Cos Hse

Company Registration No. 09868581 (England and Wales)

UNIVERSAL GROUP HOLDINGS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

UNIVERSAL GROUP HOLDINGS LTD

COMPANY INFORMATION

Directors	Mr Jonathan Eden Mr Andrew Robinson Ms Kirsten Waine Mr Nicholas Fitzpatrick
Company number	09868581
Registered office	Guy Street Bradford West Yorkshire BD4 7BB
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

UNIVERSAL GROUP HOLDINGS LTD

CONTENTS

UNIVERSAL GROUP HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The principal activities of the group are the supply, installation and hire of audio visual equipment and the provision of technical services to the Live Events industry.

These financial statements are the third set of accounts for Universal Group Holdings Limited. We are pleased to report the results which are on a par with the previous two years. There has been further investment in our kit portfolio to ensure we keep pace in a fast moving technological environment. We have also continued to invest in our biggest asset – our team. Growth has been achieved in our newer geographical areas whilst keeping the very high levels of service with our existing loyal customer base.

The Directors are confident that 2019 will be another profitable but tough year. The Brexit uncertainty is not helpful when our biggest customer is the Government in the form of Universities but we are confident we have the right team to maximise the opportunities that currently exist.

Principal risks and uncertainties

Both trading entities have faced challenges with the added uncertainty of Brexit. This is a concern from a stock fulfilment perspective but may also increase our costs. The University Purchasing Frameworks, which provide a large proportion of our AV business, are about to expire. Conceivably, this is a risk however we do not anticipate any issues.

Key performance indicators

Group cash reserves have increased slightly, (£1,212k versus £1,146k) despite investing heavily in kit in the year. Group Net Assets increased by a further 50% £1,518k versus £1,041k. This was just short of our KPI target of a £500k increase year on year. Our AV Gross Profit was 2% in front of plan, due to increases in efficiency and better buying. Live Gross Profit percentage was in line with last year. So on a group basis, Gross Profit increased by just over £200k and the Gross Profit Margin increased from 38.97% to 40.00%. Our KPI target was 50%.

On behalf of the board

....

Mr Jonathan Eden

Director

19th August 2019

UNIVERSAL GROUP HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities
The principal activity of the group continued to be that of supply, installation and hire of audio-visual equipment and a provider of technical services to the live event industry.

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

Mr Jonathan Eden
Mr Andrew Robinson
Ms Kirsten Waine
Mr Nicholas Fitzpatrick

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

Ordinary dividends were paid amounting to £307,042. The directors do not recommend payment of a further dividend.

Auditor
BHP LLP were appointed as auditor to the group 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 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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

....
Mr Jonathan Eden
Director

Date: 19th August 2019

UNIVERSAL GROUP HOLDINGS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNIVERSAL GROUP HOLDINGS LTD

Opinion

We have audited the financial statements of Universal Group Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company 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 group's and the parent company's affairs as at 31 December 2018 and of the group's 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 group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent 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: http://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.

Roger Thompson (Senior Statutory Auditor)
for and on behalf of BHP LLP, Statutory Auditor

BHP LLP.

BHP LLP, Statutory Auditor
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

22 August 2019

UNIVERSAL GROUP HOLDINGS LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	12,741,569	12,550,505
Cost of sales		(7,644,585)	(7,659,125)
Gross profit		5,096,984	4,891,380
Administrative expenses		(4,127,872)	(3,887,165)
Other operating income		18,252	18,252
Operating profit	4	987,364	1,022,467
Interest receivable and similar income	7	3,935	2,060
Interest payable and similar expenses	8	(7,378)	(12,121)
Profit before taxation		983,921	1,012,406
Tax on profit	9	(200,158)	(178,743)
Profit for the financial year		783,763	833,663

