Reflex Plus Ltd

Registered number: 00012592

Annual report and financial statements

For the year ended 28 February 2023

REFLEX PLUS LTD

COMPANY INFORMATION

Directors	I G Kendall S W Sinclair R S Young G A Tomlin
Company secretary	A D Jones
Registered number	00012592
Registered office	Vision House Hamilton Way Mansfield Nottinghamshire NG18 5BU
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Park View House 58 The Ropewalk Nottingham NG1 5DW

REFLEX PLUS LTD

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2023

Introduction

The Directors present their strategic report for the year ended 28 February 2023.

Review of business

The principal activities of the Company during the year continued to be the production of high value, quality assured printed labels and laminates predominantly for the beverage and pharmaceuticals sectors, and lithographic printing.

Sales increased by 7% to £29.0mn (2022 - £27.3mn).

In common with most other businesses, the Company has faced unprecedented input price volatility and supply disruption, driven by the post pandemic recovery and the war in Ukraine. For us, this disruption was exacerbated by a long period of industrial action at a key supplier to the printing industry which had a knock-on effect on other suppliers we used. The result has been increases to key cost components of the business of c50% – 100% and supplies became severely constrained with protracted lead times. The measures undertaken to mitigate this supply shock and reduce the impact to our customers resulted in extra costs in all areas of the business. We have engaged constructively with customers to explain these challenges. Nonetheless, there is an inevitable lag between the impact of cost increases and our ability to share these with customers, and gross margin fell by 0.9 points over the year, which translated into operating profit down by £0.2mn to £1.3mn (2022 - £1.5mn).

In 2022, The Reflex Group further increased its financing facilities with ABN AMRO providing further headroom.

Outlook

The company has taken steps to mitigate the cost pressures, and these should produce a recovery in margin over the coming year. The two most important strategies have been firstly to increase investment in plant and equipment to £3.2mn, enabling us to be more productive through using new, advanced technologies and secondly to widen our supplier base from largely European providers to a worldwide network where new partners could meet our quality and lead time requirements.

Despite the headwinds the Company kept environmental sustainability at the forefront of its business strategy, reported on a profitable year with strong cash flow and has started the new financial year with strong sales, cash generation and EBITDA.

Principal risks and uncertainties

The Company may be affected by a number of risks, not all of which are in the control of its managers. Outlined below is a description of some of the most significant factors that may affect the business.

Covid-19

From our experience of living with COVID-19, the business has developed resilient plans that have been effective and have ensured that our employees have stayed safe, our operational facilities have remained open, and we have met our customer requirements.

As a business we recognise the importance of being vigilant, keeping safe and operating to higher standards than those set by the regulatory authorities.

General economic conditions

The Company is exposed to a variety of market sectors that may be affected by the general economic environment. However, most sales are to the food, beverage and healthcare sectors that tend to remain stable even in adverse times for the general economy.

Credit risk

The insolvency of a major customer would damage the group through the loss of an asset and also the related turnover. However, our customer base is broad, and we maintain a full non-cancellable credit insurance policy and a strong credit management function.

Raw material prices

As with any manufacturing business, raw material costs are a significant part of our overall inputs and fluctuations in raw material prices can present significant risks. These risks are mitigated by the short product life of a typical packaging design as this presents regular opportunities to reset pricing. We generally maintain good constructive relationships with our customers and this enables us to explain and share the market pressures faced by our businesses. Over the past year or two we have widened our supplier base both numerically and geographically so that we ensure our input prices are as low as they can be. Finally, our competitors face the same range of input prices as we do. The scope for a competitor to reduce the level of selling prices in our markets through gaining significantly better raw material input costs is thus limited.

Going concern

The Directors have performed a detailed stress test to ensure that the business has sufficient headroom and liquidity for at least 12 months from the date of approval of these financial statements. It was necessary to include the holding company, The Reflex Group because of the interlinked funding arrangements. The test included the financial position of the Group, cash flows, liquidity, borrowing facilities, headroom, and covenants. The parameters for this included reduction in sales volume, disruption to supply arrangements and flexing the intrinsic interest rates within the underlying debt instruments.

The result of the sensitivity analysis confirms that, even under unrealistically harsh assumptions, the business can continue to operate within the Group credit facilities for at least 12 months from the date of approval of these financial statements.

