

ÅRSREDOVISNING

för

Macfarlane Group Sweden AB

Org.nr. 556236-3712

Styrelsen och verkställande direktören avger följande årsredovisning för räkenskapsåret 2021-01-01--
2022-02-28

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FASTSTÄLLELSEINTYG

Jag intygar att resultaträkningen och balansräkningen har fastställts på årsstämma 2022-06-13.

Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.

Jag intygar att innehållet i dessa elektroniska handlingar överensstämmer med originalen och att originalen undertecknats av samtliga personer som enligt lag ska underteckna dessa.

Elektroniskt underskriven av
August Andersson, Styrelseledamot
2022-09-07

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i svenska kronor, SEK.

VERKSAMHETEN

Allmänt om verksamheten

Bolaget bedriver handel med maskiner för återförslutningsbara förpackningar, huvudsakligen till livsmedelsindustrin. Patenträttigheterna för det återförslutningsbara locket ägs av Regath HB, org nr 969610-8753, Helsingborg, som ägs till 100% direkt eller indirekt via helägda dotterbolaget Reseal Scandinavia AB, org nr 556480-9845, Helsingborg. Kontrollen av hela konceptet finns således inom koncernen.

Företagets säte är i Helsingborg.

Väsentliga händelser under räkenskapsåret

Bolaget har förlängt räkenskapsåret med 2 månader. Från och med 2021-12-31 ägs bolaget av The Reflex Group Ltd.

Flerårsöversikt

Beloppen i Flerårsöversikt visas i KSEK

	2021/2022	2020	2019	2019
Nettoomsättning	27 696	13 106	17 637	18 089
Resultat efter finansiella poster	8 111	4 941	5 768	5 024
Soliditet (%)	70,11	33,3	70,71	43,82

Definitioner av nyckeltal, se noter

Den ökade omsättningen kan delvis förklaras av att räkenskapsåret är förlängt, men även ökad maskinförsäljning.

Förändringar i eget kapital

	Aktiekapital	Reserv- fond	Fritt eget kapital
Belopp vid årets ingång	1 100 000	220 000	3 441 493
Resultatdisposition enligt beslut av årsstämma:			
Utdelning till aktieägare			-3 000 000
Årets resultat			4 824 464
Belopp vid årets utgång	1 100 000	220 000	5 265 957

Resultatdisposition

Medel att disponera:

Balanserat resultat	52 363
Årets resultat	4 824 464
	<hr/>
	4 876 827

Förslag till disposition:

Utdelning	4 500 000
Balanseras i ny räkning	376 827
	<hr/>
	4 876 827

Förslag till beslut om vinstutdelning

Styrelsen föreslår att utdelning lämnas med 4 500 000,00 kr. vilket motsvarar 409,09 kr. per aktie.

Styrelsen föreslår att utbetalning av utdelningen skall ske i omedelbar anslutning till årsstämman.

Styrelsen anser att den föreslagna vinstutdelningen är försvarlig med hänsyn till de krav som verksamhetens art, omfattning och risker ställer på storleken av det egna kapitalet samt bolagets konsolideringsbehov, likviditet och ställning i övrigt.

Yttrandet ska ses mot bakgrund av den information som framgår av årsredovisningen.

Företagsledningen planerar inga väsentliga förändringar av befintlig verksamhet så som väsentliga investeringar, försäljningar eller avveckling.

