited. However as Thorn Lighting Limited is the main participant and liabilities of the scheme cannot be split, full disclosure of the scheme liabilities has been made in these accounts.

*Net pension liability*

	2022 £000	2021 £000
Defined benefit obligations	(173,630)	(193,717)
Plan assets	148,041	155,465
	<hr/>	<hr/>
Net pension liability	(25,589)	(38,252)
	<hr/> <hr/>	<hr/> <hr/>

*Movements in present value of defined benefit obligations*

	2022 £000	2021 £000
At 1 May	(193,717)	(187,173)
Past service cost	-	(123)
Interest expense	(3,538)	(2,770)
Benefits paid	4,985	5,084
Remeasurement: actuarial losses	18,640	(8,735)
	<hr/>	<hr/>
At 30 April	(173,630)	(193,717)
	<hr/> <hr/>	<hr/> <hr/>

*Movement in fair value of scheme assets*

	2022 £000	2021 £000
At 1 May	155,465	155,581
Interest income	2,862	2,305
Administrative expenses	(928)	(846)
Contributions by employer	4,427	2,025
Benefits paid	(4,985)	(5,084)
Remeasurement: return on plan assets less interest income	(8,800)	1,484
	<hr/>	<hr/>
At 30 April	148,041	155,465
	<hr/> <hr/>	<hr/> <hr/>

*Expense recognised in the profit and loss account*

	2022 £000	2021 £000
Past service cost	-	(123)
Net interest on net defined benefit liability	(676)	(465)
Administrative expenses	(928)	(846)
	<hr/>	<hr/>
Total expense recognised in profit or loss	(1,604)	(1,434)
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 21 Employee benefits (continued)

The expense is recognised in the following line items in the profit and loss account

	2022 £000	2021 £000
Interest payable and similar expenses	(676)	(465)
Administrative expenses	(928)	(969)
	<hr/>	<hr/>
Total expense recognised in profit or loss	(1,604)	(1,434)
	<hr/> <hr/>	<hr/> <hr/>

Gains and losses recognised directly in equity:

	2022 £000	2021 £000
Remeasurement (losses) / gains recognised in the year	9,840	(7,251)
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the plan assets and the return on those assets were as follows:

	2022 £000	2021 £000
Equities	32,356	34,867
Hedge funds/other	439	4,706
Corporate bonds	48,926	36,932
Cash	14,386	13,996
Derivatives - interest rate swaps	42,231	53,690
Real Estate	9,703	11,274
	<hr/>	<hr/>
	148,041	155,465
	<hr/> <hr/>	<hr/> <hr/>
Actual return on plan assets	(5,456)	3,789
	<hr/> <hr/>	<hr/> <hr/>

At 30 April 2022, none of the fair value of scheme assets related to self-investment.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2022	2021
Rate of increase in pensions in payment	3.50%	3.10%
Discount rate	3.10%	1.85%
RPI inflation	3.60%	3.10%
CPI inflation	3.00%	2.70%

#### Mortality assumption

In valuing the liabilities of the pension fund at 30 April 2022, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 30 April 2022 would have increased by £6.9 million before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Current pension aged 65: 21.5 years (male), 22.2 years (female).  
Future retiree upon reaching 65: 22.9 years (male), 23.8 years (female).

**Notes (continued)**

**21 Employee benefits (continued)**

*Pension scheme risks*

The estimated amounts of contributions expected to be paid to the scheme during May 2022 to April 2022, inclusive, is £2,149,000. Annual contributions will increase 3% per annum, thereafter.

Plan assets held in the fund are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the plan including investment decisions and contribution schedules lies with the board of trustees of the fund

Through the Fund, the Company is exposed to a number of risks:

- **Asset volatility:** the Fund's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Fund invests significantly in equities. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- **Changes in bond yields:** a decrease in corporate bond yields would increase the Fund's defined benefit obligation, however this would be partially offset by an increase in the value of the Fund's bond holdings.
- **Inflation risk:** a significant proportion of the Fund's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the Fund's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.
- **Life expectancy:** if Fund members live longer than expected, the Fund's benefits will need to be paid for longer, increasing the Fund's defined benefit obligation.

The Trustees and Company manage risks in the Fund through the following strategies:

- **Diversification:** investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- **Investment strategy:** the Trustees are required to review their investment strategy on a regular basis.
- **Liability hedging:** the Fund invests in liability hedging assets, whose long term investment returns are expected to partially hedge interest rate and inflation rate movements.

*Sensitivities from changes in assumptions*

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+ 0.5% pa / - 0.5% pa	-7% / +8%
RPI inflation	+ 0.5% pa / - 0.5% pa	+6 % / -5%
Life expectance	+1 year	+4%

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

*Defined Contribution scheme*

The Company has introduced a second scheme which is a defined contribution scheme and is the only company sponsored pension arrangement available to new employees and those existing employees who had not joined the Thorn Lighting Pension Fund as at 8 May 2003. The total cost charged to the income statement of £482,000 represents contributions payable to the scheme by the Company at rates specified in the rules of the scheme. Contributions payable as at 30 April 2022 were £97,000 (2021: £100,000).

**Notes (continued)**

**22 Called up share capital**

	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>		
2,719,227,000 (2019: 2,719,227,000) ordinary shares of £0.01 each	27,193	27,193
32,002,500 (2019: 32,002,500) redeemable shares of £0.01 each	320	320
139,430,000 (2019: 139,430,000) 'A' ordinary shares of US\$ 0.009	846	846
	28,359	28,359
	28,359	28,359
Shares classified in shareholders' funds	28,359	28,359
	28,359	28,359
	28,359	28,359

The Company may redeem, at its discretion, some or all of the redeemable shares at any time by serving notice on the holder of such redeemable shares upon which the Company shall pay the nominal amount and a premium of 99p in respect of each redeemable share to be redeemed.

All classes of share have the same voting rights, entitlement to dividends and rights on winding up.

**23 Leases**

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2022 £000	2021 £000
<b>Leases under IFRS 16</b>		
Interest expense on lease liabilities	1,347	1,390
Expenses relating to short-term leases	1,504	1,342
Expenses relating to leases of low-value assets	294	262
Income from subleasing right-of-use assets	(282)	(282)
	2,863	2,712
	2,863	2,712

**24 Commitments**

Authorised future capital expenditure amounted to:

	2022 £000	2021 £000
Contracted	308	89
	308	89
	308	89

**Notes** *(continued)*

**25 Contingencies**

	2022 £000	2021 £000
Bank guarantees and performance bonds	-	-

The Company is registered with HM Customs and Excise as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by another member of that group in respect of unpaid VAT.

**26 Ultimate parent company and parent company of larger group**

The immediate parent of Thorn Lighting Limited is Thorn Lighting Holdings Limited.

The ultimate parent and controlling party at 30 April 2022 and parent of the largest and smallest group for which group accounts are drawn up and of which the Company is a member, is Zumtobel Group AG. Copies of Zumtobel Group AG's accounts can be obtained from Zumtobel Group AG, Hochsterstrasse 8, A-6850, Dornbirn, Austria.