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

UNIVERSAL GROUP HOLDINGS LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Negative goodwill	11		(162,138)		(243,206)
Tangible assets	12		1,017,438		978,634
			855,300		735,428
Current assets					
Stocks	16	544,007		339,327	
Debtors	17	1,940,866		2,127,866	
Cash at bank and in hand		1,212,836		1,146,874	
		3,697,709		3,614,067	
Creditors: amounts falling due within one year	18	(2,394,818)		(2,311,352)	
Net current assets			1,302,891		1,302,715
Total assets less current liabilities			2,158,191		2,038,143
Creditors: amounts falling due after more than one year	19		(639,575)		(996,248)
Net assets			1,518,616		1,041,895
Capital and reserves					
Called up share capital	24		40,000		40,000
Share premium account			30,500		30,500
Profit and loss reserves			1,448,116		971,395
Total equity			1,518,616		1,041,895

The financial statements were approved by the board of directors and authorised for issue on 19th August 2019 and are signed on its behalf by:

Mr Jonathan Eden
Director

Mr Andrew Robinson
Director

UNIVERSAL GROUP HOLDINGS LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	13		3,716,960		3,716,960
Current assets		-		-	
Creditors: amounts falling due within one year	18	(3,106,460)		(2,746,460)	
Net current liabilities			(3,106,460)		(2,746,460)
Total assets less current liabilities			610,500		970,500
Creditors: amounts falling due after more than one year	19		(540,000)		(900,000)
Net assets			70,500		70,500
Capital and reserves					
Called up share capital	24		40,000		40,000
Share premium account			30,500		30,500
Total equity			70,500		70,500

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £307,042 (2017 - £318,820 profit).

The financial statements were approved by the board of directors and authorised for issue on 19th August 2019 and are signed on its behalf by:

Mr Jonathan Eden
Director

Mr Andrew Robinson
Director

Company Registration No. 09868581

UNIVERSAL GROUP HOLDINGS LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		40,000	30,500	456,552	527,052
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	833,663	833,663
Dividends	10	-	-	(318,820)	(318,820)
Balance at 31 December 2017		40,000	30,500	971,395	1,041,895
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	783,763	783,763
Dividends	10	-	-	(307,042)	(307,042)
Balance at 31 December 2018		40,000	30,500	1,448,116	1,518,616

UNIVERSAL GROUP HOLDINGS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2017		40,000	30,500	-	70,500
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	318,820	318,820
Dividends	10	-	-	(318,820)	(318,820)
Balance at 31 December 2017		40,000	30,500	-	70,500
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	307,042	307,042
Dividends	10	-	-	(307,042)	(307,042)
Balance at 31 December 2018		40,000	30,500	-	70,500

UNIVERSAL GROUP HOLDINGS LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	29		1,226,632		1,169,748
Interest paid			(7,378)		(12,121)
Income taxes paid			(187,758)		(184,943)
Net cash inflow from operating activities			1,031,496		972,684
Investing activities					
Purchase of tangible fixed assets		(562,737)		(513,868)	
Proceeds on disposal of tangible fixed assets		30,981		40,250	
Interest received		3,935		2,060	
Net cash used in investing activities			(527,821)		(471,558)
Financing activities					
Payment of finance leases obligations		(130,671)		(167,372)	
Dividends paid to equity shareholders		(307,042)		(318,820)	
Net cash used in financing activities			(437,713)		(486,192)
Net increase in cash and cash equivalents			65,962		14,934
Cash and cash equivalents at beginning of year			1,146,874		1,131,940
Cash and cash equivalents at end of year			1,212,836		1,146,874

1 Accounting policies

Company information

Universal Group Holdings Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Guy Street, Bradford, West Yorkshire, BD4 7BB.

The group consists of Universal Group Holdings Ltd and all of its subsidiaries.

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 the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Universal Group Holdings Ltd and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 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 Accounting policies **(Continued)**

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 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:

Land and buildings Leasehold	Straight line over the life of the lease
Plant and machinery	25% straight line
Fixtures, fittings & equipment	20% straight line
Hire equipment	20% - 100% straight line
Motor vehicles	25% or 33.33% 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 recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1 Accounting policies **(Continued)**

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.9 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 replacement cost and 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.

1.10 Cash at bank and in hand

Cash at bank and in hand 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.

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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

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.

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.

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 group 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.

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group 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 group.

1.13 Taxation

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

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 group'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 if, and only if, there is 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.

1.14 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.

1.15 Retirement benefits

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

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased asset are consumed.

