

Company registration number 02137393 (England and Wales)

**MODE LIGHTING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**



# MODE LIGHTING LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A P Morris Mr G A Brown Mr B D Gilbert Mr A C Hayllar Mr J R King
<b>Secretary</b>	Mr R S Gambles
<b>Company number</b>	02137393
<b>Registered office</b>	The Maltings 63 High Street Ware Hertfordshire United Kingdom SG12 9AD
<b>Auditor</b>	Henton & Co LLP Stag House Old London Road Hertford Hertfordshire SG13 7LA

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# MODE LIGHTING LIMITED

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# MODE LIGHTING LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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The Directors present the strategic report for the year ended 30 September 2022.

#### Fair review of the business

Mode Lighting Limited is part of a privately owned group of companies specialising in the electronics industry. The Company has built its reputation in design innovation and quality engineering on a stable foundation of continuing re-investment in the latest technologies.

With over 45 years' experience in the lighting industry, Mode Lighting is well placed to provide support in the implementation of lighting controls, contract assembly, LED drivers and other components. Our purpose is to supply lighting control equipment to our customers throughout the UK, Europe and the wider world, to ensure they achieve reliable solutions to their needs.

The key financial performance indicators during the year were as follows:

	2022 £	2021 £	Change %
Turnover	6,282,962	4,535,385	+38
Gross profit	3,585,388	2,451,307	+46
Profit before tax	626,743	384,717	+63

Turnover has grown in the period as a result of a strong recovery in the markets that the Company serves, post pandemic. We believe in building long term partnerships with our suppliers to ensure we can supply and develop the right products for our customers. We believe that motivating, retaining, and providing career opportunities for our valued staff is key to a successful business. The Company is aware of its carbon footprint and environmental responsibilities and takes these into account to ensure they are a primary business consideration.

New innovative products are continuing to be developed by the Research and Development Department. The issue of energy saving and 'green' technology is increasing in importance and Mode Lighting will continue to develop new product lines as well as enhancing current ranges. The lighting sector remains highly competitive and our customers' continually look for additional benefits in technology that can save energy, add value and reduce running costs. From standard products to bespoke designs, we work with designers, engineers, architects and end clients to ensure the maximum benefits when using our products.

# MODE LIGHTING LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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### Principal risks and uncertainties

#### Business Risk

The Directors consider that the Company's principal business risks are only normal trading risks such as losing major customers and an increase in the numbers of competitors, none of which are judged to be imminent or of a material nature. The Company continues to develop its products through research & development in order to minimise the business risk.

#### Liquidity Risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

#### Credit Risk

The Company places its cash with creditworthy institutions and performs ongoing credit evaluations of its debtors' financial position. New customers who wish to enter into contracts with the Company are subject to credit verification procedures and relevant guarantees and undertakings are sought where appropriate. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

The carrying amount of cash and debtors represent the maximum credit risk that the Company is exposed to.

#### Foreign Currency Risk

The Company's principal foreign currency exposures arise from trading with overseas companies and the Company has limited its exposure by invoicing its overseas customers in sterling wherever possible although some exposure may still remain with regards to foreign currency costs. The Company policy permits but does not demand that these exposures be hedged in order to fix the cost in sterling.

#### Treasury Operations and Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability (or equity instrument) in another entity. The Company's principal financial instruments include bank overdrafts and loans, used to raise finance for the Company's operations, and various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Financial instruments are not entered into for speculative purposes.

By order of the board



Mr R S Gambles

Secretary

Date: 14<sup>th</sup> June 2023

# MODE LIGHTING LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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The Directors present their annual report and financial statements for the year ended 30 September 2022.

#### Principal activities

The principal activity of the Company continued to be that of contract electronic assembly, distributors of electronic apparatus and distributors of lighting controlled equipment and apparatus.

#### Results and dividends

The results for the year are set out on page 8.

Interim dividends were paid amounting to £160,000. 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:

Mr A P Morris  
Mr G A Brown  
Mr B D Gilbert  
Mr A C Hayllar  
Mr J R King

#### Auditor

In accordance with the Company's articles, a resolution proposing that Henton & Co LLP be reappointed as auditor of the Company 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.

# MODE LIGHTING LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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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.

