

**Thorn Lighting Limited**

**Annual report and financial statements**

Registered number 00263866

30 April 2020



## Contents

Officers and professional advisers	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	7
Independent auditor's report to the members of Thorn Lighting Limited	8
Profit and Loss Account and Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes	14

## **Officers and professional advisers**

### **Directors**

Claire Thomson  
Matthew Boucher  
Peter Arthy

### **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 Auditor**

KPMG LLP  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

## Strategic report

The directors present their strategic report for the year ended 30 April 2020.

### 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 loss for the financial year was £3,370,000 (2019: loss of £8,137,000).

Revenue for the year ended 30 April 2020 amounted to £109.2 million (2019: £121.2 million), net of rebates and sales related discounts and represents a decrease of 9.8% on the prior year. The turnover decrease compared to prior year is attributable largely to the COVID-19 crisis and the related economic restrictions. The operating loss of £0.273 million is after charging restructuring costs of £1.973 million (2019: £5.120 million operating loss after charging restructuring costs of £1.325 million).

#### Measurement

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

	2020 £000	2019 £000
<b>Revenue</b>	<b>109,218</b>	<b>121,161</b>
<i>% (decrease)/increase from prior year</i>	<i>(9.8%)</i>	<i>(6.0%)</i>
<b>Gross margin</b>	<b>9,620</b>	<b>8,245</b>
<i>As a % of net revenue</i>	<i>8.8%</i>	<i>6.8%</i>
Stocks	15,755	17,544
Trade receivables due from third parties	1,364	2,509
Trade payables owed to third parties	(9,596)	(13,961)
<b>Working capital</b>	<b>7,523</b>	<b>6,092</b>
<i>As a % of net revenue</i>	<i>6.89%</i>	<i>5.03%</i>

The directors do not consider that there are appropriate non-financial KPIs relevant to the understanding of the business and therefore none are disclosed.

#### Risks and uncertainties

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to key competitors. 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.

The Company's sales to some other Group companies are made in foreign currency, principally the Euro, and therefore it is exposed to exchange risk. The Company manages this by taking out foreign exchange contracts.

The company trades across international borders within Europe and the political and economic uncertainties in the UK surrounding BREXIT are a risk for the company. The company has taken steps to manage this risk by developing strategies within other group companies and by working closely within HMRC guidelines.

## Strategic report *(continued)*

### Business review *(continued)*

#### *Future developments*

The COVID-19 pandemic will continue to effect sales and growth is not expected in the next financial year. While the company has taken all necessary steps to limit the impact, there remains significant uncertainty regards to the pandemic and the effect on UK economy.

### Carbon Reporting

The Company has gathered data regarding scope one and two carbon emissions (as defined by the GHG Protocol) for the financial year 1st May 2019 to 30th April 2020 from its UK Operations as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation.

	2020 Equivalent Kwh	2020 Tonnes CO2e
Scope 1 Combustion of fuel and operation of facilities	7,714,992	1,418.40
Scope 2 Electricity purchased for own use	4,520,678	1,053.95
<b>Total emissions</b>	<b>12,235,670</b>	<b>2,472.35</b>

The combined Scope One and Two Carbon Emissions for the period was recorded at 2,472 TCO2e. Since this is the first year of carbon footprint calculation for SECR it is not possible to publish a year on year change at this time. The energy consumed in the period is 12,235,670 kWh with 63% relating to use of Natural Gas and 37% relating from the use of Imported Electricity. The Specific Carbon Consumption (SCC) for the period is calculated at 4.15 kgCO2e/unit of production, where the production unit is measured in input hours.

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 across the full site.

### 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.

The COVID-19 pandemic will continue to affect sales and growth is not expected in the next financial year. While the company has taken all necessary steps to limit the impact, there remains significant uncertainty regards to the pandemic and the effect on UK economy. The company also anticipates challenges in the construction industry and investment uncertainty post Brexit.

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.

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

11 January 2021

## Directors' report

The directors present their directors' report and financial statements for the year ended 30 April 2020.

### 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 £nil of such costs in the year (2019: £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 (2019: £nil).

### Directors

The directors who held office during the year, and changes since the year end, were as follows:

Claire Thomson  
Matthew Boucher  
Peter Arthy

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.