1 Accounting policies **(Continued)**

1.17 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.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Sales and installation of equipment	6,122,296	6,153,492
Events and equipment hire	5,936,086	5,700,604
Venue support services	683,187	696,409
	12,741,569	12,550,505

	2018	2017
	£	£
Other significant revenue		
Interest income	3,935	2,060
Grants received	18,252	18,252

	2018	2017
	£	£
Turnover analysed by geographical market		
UK	12,605,729	12,088,693
Europe	42,225	337,372
Rest of the world	93,615	124,440
	12,741,569	12,550,505

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(18,252)	(18,252)
Depreciation of owned tangible fixed assets	566,123	517,880
Depreciation of tangible fixed assets held under finance leases	87,241	104,793
Profit on disposal of tangible fixed assets	(26,520)	(17,623)
Release of negative goodwill	(81,068)	(81,068)
Cost of stocks recognised as an expense	5,684,686	5,772,878
Operating lease charges	128,402	132,278

5 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	14,500	11,950

6 Employees

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

	Group 2018	2017	Company 2018	2017
	Number	Number	Number	Number
Bradford	26	27	-	-
Newcastle	7	7	-	-
Rossendale	3	3	-	-
Live	49	49	-	-
	85	86	-	-

Their aggregate remuneration comprised:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Wages and salaries	2,344,625	2,183,220	-	-
Social security costs	232,083	223,242	-	-
Pension costs	88,449	56,870	-	-
	2,665,157	2,463,332	-	-

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	3,935	2,060

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3,935	2,060

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	386	149
Interest on finance leases and hire purchase contracts	6,992	11,386
	7,378	11,535
Other finance costs:		
Other interest	-	586
Total finance costs	7,378	12,121

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	185,200	189,800
Adjustments in respect of prior periods	(2,042)	(2,057)
Total current tax	183,158	187,743
Deferred tax		
Origination and reversal of timing differences	17,000	(9,000)
Total tax charge	200,158	178,743

9 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:

	2018	2017
	£	£
Profit before taxation	983,921	1,012,406
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	186,945	202,481
Tax effect of expenses that are not deductible in determining taxable profit	1,364	(2,458)
Tax effect of income not taxable in determining taxable profit	(3,468)	-
Change in unrecognised deferred tax assets	32,494	(698)
Adjustments in respect of prior years	(2,042)	(2,057)
Effect of change in corporation tax rate	-	(5,013)
Other permanent differences	268	(11,288)
Other differences	(15,403)	(2,224)
Tax expense for the year	200,158	178,743

10 Dividends

	2018	2017
	£	£
Interim paid	307,042	318,820

11 Intangible fixed assets

Group	Negative goodwill
	£
Cost	
At 1 January 2018 and 31 December 2018	(405,342)
Amortisation and impairment	
At 1 January 2018	(162,136)
Amortisation charged for the year	(81,068)
At 31 December 2018	(243,204)
Carrying amount	
At 31 December 2018	(162,138)
At 31 December 2017	(243,206)

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

12 Tangible fixed assets

Group	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Hire equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2018	47,434	300,569	72,860	1,701,806	392,723	2,515,392
Additions	7,041	37,895	4,330	521,635	125,728	696,629
Disposals	-	-	-	(6,742)	(26,541)	(33,283)
At 31 December 2018	54,475	338,464	77,190	2,216,699	491,910	3,178,738
Depreciation and impairment						
At 1 January 2018	34,198	248,826	48,404	997,648	207,682	1,536,758
Depreciation charged in the year	6,487	38,883	5,390	504,587	98,017	653,364
Eliminated in respect of disposals	-	-	-	(2,281)	(26,541)	(28,822)
At 31 December 2018	40,685	287,709	53,794	1,499,954	279,158	2,161,300
Carrying amount						
At 31 December 2018	13,790	50,755	23,396	716,745	212,752	1,017,438
At 31 December 2017	13,236	51,743	24,456	704,158	185,041	978,634

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Motor vehicles	230,133	190,615	-	-
Hire equipment	-	94,987	-	-
	230,133	285,602	-	-

13 Fixed asset investments

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Investments in subsidiaries	14	-	-	3,716,960	3,716,960