By order of the board

*R. Gambles*  
Mr R S Gambles  
Secretary

Date: *14<sup>th</sup> June 2023*

# MODE LIGHTING LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MODE LIGHTING LIMITED

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#### Opinion

We have audited the financial statements of Mode Lighting Limited (the 'Company') for the year ended 30 September 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### 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.

# MODE LIGHTING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MODE LIGHTING 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 or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the Directors' 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

# MODE LIGHTING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MODE LIGHTING LIMITED

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of management concerning the Company's policies with regards identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act 2006, Financial Reporting Standard 102, applicable tax legislation and health and safety laws.

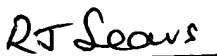
Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance concerning compliance with such laws and regulations and any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK). We are not responsible for preventing non compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available 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.



Ralph Sears

Senior Statutory Auditor

For and on behalf of Henton & Co LLP

Date: 15 JUNE 2023

Chartered Accountants

Statutory Auditor

Stag House  
Old London Road  
Hertford  
Hertfordshire  
SG13 7LA

# MODE LIGHTING LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

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	Notes	2022 £	2021 £
Turnover	3	6,282,962	4,535,385
Cost of sales		(2,697,574)	(2,084,078)
<b>Gross profit</b>		<u>3,585,388</u>	<u>2,451,307</u>
Administrative expenses		(3,143,764)	(2,774,434)
Other operating income		184,998	707,844
<b>Operating profit</b>	4	<u>626,622</u>	<u>384,717</u>
Interest receivable and similar income	7	121	-
<b>Profit before taxation</b>		<u>626,743</u>	<u>384,717</u>
Tax on profit	8	(39,040)	(35,625)
<b>Profit for the financial year</b>		<u><u>587,703</u></u>	<u><u>349,092</u></u>

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

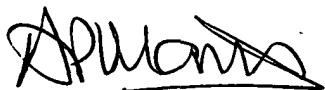
# MODE LIGHTING LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2022

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		187,149		123,531
<b>Current assets</b>					
Stocks	12	1,997,732		1,489,417	
Debtors	13	3,187,334		2,937,233	
Cash at bank and in hand		2,517,473		2,559,825	
		<u>7,702,539</u>		<u>6,986,475</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,470,129)</u>		<u>(1,157,204)</u>	
<b>Net current assets</b>			<u>6,232,410</u>		<u>5,829,271</u>
<b>Total assets less current liabilities</b>			6,419,559		5,952,802
<b>Provisions for liabilities</b>					
Deferred tax liability	15	39,054		-	
		<u>(39,054)</u>		<u>-</u>	
<b>Net assets</b>			<u>6,380,505</u>		<u>5,952,802</u>
<b>Capital and reserves</b>					
Called up share capital	16		1,000		1,000
Profit and loss reserves			6,379,505		5,951,802
			<u>6,380,505</u>		<u>5,952,802</u>
<b>Total equity</b>			<u>6,380,505</u>		<u>5,952,802</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19<sup>th</sup> June 2023 and are signed on its behalf by:



Mr A P Morris  
Director

Company Registration No. 02137393

# MODE LIGHTING LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2020		1,000	5,602,710	5,603,710
Year ended 30 September 2021:				
Profit and total comprehensive income for the year		-	349,092	349,092
Balance at 30 September 2021		1,000	5,951,802	5,952,802
Year ended 30 September 2022:				
Profit and total comprehensive income for the year		-	587,703	587,703
Dividends	9	-	(160,000)	(160,000)
Balance at 30 September 2022		1,000	6,379,505	6,380,505

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# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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#### 1 Accounting policies

##### Company information

Mode Lighting Limited is a private Company limited by shares incorporated in England and Wales. The registered office is The Maltings, 63 High Street, Ware, Hertfordshire, United Kingdom, SG12 9AD.

#### 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. The principal accounting policies adopted are set out below.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The financial statements of the Company are consolidated in the financial statements of Tappenden & Co Limited. These consolidated financial statements are available from its registered office, The Maltings, 63 High Street, Ware, Hertfordshire SG12 9AD.