### Employment involvement

Employees continue to be provided with information about the Company through a regular newsletter.

### Political contributions

The Company made no political donations or incurred any political expenditure during the year (2019: £nil).

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

### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will resign as external auditor after signing the 2020 audit opinion. Following a comprehensive tender process, which is described on page 161 of the Zumtobel Group's Annual Report and Accounts, PwC was recommended for appointment as the company's external auditor at the AGM on 14 July 2020.

By order of the board



**Claire Thomson**  
*Director*

55 Baker Street  
London  
W1U 7EU

11 January 2021

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

## **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 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent auditor's report to the members of Thorn Lighting Limited *(continued)***

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **Independent auditor's report to the members of Thorn Lighting Limited *(continued)***

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

A handwritten signature in black ink, appearing to read 'C. Vaulks', with a horizontal line underneath it.

**Christopher Vaulks (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

12 January 2021

**Profit and Loss Account and Other Comprehensive Income**  
*for year ended 30 April 2020*

	<i>Note</i>	2020 £000	2019 £000
Turnover	2	109,218	121,161
Cost of sales		(99,598)	(112,916)
		<hr/>	<hr/>
Gross profit		9,620	8,245
Selling and distribution costs		(6,095)	(7,635)
Administrative expenses – <i>including restructuring costs of £1,973,000 (2019: £1,325,000)</i>	3	(3,798)	(5,730)
		<hr/>	<hr/>
Operating (loss)	3-6	(273)	(5,120)
Other interest receivable and similar income	7	23	12
Interest payable and similar expenses	8	(3,414)	(3,510)
		<hr/>	<hr/>
(Loss)/profit before taxation		(3,664)	(8,618)
Tax on (loss)/profit	9	294	481
		<hr/>	<hr/>
(Loss)/profit for the financial year		(3,370)	(8,137)
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
<i>Items that will not be recycled to profit or loss:</i>			
Remeasurements of defined benefit liability	21	3,723	6,098
Income tax on items that will not be recycled to profit or loss	9	-	-
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		3,723	6,098
		<hr/>	<hr/>
Total comprehensive income for the year		353	(2,039)
		<hr/> <hr/>	<hr/> <hr/>

**Balance Sheet**  
*at 30 April 2020*

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	1,248	2,540
Tangible assets	<i>11</i>	28,394	28,301
Investments	<i>12</i>	1	1
		<hr/>	<hr/>
		29,643	30,842
<b>Current assets</b>			
Stocks	<i>13</i>	15,755	17,544
Debtors	<i>14</i>	23,928	25,888
Cash at bank and in hand		320	509
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	40,003 (84,665)	43,941 (86,645)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(44,662)	(42,704)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		(15,019)	(11,862)
<b>Creditors: amounts falling due after more than one year</b>	<i>16</i>	(14,282)	(13,759)
<b>Provisions for liabilities</b>			
Other provisions	<i>20</i>	(3,366)	(3,221)
Pension liability	<i>21</i>	(31,592)	(35,770)
		<hr/>	<hr/>
		(34,958)	(38,991)
		<hr/>	<hr/>
<b>Net liabilities</b>		(64,259)	(64,612)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>22</i>	28,359	28,359
Share premium account		41,680	41,680
Profit and loss account		(134,298)	(134,651)
		<hr/>	<hr/>
<b>Shareholders' deficit</b>		(64,259)	(64,612)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 11 January 2021 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 2018	28,359	41,680	(132,612)	(62,573)
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(8,137)	(8,137)
Other comprehensive income for the year	-	-	6,098	6,098
<b>Total comprehensive income for the year</b>	-	-	(2,039)	(2,039)
<b>Balance at 30 April 2019</b>	<b>28,359</b>	<b>41,680</b>	<b>(134,651)</b>	<b>(64,612)</b>
Balance at 1 May 2019	28,359	41,680	(134,651)	(64,612)
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(3,370)	(3,370)
Other comprehensive income for the year	-	-	3,723	3,723
<b>Total comprehensive income for the year</b>	-	-	353	353
<b>Balance at 30 April 2020</b>	<b>28,359</b>	<b>41,680</b>	<b>(134,298)</b>	<b>(64,259)</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

The Company is exempt by virtue of s400 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 were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Zumtobel Group AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Use of estimates and judgements (continued)*

The company makes estimates concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included in the following notes:

- Note 10 - impairment of intangible assets
- Note 19 - utilisation of tax losses
- Note 20 - provisions
- Note 21 - measurement of defined benefit obligations

#### *Change in accounting policy*

The Company has adopted the following IFRSs in these financial statements:

IFRS 16: Leases (see note 23). This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17.