13 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	**Shares in group undertakings**
	£
Cost or valuation	
At 1 January 2018 and 31 December 2018	3,716,960
Carrying amount	
At 31 December 2018	3,716,960
At 31 December 2017	3,716,960

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	**Registered office**	**Nature of business**	**Class of shares held**	**% Held Direct**	**Indirect**
Universal AV Services Limited	England and Wales	The supply, installation and hire of audio-visual equipment.	Ordinary	100.00	-
Universal Live Limited	England and Wales	Provider of technical services to the live event industry.	Ordinary	100.00	-

15 Financial instruments

	Group 2018	**2017**	**Company 2018**	**2017**
	£	**£**	**£**	**£**
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,785,658	1,983,120	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	2,220,275	2,790,722	3,646,460	3,646,460

16 Stocks

	Group 2018	**2017**	**Company 2018**	**2017**
	£	**£**	**£**	**£**
Finished goods and goods for resale	544,007	339,327	-	-

17 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	1,730,947	1,969,555	-	-
Other debtors	54,711	13,565	-	-
Prepayments and accrued income	63,208	35,746	-	-
	1,848,866	2,018,866	-	-
Deferred tax asset (note 21)	92,000	109,000	-	-
	1,940,866	2,127,866	-	-

18 Creditors: amounts falling due within one year

	Notes	Group 2018	2017	Company 2018	2017
		£	**£**	**£**	**£**
Obligations under finance leases	20	95,302	95,408	-	-
Trade creditors		911,384	1,151,667	-	-
Amounts owed to group undertakings		-	-	2,746,460	2,386,460
Corporation tax payable		185,200	189,800	-	-
Other taxation and social security		624,351	304,259	-	-
Government grants	22	4,567	22,819	-	-
Other creditors		360,000	360,000	360,000	360,000
Accruals and deferred income		214,014	187,399	-	-
		2,394,818	2,311,352	3,106,460	2,746,460

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018	2017	Company 2018	2017
		£	**£**	**£**	**£**
Obligations under finance leases	20	99,575	96,248	-	-
Other creditors		540,000	900,000	540,000	900,000
		639,575	996,248	540,000	900,000

20 Finance lease obligations

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	95,302	95,408	-	-
In two to five years	99,575	96,248	-	-
	194,877	191,656	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Assets 2018 £	Assets 2017 £
Accelerated depreciation	92,000	109,000

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 January 2018	(109,000)	-
Charge to profit or loss	17,000	-
Liability at 31 December 2018	(92,000)	-

22 Government grants

	Group 2018 £	2017 £	Company 2018 £	2017 £
Arising from government grants	4,567	22,819	-	-
	4,567	22,819	-	-

Deferred income is included in the financial statements as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Current liabilities	4,567	22,819	-	-
	4,567	22,819	-	-

23 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	88,449	56,870

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
22,000 A Ordinary shares of £1 each	22,000	22,000
14,000 B Ordinary shares of £1 each	14,000	14,000
2,000 C Ordinary shares of £1 each	2,000	2,000
2,000 D Ordinary shares of £1 each	2,000	2,000
	40,000	40,000

All shares will rank pari passu in all respects.

25 Operating lease commitments

Lessee

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	103,983	79,780	-	-
Between two and five years	114,556	19,785	-	-
	218,539	99,565	-	-

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	206,160	-	-	-

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	258,094	257,913

28 Directors' transactions

Dividends totalling £307,042 (2017 - £318,820) were paid in the year in respect of shares held by the company's directors.

29 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	783,763	833,663
Adjustments for:		
Taxation charged	200,158	178,743
Finance costs	7,378	12,121
Investment income	(3,935)	(2,060)
Gain on disposal of tangible fixed assets	(26,520)	(17,623)
Amortisation and impairment of intangible assets	(81,068)	(81,068)
Depreciation and impairment of tangible fixed assets	653,364	622,673
Movements in working capital:		
(Increase)/decrease in stocks	(204,680)	303,865
Decrease/(increase) in debtors	170,000	(37,887)
(Decrease) in creditors	(253,576)	(624,427)
(Decrease) in deferred income	(18,252)	(18,252)
Cash generated from operations	1,226,632	1,169,748