

Company Registration No. 09868581 (England and Wales)

UNIVERSAL GROUP HOLDINGS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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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

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UNIVERSAL GROUP HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

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 second set of accounts for Universal Group Holdings Limited. The Management Buy Out happened in January 2016, so we have now completed the second full year of trading under the new Group structure. The Directors are happy with the trading performance of the two companies under very challenging circumstances. There has been a conscious investment in extending our geographical reach which has yet to produce a financial return, although this is expected to change in 2018. There has been a substantial investment in "Hire Stock" in line with previous years of circa £500,000 with a further investment of £500,000 budgeted for 2018. This continuous investment is deemed necessary to stay at the forefront of a fast paced, technology based industry.

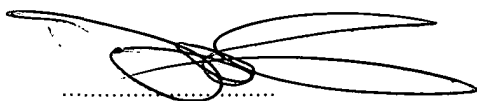
Group cash reserves increased slightly in the year (£1,146K this year from £1,131K last year) and group Net Assets increased to over £1m (£1,041K from £527K in 2016).

The Group has invested heavily in working systems (both hardware and software) to allow us to work more effectively and have more information about our customers at our finger tips. As part of the GDPR preparation process, we are moving more towards a more paperless system.

Our ISO processes for both quality and environmental standards have become second nature with how we work. This has also produced commercial benefits for the business.

Looking at 2018, the Directors are confident of another solid performance with similar levels of turnover, profit and cash. We are mindful of the challenges ahead - now more than ever, we need to stay close to our customers and ensure that we provide what they need. The Directors are convinced that we have the right team to enable us to do that.

On behalf of the board



Mr Jonathan Eden

Director

HR July 2018

UNIVERSAL GROUP HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company and 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 £318,820. The directors do not recommend payment of a further dividend.

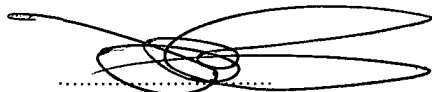
Auditor

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:

14 July 2018

UNIVERSAL GROUP HOLDINGS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

UNIVERSAL GROUP HOLDINGS LTD

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 2017 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, the group statement of cash flows 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 2017 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.

UNIVERSAL GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UNIVERSAL GROUP HOLDINGS LTD

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.

UNIVERSAL GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF UNIVERSAL GROUP HOLDINGS LTD

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.

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

13 July 2018

UNIVERSAL GROUP HOLDINGS LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	12,550,505	12,924,783
Cost of sales		(7,659,125)	(7,822,542)
Gross profit		4,891,380	5,102,241
Administrative expenses		(3,887,165)	(4,182,268)
Other operating income		18,252	18,252
Operating profit	4	1,022,467	938,225
Interest receivable and similar income	7	2,060	745
Interest payable and similar expenses	8	(12,121)	(11,274)
Profit before taxation		1,012,406	927,696
Tax on profit	9	(178,743)	(169,746)
Profit for the financial year		833,663	757,950

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 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Negative goodwill	11	(243,206)		(324,274)	
Tangible assets	12	978,634		976,162	
			735,428		651,888
Current assets					
Stocks	16	339,327		643,192	
Debtors	17	2,127,866		2,080,979	
Cash at bank and in hand		1,146,874		1,131,940	
		3,614,067		3,856,111	
Creditors: amounts falling due within one year	18	(2,311,352)		(2,606,104)	
Net current assets			1,302,715		1,250,007
Total assets less current liabilities			2,038,143		1,901,895
Creditors: amounts falling due after more than one year	19	(996,248)		(1,374,843)	
Net assets			1,041,895		527,052
Capital and reserves					
Called up share capital	24	40,000		40,000	
Share premium account		30,500		30,500	
Profit and loss reserves		971,395		456,552	
Total equity			1,041,895		527,052

The financial statements were approved by the board of directors and authorised for issue on 14th July 2018 and are signed on its behalf by:



Mr Jonathan Eden
Director



Mr Andrew Robinson
Director

UNIVERSAL GROUP HOLDINGS LTD

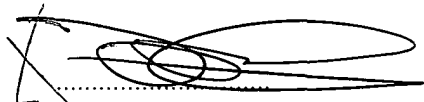
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	13		3,716,960		3,716,960
Current assets			-		-
Creditors: amounts falling due within one year	18	(2,746,460)		(2,386,460)	
Net current liabilities			(2,746,460)		(2,386,460)
Total assets less current liabilities			970,500		1,330,500
Creditors: amounts falling due after more than one year	19		(900,000)		(1,260,000)
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 £318,820 (2016 - £301,398 profit).

