

Company registration number 06612708 (England and Wales)

GALA LIGHTS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

GALA LIGHTS LTD

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GALA LIGHTS LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021	2020
	Notes	£	as restated £
Fixed assets			
Tangible assets	5	336,999	276,019
Current assets			
Stocks		101,172	99,558
Debtors	6	2,216,994	1,466,809
Cash at bank and in hand		447,361	566,200
		<u>2,765,527</u>	<u>2,132,567</u>
Creditors: amounts falling due within one year	7	<u>(1,521,541)</u>	<u>(1,130,067)</u>
Net current assets		<u>1,243,986</u>	<u>1,002,500</u>
Total assets less current liabilities		<u>1,580,985</u>	<u>1,278,519</u>
Provisions for liabilities		<u>(66,152)</u>	<u>(45,562)</u>
Net assets		<u><u>1,514,833</u></u>	<u><u>1,232,957</u></u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss reserves		1,513,833	1,231,957
Total equity		<u><u>1,514,833</u></u>	<u><u>1,232,957</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 20 November 2022 and are signed on its behalf by:

C Stille
Director

Company Registration No. 06612708

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Gala Lights Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Unit 10, Britannia Business Park, Aylesford, Kent, United Kingdom, ME20 7NT.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Groupe Leblanc. These consolidated financial statements are available from its registered office, 6 - 8 Rue Michael Faraday, 71200 Le Mans, France.

1.2 Going concern

At the time of approving the financial statements, taking into consideration all relevant factors and other evidence available to the directors in respect of the company's trading prospects (including the consequences of the COVID-19 pandemic, supply chain issues and the Ukraine conflict), the directors remain satisfied 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.

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Turnover

Sales of goods

Revenue is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes.

The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Hire Sales

Hire revenue relates to the installation, hire, maintenance and removal of electrical light displays over the Christmas period. The sales contracts encompass each of these four elements as part of a package.

Due to the indeterminate number of acts due to be undertaken by the company between installation and removal, revenue is recognised systematically on a straight line basis over the specific period over which the light display is erected. Deferred or accrued income is recognised on the balance sheet to the extent that a mismatch arises between the amounts invoiced and the amounts eligible for recognition as revenue.

Management consider it reasonable to recognise all revenue relating to the Christmas period of a given year wholly within that year, given that the lights are switched-off circa 6 days after the year end, which would give rise only to an immaterial cut-off discrepancy.

Revenue is recognised net of VAT and any trade discounts and only to the extent of the expenses recognised that it is probable will be recovered. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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, machinery, fixtures, fittings & equipment	25% on written down value
Computer equipment	25% on written down value
Motor vehicles	25% on written down value
Hire lighting	33% straight line

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 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.

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

1.6 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.

1.7 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies, are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised at transaction price.

1.8 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

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

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.

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 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.

1.11 Retirement benefits

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

1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.13 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.

2 Change in accounting policy

During the year, the company amended its accounting policies in respect of turnover and tangible fixed assets to ensure compliance with the provisions of FRS102.

Since these changes in policy to both turnover and tangible fixed assets constitute a historic error, these financial statements have been prepared as though the amended policies were always in place. As such, the policies and related corrections of the errors have been accounted for retrospectively.

In particular, turnover relating to hire sales is now recognised on an accruals basis as opposed to an 'as invoiced' basis. The financial effects of this adjustment are to increase turnover recognised by £156,867 (2020: £44,954), accrued income by £714,546 (2020: £557,679), and brought forward retained earnings by £557,679 (2020: £512,725).

In respect of tangible fixed assets, the company has now introduced a new class of asset 'hire lighting.' Its policy is to capitalise any assets costing £100 or more. Historically, light assemblies had been expensed to the profit and loss account as incurred. This is contrary to FRS102, whereby the hire light components would meet the definition of a tangible fixed asset, much like the plant and machinery already included in the financial statements:

- It is probable that future economic benefits (i.e. over more than one financial period) associated with the item will flow to the entity, and
- The cost of the item can be reliably measured.

The financial effects of this adjustment are to increase depreciation charged by £119,540 (2020: £73,330), the carrying value of tangible fixed assets by £311,368 (2020: £243,302) retained earnings brought forward by £243,302 (2020: £187,510) and to reduce purchases by £187,606 (2020: £129,122).

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4 Employees

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

	2021	2020
Total	7	7

5 Tangible fixed assets

	Plant and machinery etc	Hire lighting	Total
	£	£	£
Cost			
At 1 January 2021	82,596	328,788	411,384
Additions	3,477	187,606	191,083
Disposals	(12,216)	-	(12,216)
At 31 December 2021	73,857	516,394	590,251
Depreciation and impairment			
At 1 January 2021	49,879	85,486	135,365
Depreciation charged in the year	7,757	119,540	127,297
Eliminated in respect of disposals	(9,410)	-	(9,410)
At 31 December 2021	48,226	205,026	253,252
Carrying amount			
At 31 December 2021	25,631	311,368	336,999
At 31 December 2020	32,717	243,302	276,019

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,234,623	597,397
Other debtors	982,371	869,412
	<u>2,216,994</u>	<u>1,466,809</u>

7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	213,696	31,610
Corporation tax	223,400	163,525
Other taxation and social security	149,091	112,948
Other creditors	154,418	141,979
Accruals and deferred income	268,314	258,549
Balances due to related parties	512,622	421,456
	<u>1,521,541</u>	<u>1,130,067</u>

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Audit report information

(Continued)

Qualified opinion on financial statements

We have audited the financial statements of Gala Lights Ltd (the 'company') for the year ended 31 December 2021 which comprise , the balance sheet 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were not appointed as auditor of the company until after 31 December 2021 and thus did not observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 December 2021, which are included in the balance sheet at £101,172, by using other audit procedures.