#### 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.

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. In making this assessment the Directors have considered the impact of the coronavirus outbreak (COVID-19) and the conflict in Ukraine on the Company, its employees, customers and third-party suppliers. While these events have had a significant impact on the global economy, and there is uncertainty how long they will continue to do so, the Directors do not believe they impact the use of the going concern basis of preparation nor do they cast significant doubt about the Company's ability to continue as a going concern for a period of twelve months from the date when the financial statements were authorised for issue. The Directors consider the Company's operations and capital base are sufficiently strong that they will not be significantly affected. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### 1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied or services rendered, net of returns, discounts and valued added tax.

The Company recognises revenue when the significant risks and rewards of ownership have been transferred to the buyer; the Company retains no continuing involvement or control over the goods and the amount of revenue can be measured reliably.

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.4 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.

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:

Plant and equipment	12.5% on cost
Fixtures and fittings	12.5% on cost
Computers	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.

#### 1.5 Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and other short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk to changes in value.

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.7 Financial instruments

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

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade creditors or trade debtors are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

##### 1.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

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

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

The Directors periodically evaluate the position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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#### 1 Accounting policies

(Continued)

##### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in the periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

#### 1.9 Retirement benefits

The Company operates a defined contribution pension scheme for auto enrolment purposes. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account in the period to which they relate.

#### 1.10 Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals applicable to operating leases where substantially all of the benefits of ownership remain with the lessor are charged to profit and loss account on a straight line basis over the term of the lease.

#### 1.11 Government grants

Revenue grants to assist general activities are recognised in the Income Statement in the period in which they are received. Government assistance was provided in the form of the job retention scheme support, totalling £Nil (2021:£525,537).

#### 1.12 Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### 1.13 Debtors

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

#### 1.14 Creditors

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

#### 1.15 Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred. The Company is developing a Cloud based system to provide remote access to our eDIN+ module range. Initially this will allow customers to access their systems remotely and Mode can provide remote configuration and diagnostics services. This is a strategic development that will support a future range of Cloud based services. New products released over the past 12 months include the first products in the Roma wireless family, a new iOS App for iPhones and iPads, impulse dimmers and further software enhancements to our eDIN+ modules and Emergency Lighting test system.

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

#### 2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

##### Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

The annual depreciation charge is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

The Directors make estimates of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, the factors considered include the current credit rating of the debtor, the ageing profile of debtors and historical experience.

The Company considers the recoverability of the cost of its stock holdings and the associated provisioning required. When calculating the stock impairment provision management considers the nature and condition of the stock as well as applying assumptions around future saleability.

#### 3 Turnover and other revenue

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Product and distribution sales	5,945,573	4,474,389
Group overhead sales	312,555	52,722
Group product sales	24,834	8,274
	<u>6,282,962</u>	<u>4,535,385</u>
	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,933,678	4,173,048
Europe	272,739	269,491
Asia	56,566	90,490
North America	19,979	2,338
Africa	-	18
	<u>6,282,962</u>	<u>4,535,385</u>
	2022	2021
	£	£
<b>Other revenue</b>		
Interest income	121	-

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

#### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(8,282)	13,297
Research and development costs	340,635	172,425
Fees payable to the company's auditor for the audit of the company's financial statements	15,250	14,000
Depreciation of owned tangible fixed assets	43,471	32,920
(Profit)/loss on disposal of tangible fixed assets	(2,500)	2,209
Operating lease charges	426,000	396,750
	<u>                    </u>	<u>                    </u>

#### 5 Employees

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

	2022	2021
	Number	Number
Directors	5	5
Production	30	28
Administrative	33	30
	<u>                    </u>	<u>                    </u>
Total	68	63
	<u>                    </u>	<u>                    </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,442,544	1,989,514
Social security costs	259,074	188,845
Pension costs	43,955	40,163
	<u>                    </u>	<u>                    </u>
	2,745,573	2,218,522
	<u>                    </u>	<u>                    </u>

#### 6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	477,235	365,295
Company pension contributions to defined contribution schemes	6,504	6,572
	<u>                    </u>	<u>                    </u>
	483,739	371,867
	<u>                    </u>	<u>                    </u>

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 6 Directors' remuneration

(Continued)