As at the date of this report, the Directors have a reasonable expectation that the Company with the support of the group has adequate resources to continue business in the foreseeable future. The Company has therefore continued to adopt a going concern basis.

This report was approved by the board and signed on its behalf.

GTomlin
GTomlin (Oct 10, 2023 16:44 GMT+1)

G A Tomlin
Director

Date: Oct 10, 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2023

The Directors present their report and the financial statements for the year ended 28 February 2023.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £811k (2022 - £653k).

Research and development

There is a coherent business wide research and development programme of current and future projects which focuses on new technologies, processes and product functionality. Through the research and development programme we aim to reduce operating costs, improve environmental standards, and provide innovative products and processes that create barriers to entry and drive growth with our customers.

Directors

The Directors who served during the year were:

I G Kendall
S W Sinclair
R S Young
G A Tomlin

Employees

The Board is aware of the importance of good relationships and communication with employees. Where appropriate, employees are consulted about matters which affect the progress of the Group and which are of interest and concern to them as employees. Within this framework, emphasis is placed on developing greater awareness of the financial and economic factors which affect the performance of the Group. Employment policy and practices in the Group are based on non-discrimination and equal opportunity irrespective of age, race, religion, sex, colour and marital status. In particular, the Group recognises its responsibilities towards disabled persons and does not discriminate against them in terms of job offers, training or career development and prospects. If an existing employee were to become disabled during the course of employment, every practical effort would be made to retain the employee's services with whatever retraining is appropriate. The Company's pension arrangements for employees are summarised in note 21.

Research and development

There is a coherent business wide research and development programme of current and future projects which focuses on new technologies, processes and product functionality. Through the research and development programme we aim to reduce operating costs, improve environmental standards and provide innovative products and processes that create barriers to entry and drive growth with our customers.

Business relationships

Our strategy has been to develop key partnerships with our customers, suppliers and other key stakeholders. The priorities are organic growth, driven by cross-selling and upselling services to our existing customers, whilst developing new customers, channels and markets, with a differentiated service offering and efficient end to end processes, enabling the Company to be the supplier of first choice.

From our suppliers' perspective, we want to be the customer of first choice, with efficient and well managed procure to pay processes that are frictionless with a low cost to serve model.

Directors' indemnities

The Company has qualifying third-party indemnity provision for the benefit of its Directors which remains in force at the date of this report.

Matters covered in the Strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1.

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of Brexit, Covid 19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this directors' report is approved has confirmed that:

- so far as the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors has taken all the steps that ought to have been taken as a Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Gtomlin
GTomlin (Oct 10, 2023 16:44 GMT+1)

G A Tomlin
Director

Date: Oct 10, 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFLEX PLUS LTD

Opinion

We have audited the financial statements of Reflex Plus Ltd (the 'Company') for the year ended 28 February 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFLEX PLUS LTD

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the 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 light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFLEX PLUS LTD

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

A. Hickson

Andrew Hickson (Senior Statutory Auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: Oct 13, 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2023

	Note	2023 £000	2022 £000
Turnover	4	29,034	27,259
Cost of sales		(21,822)	(20,250)
Gross profit		7,212	7,009
Administrative expenses		(5,960)	(5,497)
Operating profit	5	1,252	1,512
Interest payable and expenses	9	(331)	(146)
Loss on disposal of fixed assets		(16)	(21)
Profit before tax		905	1,345
Tax on profit	10	(94)	(692)
Profit for the financial year		811	653
Other comprehensive income		-	-
Total comprehensive income for the year		811	653

The notes on pages 13 to 27 form part of these financial statements.

REFLEX PLUS LTD
REGISTERED NUMBER: 00012592

BALANCE SHEET
AS AT 28 FEBRUARY 2023

	Note		2023 £000		2022 £000
Fixed assets					
Tangible assets	11		9,730		8,897
			9,730		8,897
Current assets					
Stocks	12	3,032		3,203	
Debtors	13	5,928		5,290	
Cash at bank and in hand	14	85		450	
		9,045		8,943	
Creditors: Amounts falling due within one year	15	(11,091)		(12,164)	
Net current liabilities			(2,046)		(3,221)
Total assets less current liabilities			7,684		5,676
Creditors: Amounts falling due after more than one year	16		(2,593)		(1,490)
Provisions for liabilities					
Deferred tax	18		(940)		(846)
Net assets			4,151		3,340
Capital and reserves					
Called up share capital	19		1,121		1,121
Profit and loss account			3,030		2,219
			4,151		3,340