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

RESULTATRÄKNING	Not	2021-01-01 2022-02-28	2021-01-01 2021-12-31
Rörelseintäkter, lagerförändringar m.m.			
Nettoomsättning		27 696 065	14 114 436
Övriga rörelseintäkter		251 694	-1 172 220
Summa rörelseintäkter, lagerförändringar m.m.		<u>27 947 759</u>	<u>12 942 216</u>
Rörelsekostnader			
Handelsvaror		-19 817 669	-11 546 564
Övriga externa kostnader		-1 893 278	-687 407
Personalkostnader	2	-3 846 662	-1 178 556
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-28 029	-6 030
Övriga rörelsekostnader		<u>-56 718</u>	<u>352 380</u>
Summa rörelsekostnader		<u>-25 642 356</u>	<u>-13 066 177</u>
Rörelseresultat		2 305 403	-123 961
Finansiella poster			
Resultat från andelar i intresseföretag och gemensamt styrda företag		5 403 484	0
Resultat från övriga finansiella anläggningstillgångar	3	285 408	1
Övriga ränteintäkter och liknande resultatposter		117 183	124 304
Räntekostnader		<u>-431</u>	<u>-344</u>
Summa finansiella poster		<u>5 805 644</u>	<u>123 961</u>
Resultat efter finansiella poster		8 111 047	0
Bokslutsdispositioner			
Förändring av periodiseringsfonder		-2 035 000	0
Förändring av överavskrivningar		<u>6 335</u>	<u>0</u>
Summa bokslutsdispositioner		<u>-2 028 665</u>	<u>0</u>
Resultat före skatt		6 082 382	0
Skatter			
Skatt på årets resultat		-1 257 918	0
Årets resultat		<u>4 824 464</u>	<u>0</u>

BALANSRÄKNING	Not	2022-02-28	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	4	<u>0</u>	<u>0</u>
Summa immateriella anläggningstillgångar		0	0
Materiella anläggningstillgångar			
Maskiner och andra tekniska anläggningar	5	8 601	13 825
Inventarier, verktyg och installationer	6	<u>23 895</u>	<u>40 670</u>
Summa materiella anläggningstillgångar		32 496	54 495
Finansiella anläggningstillgångar			
Andelar i koncernföretag	7	1 355 000	1 355 000
Andelar i intresseföretag och gemensamt styrda företag	8	<u>2 173 698</u>	<u>2 292 690</u>
Summa finansiella anläggningstillgångar		3 528 698	3 647 690
Summa anläggningstillgångar		3 561 194	3 702 185
Omsättningstillgångar			
Varulager m.m.			
Färdiga varor och handelsvaror		104 113	37 241
Förskott till leverantörer		<u>288 610</u>	<u>2 305 373</u>
Summa varulager		392 723	2 342 614
Kortfristiga fordringar			
Kundfordringar		305 383	2 973 879
Fordringar hos koncernföretag		8 195 330	1 691 686
Övriga fordringar		32 409	260 153
Förutbetalda kostnader och upplupna intäkter		<u>286 735</u>	<u>206 788</u>
Summa kortfristiga fordringar		8 819 857	5 132 506

BALANSRÄKNING	Not	2022-02-28	2021-12-31
Kassa och bank			
Kassa och bank		2 863 783	3 916 216
Summa kassa och bank		<u>2 863 783</u>	<u>3 916 216</u>
Summa omsättningstillgångar		12 076 363	11 391 336
SUMMA TILLGÅNGAR		15 637 557	15 093 521
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		1 100 000	1 100 000
Reservfond		<u>220 000</u>	<u>220 000</u>
Summa bundet eget kapital		1 320 000	1 320 000
Fritt eget kapital			
Balanserat resultat		52 363	144 424
Årets resultat		<u>4 824 464</u>	<u>3 297 069</u>
Summa fritt eget kapital		4 876 827	3 441 493
Summa eget kapital		6 196 827	4 761 493
Obeskattade reserver			
Periodiseringsfonder		5 994 000	4 119 000
Ackumulerade överavskrivningar		<u>10 780</u>	<u>17 115</u>
Summa obeskattade reserver		6 004 780	4 136 115
Långfristiga skulder			
Skulder till koncernföretag	8	<u>0</u>	<u>0</u>
Summa långfristiga skulder		0	0

BALANSRÄKNING	Not	2022-02-28	2021-12-31
Kortfristiga skulder			
Förskott från kunder		1 438 597	3 779 171
Leverantörsskulder		953 304	430 264
Skulder till koncernföretag		116 655	921 288
Skatteskulder		157 852	0
Övriga skulder		115 603	332 341
Upplupna kostnader och förutbetalda intäkter		653 939	732 849
Summa kortfristiga skulder		3 435 950	6 195 913
SUMMA EGET KAPITAL OCH SKULDER		15 637 557	15 093 521

NOTER**Not 1 Redovisnings- och värderingsprinciper**

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag.