The financial statements were approved by the board of directors and authorised for issue on *date 24 July 2018* 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 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 12 November 2015		-	-	-	-
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	757,950	757,950
Issue of share capital	24	40,000	30,500	-	70,500
Dividends	10	-	-	(301,398)	(301,398)
Balance at 31 December 2016		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

UNIVERSAL GROUP HOLDINGS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 12 November 2015		-	-	-	-
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	301,398	301,398
Issue of share capital	24	40,000	30,500	-	70,500
Dividends	10	-	-	(301,398)	(301,398)
Balance at 31 December 2016		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

UNIVERSAL GROUP HOLDINGS LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	28	1,169,748		3,175,928	
Interest paid		(12,121)		(11,274)	
Income taxes paid		(184,943)		(84,746)	
Net cash inflow from operating activities		972,684		3,079,908	
Investing activities					
Purchase of business		-	(706,663)		
Purchase of intangible assets		-	405,342		
Purchase of tangible fixed assets	(513,868)		(197,474)		
Purchase of tangible fixed assets on acquisition	-		(1,139,529)		
Proceeds on disposal of tangible fixed assets	40,250		28,451		
Interest received	2,060		745		
Net cash used in investing activities		(471,558)		(1,609,128)	
Financing activities					
Proceeds from issue of shares	-		70,500		
Payment of finance leases obligations	(167,372)		(107,942)		
Dividends paid to equity shareholders	(318,820)		(301,398)		
Net cash used in financing activities		(486,192)		(338,840)	
Net increase in cash and cash equivalents		14,934		1,131,940	
Cash and cash equivalents at beginning of year		1,131,940		-	
Cash and cash equivalents at end of year		1,146,874		1,131,940	

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017. 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.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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, 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 direct issue 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.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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 the profit and loss account 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 income 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 lease asset are consumed.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	2017 £	2016 £
Other significant revenue		
Interest income	2,060	745
Grants received	18,252	18,252
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
UK	12,088,693	12,218,423
Europe	337,372	496,660
Rest of the world	124,440	209,700
	<u> </u>	<u> </u>
	12,550,505	12,924,783
	<u> </u>	<u> </u>

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(18,252)	(18,252)
Depreciation of owned tangible fixed assets	517,880	591,377
Depreciation of tangible fixed assets held under finance leases	(104,793)	(97,065)
Profit on disposal of tangible fixed assets	(17,623)	(22,986)
Release of negative goodwill	(81,068)	(81,068)
Cost of stocks recognised as an expense	5,772,878	5,585,910
Operating lease charges	132,278	198,312

5 Auditor's remuneration

	2017 £	2016 £
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	11,950	11,950

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Bradford	27	26	-	-
Newcastle	7	8	-	-
Rossendale	3	3	-	-
Live	49	52	-	-
	86	89	-	-

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	2,195,466	2,326,453	-	-
Social security costs	210,996	215,389	-	-
Pension costs	56,870	55,612	-	-
	2,463,332	2,597,454	-	-

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	2,060	745

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2,060	745
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8 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	149	37
Interest on finance leases and hire purchase contracts	11,386	8,068
	11,535	8,105
Other finance costs:		
Other interest	586	3,169
Total finance costs	12,121	11,274

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	189,800	187,000
Adjustments in respect of prior periods	(2,057)	2,746
Total current tax	187,743	189,746
Deferred tax		
Origination and reversal of timing differences	(9,000)	(20,000)
Total tax charge	178,743	169,746

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

9 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	1,012,406	927,696
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	202,481	185,539
Tax effect of expenses that are not deductible in determining taxable profit	(2,458)	(5,623)
Change in unrecognised deferred tax assets	(698)	9,455
Adjustments in respect of prior years	(2,057)	2,746
Effect of change in corporation tax rate	(5,013)	-
Other permanent differences	(11,288)	(24,427)
Other differences	(2,224)	2,056
Tax expense for the year	178,743	169,746

10 Dividends

	2017 £	2016 £
Interim paid	318,820	301,398

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Intangible fixed assets

Group	Negative goodwill
	£
Cost	
At 1 January 2017 and 31 December 2017	(405,342)
Amortisation and impairment	
At 1 January 2017	(81,068)
Amortisation charged for the year	(81,068)
At 31 December 2017	(162,136)
Carrying amount	
At 31 December 2017	(243,206)
At 31 December 2016	(324,274)

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 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 2017	41,770	288,441	67,345	1,214,940	350,340	1,962,836
Additions	5,664	12,128	5,515	486,866	137,599	647,772
Disposals	-	-	-	-	(95,216)	(95,216)
At 31 December 2017	47,434	300,569	72,860	1,701,806	392,723	2,515,392
Depreciation and impairment						
At 1 January 2017	27,898	221,112	44,923	506,232	186,509	986,674
Depreciation charged in the year	6,300	27,714	3,481	491,416	93,762	622,673
Eliminated in respect of disposals	-	-	-	-	(72,589)	(72,589)
At 31 December 2017	34,198	248,826	48,404	997,648	207,682	1,536,758
Carrying amount						
At 31 December 2017	13,236	51,743	24,456	704,158	185,041	978,634
At 31 December 2016	13,873	67,329	22,421	708,708	163,831	976,162