#### *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 2020 of £64,259,000, and loss for the year then ended of £3,370,000, 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 2024 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 2020 amounted to loans of £60,168,000, and providing additional financial support during that period. Zumtobel Group AG has indicated 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. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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 £31,592,000. 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.

The potential impact of COVID-19 on the Company has been considered in the preparation of the financial statements. After making enquiries, including a review of forecasts, budgets and banking facilities, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern (continued)*

The Directors have considered, among other factors, the potential impact of Brexit and the recent trading experience. Accordingly, they continue to prepare the Financial Statements on a going concern basis.

#### *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.

#### *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 exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity securities, trade and other debtors, loans and borrowings, and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Investments in equity securities*

Investments are carried at cost less impairment.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Derivative financial instruments and hedging*

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

##### *Intra-group financial instruments*

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Under IAS 17, the Company had leases which were classified as finance leases as the Company had assumed substantially all the risks and rewards of ownership of the leased asset. Where land and buildings were held under leases the accounting treatment of the land was considered separately from that of the buildings. Prior to 1 May 2019, these leased assets acquired by way of finance lease were stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. The accounting treatment for these leases subsequent to transition to IFRS 16, and for leases entered into after 1 May 2019 are described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	- up to 50 years
Short leasehold property	- period of lease
Plant, equipment and motor vehicles	- 2 to 10 years

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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 inventories.

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

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

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Impairment excluding stocks and deferred tax assets (continued)*

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).

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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 warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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.

#### *Turnover*

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 description of the principal activities of the Company from which it generates revenue.

Turnover 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.

#### *Expenses*

##### *Operating lease payments (policy applicable before 1 May 2019)*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Finance lease payments (policy applicable before 1 May 2019)*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### *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 2019 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

## Notes (continued)

### 1 Accounting policies (continued)

#### Expenses (continued)

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 (policy applicable from 1 May 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

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.

#### As a lessee

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.

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases (policy applicable from 1 May 2019) (continued)*

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

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 Turnover**

	2020 £000	2019 £000
Sale of goods	109,196	121,051
Rendering of services	-	92
Commissions	22	18
	109,218	121,161
	109,218	121,161

All turnover 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. All turnover, by destination, is to the UK, Europe and rest of the world.

**3 Restructuring costs**

	2020 £000	2019 £000
Impairment of intangible fixed assets (see note 10)	961	-
Restructuring costs (see note 20)	1,012	1,325
	1,973	1,325
	1,973	1,325

**4 Expenses and auditor's remuneration**

*Included in profit/loss are the following:*

	2020 £000	2019 £000
Depreciation of tangible fixed assets	5,317	5,159
Profit on disposal of tangible fixed assets	(7)	(7)
Impairment of goodwill	961	-
Amortisation of internally generated intangible assets	331	695
Impairment loss on trade and other debtors	37	305
Reversal of impairment loss recognised on trade and other debtors	-	-
Restructuring costs expensed as incurred – included in administrative expenses	1,012	1,325
Research and development cost expensed as incurred	3,596	3,457
	3,596	3,457
Auditor's remuneration:		
- audit of these financial statements pursuant to legislation	54	42
- audit related assurance services	6	18
- other tax advisory services	-	4
	60	64
	60	64

**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	
	2020	2019
Factories and laboratories	408	453
Selling and administration	27	30
	435	483

The aggregate payroll costs of these persons were as follows:

	2020		2019	
	£000		£000	
Wages and salaries	12,239		14,295	
Social security costs	1,155		1,292	
Other pension costs (note 21)	1,140		993	
	14,534		16,580	

**6 Directors' remuneration**

	2020		2019	
	£000		£000	
Directors' remuneration	178		341	
Company contributions to money purchase pension plans	10		20	
Compensation for loss of office	-		322	
	188		683	

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £129,000 (2019: £544,000), and company pension contributions of £6,000 (2019: £15,000) were made to a money purchase scheme on their behalf.