Immateriella anläggningstillgångar

Tillämpade avskrivningstider:	Antal år
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Koncessioner, patent, licenser, varumärken m.m.	100
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Materiella anläggningstillgångar

Tillämpade avskrivningstider:	Antal år
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Maskiner och andra tekniska anläggningar	5
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Inventarier, verktyg och installationer	5
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Noter till resultaträkningen

Not 2	Medelantal anställda	2021/2022	2021
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Medelantal anställda

Medelantalet anställda bygger på av bolaget betalda

närvarotimmar relaterade till en normal arbetstid.

Medelantal anställda har varit	4,00	4,00
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Not 3	Resultat från övriga finansiella anläggningstillgångar	2021/2022	2021
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Ränteintäkter och liknande resultatposter som avser långfristiga fordringar på koncernföretag

285 408	1
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Noter till balansräkningen

Not 4	Koncessioner, patent, licenser, varumärken samt liknande rättigheter	2022-02-28	2021-12-31
	Ingående anskaffningsvärden	2 047 612	2 047 612
	Utgående anskaffningsvärden	2 047 612	2 047 612
	Ingående avskrivningar	-2 047 612	-2 047 612
	Utgående avskrivningar	-2 047 612	-2 047 612
	Redovisat värde	0	0
Not 5	Maskiner och andra tekniska anläggningar	2022-02-28	2021-12-31
	Ingående anskaffningsvärden	28 645	28 645
	Utgående anskaffningsvärden	28 645	28 645
	Ingående avskrivningar	-14 820	-13 389
	Återförda avskrivningar på försäljningar/utrangeringar	1 431	0
	Årets avskrivningar	-6 655	-1 431
	Utgående avskrivningar	-20 044	-14 820
	Redovisat värde	8 601	13 825
Not 6	Inventarier, verktyg och installationer	2022-02-28	2021-12-31
	Ingående anskaffningsvärden	203 053	203 053
	Försäljningar/utrangeringar	-111 053	0
	Utgående anskaffningsvärden	92 000	203 053
	Ingående avskrivningar	-162 383	-157 784
	Återförda avskrivningar på försäljningar/utrangeringar	94 278	-4 599
	Utgående avskrivningar	-68 105	-162 383
	Redovisat värde	23 895	40 670

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Not 7	Andelar i koncernföretag		2022-02- 28	2021-12-31
	Företag		Antal /Kapital-	Redovisat
	Organisationsnummer	Säte	andel %	värde
	556480-9845	Helsingborg	100%	0
	Reseal Scandinavia AB			0
	Ingående anskaffningsvärden		1 355 000	1 355 000
	Utgående anskaffningsvärden		1 355 000	1 355 000
	Redovisat värde		1 355 000	1 355 000

Not 8	Andelar i intresseföretag och gemensamt styrda företag		2022-02- 28	2021-12-31
	Ingående anskaffningsvärden		2 292 690	2 790 317
	Uttag		-5 566 034	-7 351 530
	Insättningar		43 558	339 323
	Årets resultat		5 403 484	6 514 580
	Utgående anskaffningsvärden		2 173 698	2 292 690
	Redovisat värde		2 173 698	2 292 690

100% av resultatet i Regath HB går till MacFarlane Group Sweden AB.

Övriga noter

Not 9	Ställda säkerheter		2022-02-28	2021-12-31
	Andra ställda säkerheter, bankgaranti		0	5 607 447
Not 10	Eventualförpliktelser		2022-02-28	2021-12-31
	Ansvar som bolagsman i handelsbolag		0	0
			0	0

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Not 11 Koncernförhållanden

Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.

Övergripande koncernredovisning upprättas av:
The Reflex Group Ltd, Storbritannien, nr 04341532.

Not 12 Definition av nyckeltal

Soliditet

Justerat eget kapital i procent av balansomslutning.

Helsingborg 2022-06-13

Thomas Andersson
Thomas Andersson

August Andersson
August Andersson

Nicholas Grainger
Nicholas Grainger

Verkställande direktör

Vår revisionsberättelse har lämnats den 13 juni 2022.

