

Company Registration No. 01626564 (England and Wales)

**A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2020**

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## COMPANY INFORMATION

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**Directors** P R Capstick  
D A Leggett  
M G Tonks  
D A Gordon  
L N Bromhead (Appointed 25 February 2019)  
C J Millard  
J B Walters

**Secretary** D A Gordon

**Company number** 01626564

**Registered office** Centauri House  
Hillbottom Road  
Sands Industrial Estate  
High Wycombe  
Buckinghamshire  
United Kingdom  
HP12 4HQ

**Auditor** Azets Audit Services  
Anglo House  
Bell Lane Office Village  
Bell Lane  
Amersham  
Buckinghamshire  
United Kingdom  
HP6 6FA

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# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

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# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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The directors present the strategic report for the year ended 31 January 2020.

#### **Fair review of the business**

The profit for the year, after taxation, is £2,090,633 (2019: £940,015). The directors declared and paid a dividend of £800,000 (2019 Nil).

The Company's key financial and other performance indicators during the year were as follows:

2020 2019 Change  
£'000 £'000 %

Turnover (UK) 26,232 22,831 +14.9%  
Turnover (Overseas) 8,118 7,074 +14.8%  
Operating profit 2,639 1,161 +127.3%  
Profit for the financial year 2,091 940 +122.45%  
Shareholders equity 9,110 7,819 +21.4%  
Current assets as % of current liabilities ('quick ratio') 262.1% 211.7% +23.8%  
Average number of employees 121 123 -1.6%

Turnover from the UK market increased by 14.9% during the year, this was expected with the larger number of one-off customer projects we were expecting to happen; due to the impact of Covid-19 and its effects on live events we expect turnover will decrease significantly in 2021.

Turnover from overseas markets increased by 14.8% during the year.

Turnover for the UK and Overseas business is expected to be lower in 2021 due to the significant impact Covid-19 will have on the live events portion of the business.

Operating profit increased by 127.3% during the year. The increase can be attributed to the increase in turnover.

Shareholders' equity increased by 21.4% due to retained earnings.

The company's "quick ratio" (current assets as a percentage of current liabilities) has increased by 23.8%.

The total average number of employees decreased by 1.6%.

#### **Principal risks and uncertainties**

The Company has regular management meetings where the board meet and evaluates the risks faced by the company. The principal risks and uncertainties facing the Company are broadly grouped as – competitive, legislative and financial instrument risk.

#### **Competitive Risks**

In the UK the Company has a number of key clients which need to be managed and serviced efficiently to prevent competitors gaining traction within these clients. Key clients are also facing increased competition within their own market places which is leading to increased demands on the level of service and pricing provided.

In overseas markets the principal competitive risk relates to competition from local competitors who may be perceived as being able to offer a better level of service and increased competition on larger one-off spends.

#### **Legislative Risks**

The UK has voted to leave the EU in 2017, this took place on the 1st of January 2021. Even with a deal agreed there is still a lot of uncertainty and despite the deal there has still been an increase in duties and additional red tape when accounting for how our supply chain operates with the EU. This has the potential to reduce our profitability when selling into the EU and our attractiveness as a supplier due to the perceived "hassle factor" buying from us has.

# **A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JANUARY 2020***

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### ***Exposure to price, credit, liquidity, foreign exchange and cash flow risk***

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. Listed investments with a book value of £46,559 (2019: £587) and non-listed investments with a book value of £139,941 (2019: £118,645) are exposed to price risk but this exposure is within the Company's risk appetite.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's receivables are shown on the face of the balance sheet.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the Company. The Company also manages liquidity risk via revolving credit facilities and long term debt.

Foreign exchange risk is the risk that an entity will suffer financial loss due to the movement in the strength of its base currency. The company manages this risk through self-hedging and the purchase of forward contracts.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variability rate debt. The Company manages this risk, where significant, by use of its revolving credit facilities and long term debt.

### **Future Developments**

A.C. Entertainment Technologies Ltd will continue to invest in its staff and new partnerships to support our vision of being the leading international provider of cutting-edge entertainment technology products and solutions and will look to grow through organic client opportunities and strategic geographical expansion.