	Number of directors	
	2020	2019
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**

	2020		2019	
	£000		£000	
Other	23		12	
	23		12	

**Notes (continued)**

**8 Interest payable and similar expenses**

	2020 £000	2019 £000
Net interest on net defined benefit plan liability	843	1,023
Net loss on derivative financial instruments designated as fair value through profit or loss	118	54
Lease liabilities (2019: Finance lease)	1,473	1,446
Interest payable to group undertakings	927	909
Other	53	78
	3,414	3,510

**9 Taxation**

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

	2020 £000	2019 £000
<i>UK corporation tax</i>		
Group relief receivable in respect of current year	(338)	(525)
<i>Foreign tax</i>		
Adjustments in respect of prior periods	44	44
Total current tax	(294)	(481)
<i>Deferred tax (see note 19)</i>		
Origination and reversal of temporary differences	-	-
Adjustment in respect of prior years	-	-
Total deferred tax	-	-
Total tax expense/(credit) recognised in the profit and loss account	(294)	(481)

**Income tax recognised in other comprehensive income**

	2020 £000	2019 £000
Remeasurements of defined benefit liability	-	-
	-	-

## Notes (continued)

### 9 Taxation (continued)

#### Reconciliation of effective tax rate

	2020 £000	2019 £000
(Loss)/profit for the year	(3,370)	(8,137)
Tax expense/(credit)	(294)	(481)
	<hr/>	<hr/>
(Loss)/profit excluding taxation	(3,664)	(8,618)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2019: 19%)	(696)	(1,637)
Expenses not deductible for tax purposes	251	502
Group relief surrendered	408	-
Payment for group relief	(338)	-
Current year timing differences for which no deferred tax asset was recognised	41	610
Difference relating to amounts charged to OCI	(4)	-
Adjustment for prior years	44	44
	<hr/>	<hr/>
Total tax expense/(credit) recognised in profit or loss	(294)	(481)
	<hr/>	<hr/>

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

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The unprovided deferred tax balance at 30 April 2020 and 30 April 2019 has been calculated based on these rates.

### 10 Intangible assets

	Goodwill £000	Development costs £000	Total £000
<i>Cost</i>			
At 1 May 2019	4,818	2,195	7,013
Acquisitions	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 April 2020	4,818	2,195	7,013
	<hr/>	<hr/>	<hr/>
<i>Amortisation and impairment</i>			
At 1 May 2019	2,718	1,755	4,473
Amortisation for the year	-	331	331
Impairment charge	961	-	961
	<hr/>	<hr/>	<hr/>
At 30 April 2020	3,679	2,086	5,765
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 April 2020	1,139	109	1,248
	<hr/>	<hr/>	<hr/>
At 30 April 2019	2,100	440	2,540
	<hr/>	<hr/>	<hr/>

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 £961,000 in the year (2019: £nil). A post tax discount rate of 8.1% 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.

**Notes (continued)**

**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
<b>Cost</b>				
At 1 May 2019	34,455	34,404	4,155	73,014
Recognition of right-of-use assets on initial application of IFRS 16	2,239	3	-	2,242
Additions	138	3,432	-	3,570
Disposals	(46)	(1,044)	(356)	(1,446)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2020	36,786	36,795	3,799	77,380
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>				
At 1 May 2019	17,609	27,104	-	44,713
Charge during the year	2,157	3,160	-	5,317
Impairment losses	-	-	-	-
Disposals	-	(1,044)	-	(1,044)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2020	19,766	29,220	-	48,986
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 April 2020	17,020	7,575	3,799	28,394
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2019	16,846	7,300	4,155	28,301
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the above analysis are fully written down assets with a cost of £21.4 million (2019: £18.8 million).