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

GTomlin
GTomlin (Oct 10, 2023 16:44 GMT+1)

G A Tomlin
Director

Date: Oct 10, 2023

The notes on pages 13 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2023

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 March 2022	1,121	2,219	3,340
Comprehensive income for the year			
Profit for the year	-	811	811
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	811	811
Total transactions with owners	-	-	-
At 28 February 2023	1,121	3,030	4,151

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 March 2021	1,121	1,566	2,687
Comprehensive income for the year			
Profit for the year	-	653	653
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	653	653
Total transactions with owners	-	-	-
At 28 February 2022	1,121	2,219	3,340

The notes on pages 13 to 27 form part of these financial statements.

1. General information

Reflex Plus Ltd, presents its financial statements for the year ended 28 February 2023.

The Company is a private company, limited by shares and is registered in England. The address of the registered office is Vision House, Hamilton Way, Mansfield, England, NG18 5BU.

The principal activity of Reflex Plus Ltd during the year was that of the production of high value, quality assured printed labels and laminates predominantly for the beverage and pharmaceuticals sectors, and lithographic printing.

The financial statements have been presented in pound sterling (£000) as this is the currency of the primary economic environment in which the Company operates and is rounded to the nearest thousand.

A summary of the Company's accounting policies, which have been consistently applied, is set out below:

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Reflex Group Limited as at 28 February 2023 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Going concern

The Directors have performed a detailed stress test to ensure that the business has sufficient headroom and liquidity for at least 12 months from the date of approval of these financial statements. It was necessary to include the holding company, The Reflex Group because of the interlinked funding arrangements. The test included the financial position of the Group, cash flows, liquidity, borrowing facilities, headroom, and covenants. The parameters for this included reduction in sales volume, disruption to supply arrangements and flexing the intrinsic interest rates within the underlying debt instruments.

The result of the sensitivity analysis confirms that, even under unrealistically harsh assumptions, the business can continue to operate within the Group credit facilities for at least 12 months from the date of approval of these financial statements.

As at the date of this report, the Directors have a reasonable expectation that the Company with the support of the Group has adequate resources to continue business in the foreseeable future. The Company has therefore continued to adopt a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'cost of sales'.

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance and straight line basis.

Depreciation is provided on the following basis:

Plant and machinery	- 15% to 20%
Motor vehicles	- 25%
Fixtures and fittings	- 15% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are not depreciated until they are completed and transferred to another fixed asset category.

2. Accounting policies (continued)

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

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

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

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

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2. Accounting policies (continued)

2.16 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

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

3. Significant management judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant management judgements

The Directors have not identified any significant management judgements in preparing these financial statements.

Estimation uncertainty

The Directors have not identified any key sources of estimation uncertainty in preparing these financial statements.

4. Turnover

The total turnover of the Company for the year has been derived from its principal activity.

An analysis of the Company's revenue by destination is as follows:

	2023 £000	2022 £000
United Kingdom	27,711	25,984
Rest of Europe	1,321	1,181
Rest of the World	2	94
	29,034	27,259

5. Operating profit

The operating profit is stated after charging:

	2023 £000	2022 £000
Depreciation of tangible fixed assets	1,495	1,447
Research & Development	862	702
Other operating lease rentals	1,552	1,413

6. Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the Company's auditor for the audit of the Company's financial statements	20	17

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

7. Employees

Staff costs were as follows:

	2023 £000	2022 £000
Wages and salaries	4,805	4,652
Social security costs	452	421
Cost of defined contribution scheme	113	107
	5,370	5,180

The average monthly number of employees, including the Directors, during the year was as follows:

	2023 No.	2022 No.
Operatives	141	137
Management and administration	22	26
	163	163

8. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	90	86
Company contributions to defined contribution pension schemes	5	5
	95	91

During the year retirement benefits were accruing to 4 Directors (2022 - 4) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2023 £000	2022 £000
Bank interest payable	170	58
Group interest payable	76	62
Finance lease interest	85	26
	331	146

10. Taxation

	2023 £000	2022 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	94	643
Effect of tax rate change on opening balance	-	49
Total deferred tax	94	692
Taxation on profit on ordinary activities	94	692

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	905	1,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	172	256
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	1
Fixed asset differences	(173)	(164)
Income not taxable for tax purposes	-	(17)
R&D expenditure credits	-	17
Group relief surrendered	71	396
Remeasurement of deferred tax for changes in tax rates	23	203
Total tax charge for the year	94	692

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%.