On behalf of the board

D A Gordon

**Director**

24 March 2021

# **A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 JANUARY 2020***

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The directors present their annual report and financial statements for the year ended 31 January 2020.

#### **Principal activities**

The principal activity of the company continued to be that of distribution of stage, studio and event lighting products.

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £800,000. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P R Capstick

D A Leggett

M G Tonks

D A Gordon

L N Bromhead

(Appointed 25 February 2019)

C J Millard

J B Walters

P J Butler

(Resigned 7 July 2020)

P C Searles

(Resigned 25 February 2019)

#### **Auditor**

Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JANUARY 2020***

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

D A Gordon

**Director**

24 March 2021

# **A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

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#### **Opinion**

We have audited the financial statements of A.C. Entertainment Technologies Limited (the 'company') for the year ended 31 January 2020 which comprise the statement of comprehensive income, the balance sheet, the 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, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

# **A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

**Adam Hubbard BA(Hons) FCA (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

24 March 2021

**Chartered Accountants**  
**Statutory Auditor**

Anglo House  
Bell Lane Office Village  
Bell Lane  
Amersham  
Buckinghamshire  
United Kingdom  
HP6 6FA

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	34,350,206	29,905,176
Cost of sales		(24,517,914)	(21,487,709)
<b>Gross profit</b>		<u>9,832,292</u>	<u>8,417,467</u>
Administrative expenses		(8,746,448)	(8,806,217)
Other operating income		1,554,132	1,549,449
<b>Operating profit</b>	<b>4</b>	<u>2,639,976</u>	<u>1,160,699</u>
Interest receivable and similar income	<b>7</b>	27,879	44,372
Interest payable and similar expenses	<b>8</b>	(162)	(39,056)
<b>Profit before taxation</b>		<u>2,667,693</u>	<u>1,166,015</u>
Tax on profit	<b>9</b>	(577,060)	(226,000)
<b>Profit for the financial year</b>		<u><u>2,090,633</u></u>	<u><u>940,015</u></u>

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

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2020

		2020		2019	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		2,093,328		1,596,911
<b>Current assets</b>					
Stocks	13	4,586,420		5,394,713	
Debtors	14	5,331,019		6,007,380	
Investments	15	186,500		119,232	
Cash at bank and in hand		1,620,782		314,444	
		<u>11,724,721</u>		<u>11,835,769</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(4,474,052)</u>		<u>(5,534,574)</u>	
<b>Net current assets</b>			7,250,669		6,301,195
<b>Total assets less current liabilities</b>			<u>9,343,997</u>		<u>7,898,106</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	18	<u>233,952</u>	<u>(233,952)</u>	<u>78,694</u>	<u>(78,694)</u>
<b>Net assets</b>			<u>9,110,045</u>		<u>7,819,412</u>
<b>Capital and reserves</b>					
Called up share capital	20		1,000		1,000
Profit and loss reserves			9,109,045		7,818,412
<b>Total equity</b>			<u>9,110,045</u>		<u>7,819,412</u>

The financial statements were approved by the board of directors and authorised for issue on 24 March 2021 and are signed on its behalf by:

D A Gordon  
Director

Company Registration No. 01626564

## A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2020

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 February 2018</b>		1,000	6,878,397	6,879,397
<b>Year ended 31 January 2019:</b>				
Profit and total comprehensive income for the year		-	940,015	940,015
<b>Balance at 31 January 2019</b>		1,000	7,818,412	7,819,412
<b>Year ended 31 January 2020:</b>				
Profit and total comprehensive income for the year		-	2,090,633	2,090,633
Dividends	<b>11</b>	-	(800,000)	(800,000)
<b>Balance at 31 January 2020</b>		1,000	9,109,045	9,110,045

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# **A.C. ENTERTAINMENT TECHNOLOGIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 31 JANUARY 2020***

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### **1 Accounting policies**

#### **Company information**

A.C. Entertainment Technologies Limited is a private company limited by shares incorporated in England and Wales. The registered office is Centauri House, Hillbottom Road, Sands Industrial Estate, High Wycombe, Buckinghamshire, United Kingdom, HP12 4HQ.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' paragraph 33.7.