**Right-of-use assets**

At 30 April 2020, tangible fixed assets includes right-of-use assets as follows:

	Short leasehold land and buildings £000	Total £000
Balance at 30 April 2020	8,616	8,616
	<hr/>	<hr/>

**Leased land and buildings (classified as finance lease under IAS 17)**

At 30 April 2019 the net carrying amount of leased land and buildings was £7,588,000.

**Notes (continued)**

**12 Investments**

	Subsidiary undertakings £000	Trading investments £000	Total £000
<i>Cost</i>			
At 1 May 2019 and 30 April 2020	32	1	33
	=====	=====	=====
<i>Provisions</i>			
At 1 May 2019 and 30 April 2020	32	-	32
	=====	=====	=====
<i>Net book value</i>			
At 30 April 2019 and 30 April 2020	-	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**

	2020 £000	2019 £000
Raw materials	8,377	9,216
Finished goods	7,378	8,328
	=====	=====
	15,755	17,544
	=====	=====

Stocks are stated after an obsolescence provision of £3,816,000 (2019: £3,928,000). The charge to profit in respect of obsolescence, including inventory disposed of in the year, was £1,765,000 (2019: £1,406,000). Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounts to £70,950,000 (2019: 84,994,000).

**Notes (continued)**

**14 Debtors**

	2020 £000	2019 £000
Trade debtors	1,364	2,509
Trade debtors from group undertakings	20,180	20,386
Other amounts owed by group undertakings	1,084	1,323
Taxation and social security costs	-	759
Other debtors	435	2
Deferred tax assets (note 19)	-	-
Other financial assets designated as fair value through profit or loss (note 18)	7	1
Prepayments and accrued income	858	908
	<b>23,928</b>	<b>25,888</b>
	<b>23,928</b>	<b>25,888</b>
Due within one year	23,478	25,438
Due after more than one year	450	450
	<b>23,928</b>	<b>25,888</b>
	<b>23,928</b>	<b>25,888</b>

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

Trade debtors are subject to a factoring arrangement and the amount shown is net of a factored amount of £0.145 million (2019: £0.328 million). The factoring contract is such that the risk transfers to the factoring bank and therefore the trade debtors have been derecognised.

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

	2020 £000	2019 £000
Lease liabilities (2019: Obligations under finance leases) (see note 23)	1,257	770
Trade creditors	9,596	13,961
Trade creditors to group companies	9,509	12,681
Other amounts owed to group undertakings	274	184
Loans from group undertakings (note 17)	60,168	54,902
Taxation and social security costs	533	295
Other creditors and accruals	3,182	3,829
Other financial liabilities designated as fair value through profit or loss (note 18)	146	23
	<b>84,665</b>	<b>86,645</b>
	<b>84,665</b>	<b>86,645</b>

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

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

	2020 £000	2019 £000
Lease liabilities (2019: Obligations under finance leases) (see note 23)	14,282	13,759
	<b>14,282</b>	<b>13,759</b>
	<b>14,282</b>	<b>13,759</b>

**Notes (continued)**

**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.

	2020 £000	2019 £000
<b>Creditors falling due after more than one year</b>		
Lease liabilities (2019: Obligations under finance leases) (see note 23)	14,282	13,759
	<hr/>	<hr/>
<b>Creditors falling due within one year</b>		
Lease liabilities (2019: Obligations under finance leases) (see note 23)	1,257	770
Loans from group undertakings	60,168	54,902
	<hr/>	<hr/>
	<b>61,425</b>	<b>55,672</b>
	<hr/>	<hr/>

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 LIBOR plus 0.8% per annum.

*Lease liabilities (2019: Obligations under finance leases):*

Lease liabilities are payable as follows:

	Future minimum lease payments 2020 £000	Interest 2020 £000	Present value of minimum lease payments 2020 £000	Future minimum lease payments 2019 £000	Interest 2019 £000	Present value of minimum lease payments 2019 £000
Less than one year	2,637	1,380	1,257	2,150	1,380	770
Between one and five years	10,804	4,441	6,363	9,001	4,736	4,265
More than five years	9,985	2,066	7,919	12,478	2,984	9,494
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>23,426</b>	<b>7,887</b>	<b>15,539</b>	<b>23,629</b>	<b>9,100</b>	<b>14,529</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