Mazars AB

Martin Erlandsson
Martin Erlandsson
Auktoriserad revisor

REVISIONSBERÄTTELSE

Till bolagsstämman i Macfarlane Group Sweden AB
Org. nr 556236-3712

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Macfarlane Group Sweden AB för räkenskapsåret 1 januari 2021 - 28 februari 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Macfarlane Group Sweden AB:s finansiella ställning per den 28 februari 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Macfarlane Group Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Övriga upplysningar

Revisionen av årsredovisningen för år räkenskapsåret 2020 har utförts av en annan revisor vars uppdrag upphörde i förtid och som lämnat en revisionsberättelse daterad 24 juni 2021 med omodifierade uttalande i Rapport om årsredovisningen. Följande handlingar bifogas revisionsberättelsen.

- Kopia av tidigare revisors anmälan enligt 9 kap. 23 § aktiebolagslagen.
- Kopia av underrättelse enligt 9 kap. 23 a § aktiebolagslagen.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller på misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Macfarlane Group Sweden AB för räkenskapsåret 1 januari 2021 - 28 februari 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Macfarlane Group Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon

styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Vår revisionsberättelse har lämnats i Helsingborg den dag som framgår av vår elektroniska underskrift.

Mazars AB

Martin Erlandsson
Auktoriserad revisor

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Karl Martin Erlandsson

Revisor

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The Reflex Group Limited

Registered number: 04341532

Annual report and financial statements

For the year ended 28 February 2022

THE REFLEX GROUP LIMITED

COMPANY INFORMATION

Directors	I G Kendall C Kendall J M Turner (resigned 30 June 2021) G A Tomlin
Company secretary	A D Jones
Registered number	04341532
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

THE REFLEX GROUP LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Introduction

The Directors present their strategic report of the Company and the Group for the year ended 28 February 2022.

Review of business

The principal activities of the Group during the year continued to be the manufacture of labels and flexible packaging and the provision of variable data solutions and graphic services. Our main markets are the UK, Ireland, and the United States in which we supply the food industry, beverage manufacture and the international health and household sector.

On 31 December 2021, The Reflex Group acquired Macfarlane Labels, the largest acquisition in the company's history. Macfarlane Labels is a well-established provider of high quality self-adhesive and "Reseal-it" branded re-sealable labels and applicator equipment to a wide range of customers in the food, health and beauty, household products, beverage, and pharmaceuticals sectors, with a strong presence in the UK, Ireland, and the USA. The business has label manufacturing facilities in Scotland and Ireland, with a design and machine development facility in Sweden. These businesses will bring annualised sales of £20mn to The Reflex Group, as well as providing new strategic opportunities that will benefit the Group and our key partners.

Our financial performance this year demonstrates the resilience of The Reflex Group. This comes from the strength of the strategic relationships with our customers and suppliers, well invested businesses, the diversity of our products and markets, our flat structure allowing fast and flexible decision making and our hardworking and highly motivated employees.

Sales grew by 11% to £136mn of which £3.5m related to the in-year acquisition of Macfarlane Labels, resulting in like for like growth of 7.7%. The growth was especially strong in Reflex Labels (food labels +8%) and Flexible Packaging (+12%).

Gross profit was 9% higher at £38.6mn (FY21 £35.5mn), because of economies of scale, optimisation of operational efficiencies, targeted capital expenditure programmes and the in-year acquisition of Macfarlane Labels

Despite the challenging market conditions due to the impact of the coronavirus and the well-publicised macro-economic shocks, EBITDA in FY22 was ahead of last year by 12% at £17.2mn, and profit before tax ahead by 72% at £12.0m, reflecting the strength and adaptability of the business.

Reflex continued the trend of recent years with a strong operating cash conversion. After significant capital expenditure and the Macfarlane acquisition, the debt/EBITDA ratio remained static year on year.

In October 2021, the Group further extended and increased its financing facilities with ABN AMRO for a minimum tenure of 5 years.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Outlook

The impacts of the pandemic and its aftermath have placed significant stress on supply chains around the world; lorry driver availability, rising fertiliser and energy costs, along with a strike at a major supplier in Finland (which came to an end in April 22), severely constraining the supply of pulp and paper. All these factors are contributing to the inflationary environment we now see and have been exacerbated by the war in Ukraine. The Reflex Group has consistently demonstrated its ability to address such challenges and effectively support its customers and key stakeholders.