11. Tangible fixed assets

	Fixtures and fittings £000	Motor vehicles £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 March 2022	675	11	11,766	11	12,463
Additions	130	26	3,000	-	3,156
Transfers intra group	-	-	(1,173)	-	(1,173)
Disposals	-	-	(190)	-	(190)
Transfers between classes	-	-	7	(7)	-
At 28 February 2023	805	37	13,410	4	14,256
Depreciation					
At 1 March 2022	179	6	3,381	-	3,566
Charge for the year	93	7	1,395	-	1,495
Disposals	-	-	(68)	-	(68)
Transfer intra group	-	-	(467)	-	(467)
At 28 February 2023	272	13	4,241	-	4,526
Net book value					
At 28 February 2023	533	24	9,169	4	9,730
At 28 February 2022	496	5	8,385	11	8,897

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	2023 £000	2022 £000
Plant and machinery	5,283	2,277

12. Stocks

	2023 £000	2022 £000
Raw materials	1,350	1,614
Work in progress	183	164
Finished goods	1,499	1,425
	3,032	3,203

13. Debtors

	2023 £000	2022 £000
Trade debtors	5,344	4,858
Amounts owed by group undertakings	-	2
Other debtors	-	7
Prepayments and accrued income	584	423
	5,928	5,290

All amounts are due within one year. Amounts due from group undertakings are repayable on demand and do not attract interest.

14. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	85	450

15. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	5,055	4,418
Invoice discounting facility	3,202	1,767
Amounts owed to group undertakings	922	4,789
Other taxation and social security	344	268
Finance leases (note 17)	908	423
Accruals and deferred income	660	499
	11,091	12,164

Amounts due to group undertakings are repayable on demand and do not attract interest.

Finance lease liabilities are secured against the assets subject to the finance lease arrangement.

Invoice discounting liabilities are secured against their respective trade receivable balances.

16. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Finance leases (see note 17)	2,593	1,490

Finance lease liabilities are secured against the assets subject to the finance lease arrangement.

17. Finance leases

Minimum lease payments under finance lease fall due as follows:

	2023 £000	2022 £000
Within one year	908	423
Between 1-5 years	2,593	1,490
	3,501	1,913

18. Deferred tax liability

	2023 £000	2022 £000
At beginning of year	846	154
Charged to the statement of comprehensive income	94	692
At end of year	940	846

The provision for deferred taxation is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	1,474	846
Tax losses carried forward	(534)	-
	(940)	(846)

19. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
1,121,000 (2022 - 1,121,000) Ordinary shares of £1.00 each	1,121	1,121

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20. Contingent liabilities

An unlimited guarantee in respect of borrowings from the Group's main lender exists between all group companies. As at the 28 February 2023 the Group had borrowings under this agreement of £31,400k (2022 - £26,603k).

21. Pension commitments

The Company contributes to defined contribution pension schemes for the benefit of the Directors and employees. Contributions are charged to the statement of comprehensive income as payable. The charge to the statement of comprehensive income for the year was £113k (2022 - £107k).

22. Commitments under operating leases

Non-cancellable operating lease rentals are payable as follows:

	2023 £000	2022 £000
Not later than 1 year	1,557	1,557
Later than 1 year and not later than 5 years	3,946	5,166
Later than 5 years	2,889	3,225
	8,392	9,948

23. Related party transactions

As the Company is a wholly owned subsidiary of The Reflex Group Limited, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by The Reflex Group Limited.

	Sales to		Expenses incurred from	
	2023 £000	2022 £000	2023 £000	2022 £000
Reflex Packaging Solutions Limited (related by common control)	1	1	62	82

	Receivables outstanding		Payables outstanding	
	2023 £000	2022 £000	2023 £000	2022 £000
Reflex Packaging Solutions Limited	1	-	-	9

24. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of The Reflex Group Limited, which is the ultimate controlling party and the largest group in which the results of the Company are consolidated. The Reflex Group Limited is registered at Hamilton Way, Mansfield, England, NG18 5BU. The consolidated financial statements of The Reflex Group Limited are available to the public and may be obtained from Companies House.