The financial statements of the company are consolidated in the financial statements of A.C Lighting (Holdings) Limited. These consolidated financial statements are available from its registered office, Centauri House, Hillbottom Road, Sands Industrial Estate, High Wycombe, HP12 4HQ.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Revenue from the sale of goods is recognised upon delivery of the goods which is the point in time at which the significant risks and rewards of ownership of the goods are transferred to the customer. Revenue is valued at invoiced amounts, excluding sales taxes and less trade discounts where relevant.

#### **1.4 Current asset investments**

Investments in listed investments and gold bullion are measured at cost less accumulated impairment.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 JANUARY 2020**

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### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	- 10% on cost
Computers	- 25% and 20% on cost
Motor vehicles	- 25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

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

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

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

#### ***Basic financial liabilities***

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

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 JANUARY 2020**

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### **1 Accounting policies**

**(Continued)**

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

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

#### **1.13 Leases**

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

#### **1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 2 Judgements and key sources of estimation uncertainty

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

The Company estimates the net realisable value of stock at the end of the reporting period taking into account the age profile of stock and expected demand from customers. The Company also assesses the likelihood of recovering outstanding balances from customers and make a provision against these balances as required.

### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Other significant revenue</b>		
Interest income	27,879	44,372
Management charges	1,554,132	1,549,449
	<u>                    </u>	<u>                    </u>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	26,232,462	22,830,939
Europe	3,350,712	3,698,559
Rest of world	4,767,032	3,375,678
	<u>                    </u>	<u>                    </u>
	<u>34,350,206</u>	<u>29,905,176</u>

### 4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(79,459)	(49,684)
Fees payable to the company's auditor for the audit of the company's financial statements	27,446	18,750
Depreciation of owned tangible fixed assets	335,678	245,940
Profit on disposal of tangible fixed assets	(23,096)	(33,770)
Operating lease charges	43,403	49,253
Defined contribution pension cost	113,551	145,664
	<u>                    </u>	<u>                    </u>

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 5 Employees

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Directors	8	8
Sales and Marketing	61	57
Warehouse and Manufacturing	32	35
Technical and Support	20	23
Total	<u>121</u>	<u>123</u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,294,180	5,172,114
Social security costs	554,113	607,328
Pension costs	113,551	145,664
	<u>5,961,844</u>	<u>5,925,106</u>

### 6 Directors' remuneration

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	1,537,669	1,635,984
Company pension contributions to defined contribution schemes	40,373	97,502
	<u>1,578,042</u>	<u>1,733,486</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 8 (2019 - 8).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	406,753	552,547
Company pension contributions to defined contribution schemes	1,231	5,562
	<u>407,984</u>	<u>558,109</u>

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 7 Interest receivable and similar income

	2020	2019
	£	£
<b>Interest income</b>		
Interest on bank deposits	27,879	44,372
	<u>27,879</u>	<u>44,372</u>

### 8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	-	33,905
Interest payable to group undertakings	162	5,151
	<u>162</u>	<u>39,056</u>

The interest payable to group undertakings is charged at a rate between 6.25% and 6.75% per annum.

### 9 Taxation

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	421,802	179,000
	<u>421,802</u>	<u>179,000</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	155,258	47,000
	<u>155,258</u>	<u>47,000</u>
Total tax charge	<u>577,060</u>	<u>226,000</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	2,667,693	1,166,015
	<u>2,667,693</u>	<u>1,166,015</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	506,862	221,543
Tax effect of expenses that are not deductible in determining taxable profit	29,781	10,457
Adjustments in respect of prior years	44,805	-
Permanent capital allowances in excess of depreciation	-	(6,000)
Sale of fixed assets	(4,388)	-
	<u>577,060</u>	<u>226,000</u>
Taxation charge for the year	<u>577,060</u>	<u>226,000</u>

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 10 Factors that may affect future tax charges

The standard rate of corporation tax in the UK will change from 19% to 25% with effect from 1 April 2023.