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Tangible fixed assets

(Continued)

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Motor vehicles	190,615	134,984	-	-
Hire equipment	94,987	142,481	-	-
	<u>285,602</u>	<u>277,465</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	<u>104,793</u>	<u>97,065</u>	<u>-</u>	<u>-</u>

13 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	14	-	-	3,716,960	3,716,960

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2017 and 31 December 2017	<u>3,716,960</u>
Carrying amount	
At 31 December 2017	<u>3,716,960</u>
At 31 December 2016	<u>3,716,960</u>

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 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	-

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,983,120	1,921,574	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	2,790,722	3,316,763	3,646,460	3,646,460

16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Work in progress	-	23,351	-	-
Finished goods and goods for resale	339,327	619,841	-	-
	339,327	643,192	-	-

17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	1,969,555	1,828,905	-	-
Other debtors	13,565	92,669	-	-
Prepayments and accrued income	35,746	59,405	-	-
	2,018,866	1,980,979	-	-
Deferred tax asset (note 21)	109,000	100,000	-	-
	2,127,866	2,080,979	-	-

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

18 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	20	95,408	133,099	-	-
Trade creditors		1,151,667	1,236,305	-	-
Amounts due to group undertakings		-	-	2,386,460	2,026,460
Corporation tax payable		189,800	187,000	-	-
Other taxation and social security		304,259	436,113	-	-
Government grants	22	22,819	18,253	-	-
Other creditors		360,000	360,770	360,000	360,000
Accruals and deferred income		187,399	234,564	-	-
		<u>2,311,352</u>	<u>2,606,104</u>	<u>2,746,460</u>	<u>2,386,460</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	20	96,248	92,025	-	-
Government grants	22	-	22,818	-	-
Other creditors		900,000	1,260,000	900,000	1,260,000
		<u>996,248</u>	<u>1,374,843</u>	<u>900,000</u>	<u>1,260,000</u>

20 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	95,408	133,098	-	-
In two to five years	96,248	92,026	-	-
	<u>191,656</u>	<u>225,124</u>	<u>-</u>	<u>-</u>

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.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	Assets 2017 £	Assets 2016 £
Group		
Accelerated capital allowances	109,000	100,000

The company has no deferred tax assets or liabilities.

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 January 2017	(100,000)	-
Charge to profit or loss	(9,000)	-
Liability at 31 December 2017	(109,000)	-

22 Government grants

	Group 2017 £	2016 £	Company 2017 £	2016 £
Deferred income is included in the financial statements as follows:				
Current liabilities	22,819	18,253	-	-
Non-current liabilities	-	22,818	-	-
	22,819	41,071	-	-

23 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	56,870	55,612

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.

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

24 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Authorised		
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
	<u>40,000</u>	<u>40,000</u>

All shares will rank pari passu in all respects.

Reconciliation of movements during the year:

	A Ordinary Number	B Ordinary Number	C Ordinary Number	D Ordinary Number
At 1 January 2017	<u>22,000</u>	<u>14,000</u>	<u>20,000</u>	<u>20,000</u>
At 31 December 2017	<u>22,000</u>	<u>14,000</u>	<u>20,000</u>	<u>20,000</u>

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 2017 £	2016 £	Company 2017 £	2016 £
Within one year	79,780	117,919	-	-
Between two and five years	<u>19,785</u>	<u>12,229</u>	<u>-</u>	<u>-</u>
	<u>99,565</u>	<u>130,148</u>	<u>-</u>	<u>-</u>

UNIVERSAL GROUP HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	257,913	290,032

27 Directors' transactions

Dividends totalling £318,820 (2016 - £301,398) were paid in the year in respect of shares held by the company's directors.

28 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	833,663	757,950
Adjustments for:		
Taxation charged	178,743	169,746
Finance costs	12,121	11,274
Investment income	(2,060)	(745)
Gain on disposal of tangible fixed assets	(17,623)	(22,986)
Amortisation and impairment of intangible assets	(81,068)	(81,068)
Depreciation and impairment of tangible fixed assets	622,673	688,442
Movements in working capital:		
Decrease/(increase) in stocks	303,865	(227,667)
(Increase)/decrease in debtors	(37,887)	454,340
(Decrease)/increase in creditors	(624,427)	1,385,571
(Decrease)/increase in deferred income	(18,252)	41,071
Cash generated from operations	1,169,748	3,175,928