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

	2022 £	2021 £
Remuneration for qualifying services	140,653	110,187

### 7 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Other interest income	121	-

### 8 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	35,625
Adjustments in respect of prior periods	(14)	-
Total current tax	(14)	35,625
<b>Deferred tax</b>		
Origination and reversal of timing differences	29,681	-
Changes in tax rates	9,373	-
Total deferred tax	39,054	-
Total tax charge	39,040	35,625

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

#### 8 Taxation

(Continued)

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:

	2022 £	2021 £
Profit before taxation	626,743	384,717
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	119,081	73,096
Tax effect of expenses that are not deductible in determining taxable profit	593	5,108
Adjustments in respect of prior years	(14)	-
Group relief	(16,543)	(4,196)
Permanent capital allowances in excess of depreciation	(18,519)	(5,635)
Enhanced relief available on R&D expenditure	(84,137)	(42,589)
Capital items expensed	-	9,841
Fixed asset profit on disposal	(475)	-
Change in tax rate effect on previously recognised deferred tax	9,373	-
Movement on deferred tax	29,681	-
Taxation charge for the year	39,040	35,625

#### 9 Dividends

	2022 £	2021 £
Interim paid	160,000	-

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 10 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 October 2021	786,539	148,953	395,642	1,331,134
Additions	98,857	-	8,232	107,089
Disposals	(1,313)	-	-	(1,313)
At 30 September 2022	<u>884,083</u>	<u>148,953</u>	<u>403,874</u>	<u>1,436,910</u>
<b>Depreciation and impairment</b>				
At 1 October 2021	675,371	142,576	389,656	1,207,603
Depreciation charged in the year	37,135	1,478	4,858	43,471
Eliminated in respect of disposals	(1,313)	-	-	(1,313)
At 30 September 2022	<u>711,193</u>	<u>144,054</u>	<u>394,514</u>	<u>1,249,761</u>
<b>Carrying amount</b>				
At 30 September 2022	<u>172,890</u>	<u>4,899</u>	<u>9,360</u>	<u>187,149</u>
At 30 September 2021	<u>111,168</u>	<u>6,377</u>	<u>5,986</u>	<u>123,531</u>

### 11 Financial instruments

	2022 £	2021 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	<u>2,517,473</u>	<u>2,559,825</u>

### 12 Stocks

	2022 £	2021 £
Raw materials and consumables	1,212,270	962,788
Work in progress	204,806	132,940
Finished goods and goods for resale	580,656	393,689
	<u>1,997,732</u>	<u>1,489,417</u>

### 13 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	981,964	707,801
Corporation tax recoverable	-	38,707
Amounts owed by group undertakings	2,081,767	2,000,456
Prepayments and accrued income	123,603	190,269
	<u>3,187,334</u>	<u>2,937,233</u>

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

	2022	2021
	£	£
Trade creditors	806,807	628,912
Amounts owed to group undertakings	30,123	49,715
Corporation tax	-	35,639
Other taxation and social security	291,135	173,510
Accruals and deferred income	342,064	269,428
	<u>1,470,129</u>	<u>1,157,204</u>

#### 15 Deferred taxation

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

	Liabilities 2022	Liabilities 2021
	£	£
<b>Balances:</b>		
Accelerated capital allowances	<u>39,054</u>	<u>-</u>
		<b>2022</b>
		£
<b>Movements in the year:</b>		
Liability at 1 October 2021		-
Charge to profit or loss		29,681
Effect of change in tax rate - profit or loss		9,373
Liability at 30 September 2022		<u>39,054</u>

#### 16 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

#### 17 Financial commitments, guarantees and contingent liabilities

The Company is party to a cross-guarantee and debenture dated 28th May 2019 between fellow group undertakings, Daleba Electronics Limited, DK Thermal Limited, Tappenden & Co Limited and Fringe Electronics Limited.

# MODE LIGHTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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### 18 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:

	2022	2021
	£	£
Within one year	406,000	406,000
Between two and five years	1,624,000	1,624,000
In over five years	5,434,833	5,840,833
	<u>7,464,833</u>	<u>7,870,833</u>

#### Lessor

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

	2022	2021
	£	£
Within one year	188,000	193,000
Between two and five years	401,000	453,250
	<u>589,000</u>	<u>646,250</u>

### 19 Parent and Ultimate Parent Company

Tappenden & Co Limited has been the parent and ultimate parent Company during the current and previous year.