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

	2020 £000	2019 £000
<b>Amounts falling due within one year</b>		
Financial assets designated as fair value through profit or loss (note 14)	7	1
Financial liabilities designated as fair value through profit or loss (note 15)	(146)	(23)
	<hr/>	<hr/>
	<b>(139)</b>	<b>(22)</b>
	<hr/>	<hr/>

**Notes (continued)**

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

**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	2020			Market value £000	Currency	2019			Market value £000
	Nominal value £000	Currency	Nominal value in currency '000			Nominal value £000	Currency	Nominal value in currency '000	
GBP	5,856	EUR	6,855	(110)	GBP	3,939	EUR	4,562	(6)
GBP	86	SEK	1,072	1	GBP	116	SEK	1,377	(5)
GBP	129	AUD	244	1	GBP	133	AUD	249	(2)
GBP	72	NZD	544	5	GBP	361	NZD	712	(4)
GBP	903	USD	1,177	(36)	GBP	712	USD	933	(5)
				(139)					(22)

Changes in the fair value of the above non-hedging currency derivatives amounted to £118,000 and have been recognised as a loss in the profit and loss account in the year (note 8). In 2019, this represented a loss of £54,000 (note 7).

**19 Deferred tax assets and liabilities**

	Accelerated tax depreciation £000	Deferred development costs £000	Pensions £000	Other provisions £000	Tax losses £000	Total £000
<i>Asset/(liability) recognised</i>						
At 1 May 2018	-	-	-	-	-	-
Charge to income						
At 30 April 2019	-	-	-	-	-	-
Charge to income						
At 30 April 2020	-	-	-	-	-	-
<i>Asset/(liability) not recognised</i>						
At 30 April 2020	3,128	-	6,003	413	13,187	22,731
At 30 April 2019	2,837	-	5,995	190	11,082	20,104

No deferred tax asset has been recognised as at 30 April 2020 as there is insufficient certainty as to when these amounts may be recoverable from future profits.

**Notes (continued)**

**20 Provisions**

	Long term incentives provision £000	Dilapidations provision £000	Restructuring provision £000	Warranty provision £000	Total £000
At 30 April 2019	3	2,547	173	498	3,221
Provided during the financial year	-	32	1,013	-	1,045
Utilised during the financial year	(3)	-	(897)	-	(900)
<b>At 30 April 2020</b>	<b>-</b>	<b>2,579</b>	<b>289</b>	<b>498</b>	<b>3,366</b>

**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 2020 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 turnover.

**21 Employee benefits**

**Defined Benefit Scheme**

The principal pension scheme is the Thorn Lighting Pension Fund. This is a defined benefit scheme, which was closed to new members with effect from 8 May 2003. The scheme was also closed to future accruals at 30 April 2009. The assets are spread across a range of equity, property, specialised hedge fund and currency managers including Blackrock, Leadenhall Capital, Orchard and River & Mercantile.

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 2020 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 £1,966,000 (2019: £1,909,000).

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**

	2020 £000	2019 £000
Defined benefit obligations	(187,173)	(183,482)
Plan assets	155,581	147,712
<b>Net pension liability</b>	<b>(31,592)</b>	<b>(35,770)</b>

**Notes (continued)**

**21 Employee benefits (continued)**

*Movements in present value of defined benefit obligations*

	2020 £000	2019 £000
At 1 May	(183,482)	(183,166)
Past service cost	-	(2,200)
Interest expense	(4,337)	(4,690)
Benefits paid	5,570	5,633
Remeasurement: actuarial gains/(losses)	(4,924)	941
	(187,173)	(183,482)
	(187,173)	(183,482)

*Movement in fair value of scheme assets*

	2020 £000	2019 £000
At 1 May	147,712	143,149
Interest income	3,494	3,667
Administrative expenses	(668)	(537)
Contributions by employer	1,966	1,909
Benefits paid	(5,570)	(5,633)
Remeasurement: return on plan assets less interest income	8,647	5,157
	155,581	147,712
	155,581	147,712

*Expense recognised in the profit and loss account*

	2020 £000	2019 £000
Past service cost	-	(2,200)
Net interest on net defined benefit liability	(843)	(1,023)
Administrative expenses	(668)	(537)
	(1,511)	(3,760)
	(1,511)	(3,760)