Consequently we were unable to determine whether any adjustment to this amount was necessary. Owing to this limitation of scope, we were also unable to determine the valuation of the stock featured in these financial statements. It is not practicable to quantify the financial effects of this.

In addition, due to a change in accounting policy to ensure compliance with FRS102, the company has recognised a new class of tangible fixed assets, 'hire lights'. As part of this adjustment, the company has recognised assets with a carrying value of £311,368 (2020 restatement: £234,302). We have not been able to verify the existence of these fixed assets due to difficulties in obtaining evidence from the various sites where the assets are situated. Arising from our testing, we estimate that tangible fixed assets may be overstated by circa £60,000.

Consequently we were unable to conclude whether the class of asset is fairly stated within the financial statements.

Finally, from audit work undertaken we have concluded that there is insufficient documentation held to confirm whether non-hire sales are being invoiced for the correct amount. There is a possibility that sales are understated, however it is not possible to quantify the financial effects of this.

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 qualified opinion.

Key audit matters

Except for the matters described in the basis for qualified opinion section, we have determined that there are no key audit matters to be communicated in our report.

The senior statutory auditor was Daniel Graves BA(Hons) FCA and the auditor was Azets Audit Services.

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Operating lease commitments

Lessee

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

	As restated
2021	2020
£	£
59,927	62,729
<u>59,927</u>	<u>62,729</u>

10 Related party transactions

The company made purchases amounting to £48 on behalf of the director during the year, giving rise to a closing balance of £257 (2020: £209) due to the company at the year end. This amount is included within other debtors.

During the year, the company purchased goods from its immediate parent, Leblanc Illuminations SAS, amounting to £421,899 (2020: £312,253). At 31 December 2021 a total of £512,622 (2020: £421,456) was payable to Groupe LCX SAS.

In addition, during the period, the company paid rent to the minority shareholder, Ellits Limited, totalling £26,332 (2020: £24,996). At 31 December 2021 a total of £98,000 (2020: £98,000) was due to Ellits Limited, and is included within other creditors.

In respect of all stated related party balances above, the loans are provided on an interest free basis and are repayable on demand.

Otherwise, the Company has taken exemption from disclosing related party transactions which occur under normal market conditions, in accordance with section 1AC.35 of the Financial Reporting Standards 102, s1A.

11 Control

The immediate parent of the company is Leblanc Illuminations SAS, which forms the smallest group which draws-up consolidated financial statements. Its registered office is 6-8 Rue Michael Faraday, 72027 Le Mans, France.

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Prior period adjustment

Following a review of the policy of capitalising light assemblies, on the grounds of materiality, management consider that a prior year adjustment is appropriate and hence an adjustment that has increased opening retained profits by £243,302 has been reflected in these financial statements. The gross adjustment to cost of sales in 2021 arising from this amendment totalled £109,956.

As a result of this adjustment, management also consider that a prior year adjustment in respect of deferred tax is appropriate and hence an adjustment that has decreased opening retained profits by £45,562 has been reflected in these financial statements. The gross adjustment to the taxation expense in 2021 arising from this amendment totalled £45,562.

Additionally, following a review of hire sales cut off, on the grounds of materiality, management consider that a prior year adjustment is appropriate and hence an adjustment that has increased opening retained profits by £557,679 has been reflected in these financial statements. The gross adjustment to sales and corporation tax in 2021 arising from this amendment totalled £557,679 and £105,959 respectively.

Similarly, following a review of non-hire sales cut off, on the grounds of materiality, management consider that a prior year adjustment is appropriate and hence an adjustment that has increased opening retained profits by £307,354 has been reflected in these financial statements. The gross adjustment to sales and corporation tax in 2021 arising from this amendment totalled £307,354 and £58,397 respectively.

Furthermore, following a review of purchase cut off, on the grounds of materiality, management consider that a prior year adjustment is appropriate and hence an adjustment that has decreased opening retained profits by £249,816 has been reflected in these financial statements. The gross adjustment to cost of sales and corporation tax in 2021 arising from this amendment totalled £249,816 and £47,465 respectively.

Moreover, following the above noted adjustments, on the grounds of materiality, management also consider that a prior year adjustment in respect of corporation tax is appropriate and hence an adjustment that has decreased opening retained profits by £116,891 has been reflected in these financial statements. The gross adjustments to the tax expense in 2021 arising from this amendment totalled £116,891.

An additional prior period adjustment in respect of intercompany and trade creditors does not give rise to any effect upon profit as previously stated for the year ended 31 December 2020. Likewise, this prior period adjustment does not change the net assets.

	As previously reported	Adjustment at 1 Jan 2020	Adjustment at 31 Dec 2020	As restated at 31 Dec 2020
	£	£	£	£
Fixed assets				
Tangible assets	32,717	187,510	55,792	276,019
Current assets				
Debtors due within one year	601,776	677,700	187,333	1,466,809
Creditors due within one year				
Taxation	(159,582)	(86,038)	(30,853)	(276,473)
Other creditors	(603,778)	(224,866)	(24,950)	(853,594)
Provisions for liabilities				
Deferred tax	-	(35,682)	(9,880)	(45,562)
Net assets	536,891	518,624	177,442	1,232,957
Capital and reserves				
Profit and loss reserves	535,891	518,624	177,442	1,231,957

GALA LIGHTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Prior period adjustment (Continued)

Changes to the profit and loss account

	As previously reported	Adjustment	As restated
Period ended 31 December 2020	£	£	£
Turnover	1,830,815	187,333	2,018,148
Cost of sales	(1,192,401)	30,842	(1,161,559)
Taxation	(48,581)	(40,733)	(89,314)
Profit for the financial period	168,786	177,442	346,228
	<u> </u>	<u> </u>	<u> </u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.