#### 11 Dividends

	2020 £	2019 £
Interim paid	800,000	-

#### 12 Tangible fixed assets

	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 February 2019	1,215,281	1,652,810	479,151	3,347,242
Additions	274,539	548,721	67,212	890,472
Disposals	-	(429)	(151,106)	(151,535)
At 31 January 2020	1,489,820	2,201,102	395,257	4,086,179
<b>Depreciation and impairment</b>				
At 1 February 2019	488,336	1,000,355	261,640	1,750,331
Depreciation charged in the year	131,440	100,937	103,301	335,678
Eliminated in respect of disposals	-	(429)	(92,729)	(93,158)
At 31 January 2020	619,776	1,100,863	272,212	1,992,851
<b>Carrying amount</b>				
At 31 January 2020	870,044	1,100,239	123,045	2,093,328
At 31 January 2019	726,945	652,455	217,511	1,596,911

#### 13 Stocks

	2020 £	2019 £
Work in progress	53,980	23,386
Finished goods and goods for resale	4,532,440	5,371,327
	4,586,420	5,394,713

Stock recognised in cost of sales during the year as an expenses was £23,890,923 (2019: £22,035,327)

Stocks are stated after provision for impairment of £1,356,600 (2019: £1,548,509)

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 14 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,633,735	2,870,178
Amounts owed by group undertakings	2,308,614	2,737,309
Other debtors	17,039	9,310
Prepayments and accrued income	371,631	390,583
	<u>5,331,019</u>	<u>6,007,380</u>

### 15 Current asset investments

	2020	2019
	£	£
Unlisted investments	186,500	119,232
	<u>186,500</u>	<u>119,232</u>

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

	Notes	2020	2019
		£	£
Bank loans and overdrafts	17	-	545,031
Trade creditors		2,770,609	1,800,284
Amounts owed to group undertakings		92,766	1,370,114
Corporation tax		145,450	41,189
Other taxation and social security		402,677	169,851
Accruals and deferred income		1,062,550	1,608,105
		<u>4,474,052</u>	<u>5,534,574</u>

Amounts owed to group undertakings are unsecured, repayable on demand with interest charged at between 3.25% and 6.75% per annum. Amounts owed to group undertakings include a loan of £771 (2019: £185,207) from A.C. Lighting (Holdings) Limited.

### 17 Loans and overdrafts

	2020	2019
	£	£
Bank overdrafts	-	545,031
	<u>-</u>	<u>545,031</u>
Payable within one year	-	545,031
	<u>-</u>	<u>545,031</u>

The 2019 overdraft balance was fully repaid during the financial year.

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 18 Deferred taxation

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

	<b>Liabilities 2020 £</b>	<b>Liabilities 2019 £</b>
<b>Balances:</b>		
Accelerated capital allowances	233,952	78,694
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		<b>2020 £</b>
Liability at 1 February 2019		78,694
Charge to profit or loss		155,258
		<u>          </u>
Liability at 31 January 2020		233,952
		<u>          </u>

### 19 Retirement benefit schemes

	<b>2020 £</b>	<b>2019 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	113,551	145,664
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 20 Share capital

	<b>2020 Number</b>	<b>2019 Number</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary Shares of £1 each	1,000	1,000	1,000	1,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2020 £</b>	<b>2019 £</b>
Within one year	243,378	252,463
Between two and five years	421,236	443,140
	<u>          </u>	<u>          </u>
	664,614	695,603
	<u>          </u>	<u>          </u>

# A.C. ENTERTAINMENT TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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### 21 Operating lease commitments

(Continued)

#### Lessor

The operating leases represent leases of equipment to third parties. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions. There are no options in place for either party to extend the lease terms.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2020 £	2019 £
Within one year	9,288	-
Between two and five years	16,254	-
	<u>25,542</u>	<u>-</u>

### 22 Related party transactions

During the year, a director purchased goods totalling £396 (2019 - £3,210) from the company.

### 23 Ultimate controlling party

The parent company and largest and smallest group in which A.C. Entertainment Technologies Limited is consolidated is A.C. Lighting (Holdings) Limited, a company incorporated in England and Wales. The registered address of the parent company is Centauri House, Sands Industrial Estate, Hillbottom Road, High Wycombe, Buckinghamshire, HP12 4HQ. Copies of the consolidated financial statements can be obtained from this address. The ultimate controlling party is D A Leggett by virtue of his controlling interest in A.C. Lighting (Holdings) Limited.