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

	2020 £000	2019 £000
Interest payable and similar expenses	(843)	(1,023)
Administrative expenses	(668)	(2,737)
	(1,511)	(3,760)
	(1,511)	(3,760)

*Gains and losses recognised directly in equity:*

	2020 £000	2019 £000
Remeasurement gains/(losses) recognised in the year	3,723	6,098
	3,723	6,098

**Notes (continued)**

**21 Employee benefits (continued)**

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

	2020 £000	2019 £000
Equities	40,895	43,292
Hedge funds/other	24,694	32,634
Fixed interest bonds	70,302	62,755
Corporate bonds	10,495	8,349
Cash	4,181	752
Derivatives - interest rate swaps	5,014	(70)
	155,581	147,712
	12,141	8,824
Actual return on plan assets		

At 30 April 2020, 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:

	2020	2019
Rate of increase in pensions in payment	2.3%	3.1%
Discount rate	1.5%	2.6%
RPI inflation	2.3%	3.2%
CPI inflation	1.5%	2.2%

*Mortality assumption*

In valuing the liabilities of the pension fund at 30 April 2020, 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 2020 would have increased by £7.5 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: 21.9 years (male), 22.1 years (female).  
Future retiree upon reaching 65: 23.3 years (male), 23.7 years (female).

*Inflation assumption*

The Company has reduced the long term gap between RPI and CPI by 20 basis points, to allow for a gap between RPI and CPI of 1% before 2030 and 0.5% after 2030, compared with the prior year methodology. The impact of this change in approach is estimated to be a 2.8% decrease in the Defined Benefit Obligation (£5.2m).

The estimated amounts of contributions expected to be paid to the scheme during May 2020 to April 2021, inclusive, is £2,025,000. Annual contributions will increase 3% per annum, thereafter.

*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 £455,000 (2019: £456,000) represents contributions payable to the scheme by the Company at rates specified in the rules of the scheme. Contributions payable as at 30 April 2020 were £82,000 (2019: £89,000).

**Notes (continued)**

**22 Called up share capital**

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
2,719,277,000 ordinary shares of £0.01 each	27,193	27,193
32,002,500 redeemable shares of £0.01 each	320	320
139,430,000 'A' ordinary shares of US\$ 0.009	846	846
	28,359	28,359
Shares classified in shareholders' funds	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**

*Right-of-use assets*

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as tangible fixed assets (see note 11):

	Short leasehold Land and buildings £000	Plant and equipment and motor vehicles £000	Total £000
Balance at 1 May 2019	7,588	-	7,588
Additions to right-of-use assets	2,239	3	2,242
Depreciation charge for the year	(1,165)	(3)	(1,168)
Derecognition of right-of-use assets	(46)	-	(465)
	8,616	-	8,616
Balance at 30 April 2020	8,616	-	8,616

**Notes (continued)**

**23 Leases (continued)**

**Lease liabilities**

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 May 2019. The weighted-average rate applied is 4.5%.

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 30 April 2019 in the Company's financial statements and the lease liabilities recognised at 1 May 2019:

	1 May 2019 £000
Operating lease commitments at 30 April 2019 as disclosed under IAS 17	5,171
Discounted using the incremental borrowing rate at 1 May 2019	3,827
Recognition exemption for leases of low-value assets	(61)
Recognition exemption for leases with less than 12 months of lease term at transition	(1,524)
	2,242
<b>Lease liabilities recognised as at 1 May 2019</b>	<b>2,242</b>

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

	2020 £000
<b>Leases under IFRS 16</b>	
Interest expense on lease liabilities	1,473
Expenses relating to short-term leases	1,524
Expenses relating to leases of low-value assets	263
Income from subleasing right-of-use assets	(282)
	2,978
	2,978
	2019 £000
<b>Operating leases under IAS 17</b>	
Lease expense	2,063
	2,063

**24 Commitments**

Authorised future capital expenditure amounted to:

	2020 £000	2019 £000
Contracted	239	36
	239	36

**Notes (continued)**

**25 Contingencies**

	2020 £000	2019 £000
Bank guarantees and performance bonds	100	100

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 2020 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.