The Reflex Group continues to make strategic investments in our colleagues, in plant and equipment, and in establishing manufacturing footprints in new locations, such as Poland and Norway. We are leveraging new opportunities and synergies through these investments, and the acquisition of Macfarlane further enhances our capabilities and opportunities.

We have reported on a profitable financial year with strong cash flow, and despite these additional challenges we have started our new financial year with strong sales, cash generation and EBITDA.

As always, the Directors are proud of the team they have brought together and grateful for the efforts of all in bringing the Group successfully through a period of rapid change and uncertainty.

Principal risks and uncertainties

The Group may be affected by a number of risks, not all of which are in the control of its managers. Outlined below is a description detailing 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 Group 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 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.

Cashflow and Liquidity risk

The Company is financed by a combination of debt instruments that carry variable rates of interest and covenant agreements. The Directors regularly review compliance with the covenants and maintain strong relationships with the Group's finance providers to minimise the associated risks. Despite the economic uncertainty and global market shocks the business in October 2021 further extended the facility with ABN with a minimum tenure of 5 years.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Principal risks and uncertainties (continued)

Raw material prices

As with any manufacturing business the cost of our main raw material is a significant part of our overall inputs. The markets we operate within are dynamic and fast changing, allowing the business to adjust prices to reflect material prices movements within a relatively short period of time.

Foreign exchange risk

Raw material prices are affected directly or indirectly by the relationship between sterling and the euro or US dollar. Currency impact is analogous to raw material price change and forms part of price negotiations with customers.

Going concern

The Group meets its day to day working capital requirement through a cashflow loan and invoice discounting facilities. The business has extended and increased its financing facilities with ABN for a further 5 years from October 21.

The Directors have performed a detailed stress test of the business to confirm that it will be able to continue trading for the foreseeable future.

This has involved:

1) Business continuity planning:

a. The business operates 16 manufacturing facilities, which operate homogeneous manufacturing technologies, thus allowing products to be switched between manufacturing facilities in order to maintain continuity of supply;

b. The business has full visibility of material and component supply, resulting in dynamic procurement processes and sourcing from multiple suppliers and stock holding requirements to mitigate against lead time lag to ensure continuity of supply;

c. The business has a flexible working policy, allowing our colleagues to work offsite where this is practicably possible. Staff working across the manufacturing sites follow all the latest Government guidelines and operate to highest standards.

2) Forecast Financial Planning and Modelling:

The business operates with:

- Strong, stable, cash generative earnings with good visibility derived from long term client relationships – in many cases more than 10 years;
- Diverse customer mix, with the top 10 customers collectively accounting for only c. 1/3rd of overall revenues, limiting the exposure to any single customer or end market;
- A resilient business model through cycles - defensive nature of offering, with volumes increasing in recessionary and pandemic environments; and
- Well invested, state of the art manufacturing facilities with strong capital commitments to drive further capacity and economies of scale.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Going concern (continued)

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. 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 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 and Group has adequate resources to continue business in the foreseeable future. The Group has therefore continued to adopt a going concern basis.

Statement by the Directors in performance of their statutory duties in accordance with Section 172 of the Companies Act 2006

The Directors of The Reflex Group consider, both individually and collectively, that they have acted to promote the success of the business considering the needs of customers, colleagues, members and other stakeholders and the Company's wider role in society. In doing so they have considered the following matters set out in s172 (1) (a) to (f) of the Companies Act 2006:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationships with suppliers, customers, and others,
- d) the impact of the Company's operations on the community and the environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

The Directors are mindful that the long-term success of the business is critically dependent on the way we work with a large number of notable stakeholders. The table below sets out our focus on the key relationships and shows how engagement with them is addressed by the Directors to help inform the business decision making. It is important for all Directors to gain sufficient understanding of the issues relating to every stakeholder so that their views are considered in discussions.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022

Stakeholder Group	Form of engagement	How this stakeholder group influenced the Board agenda and long-term decision-making (s172(1)(a))
<p>Our Colleagues - 172(1)(b)(e)</p> <p>We create an environment in which our people can make a positive contribution, develop their careers, and reach their potential.</p> <p>'c931 employees</p>	<p>At Business level: Our colleagues are a fundamental asset of our business and play a key role in our success.</p> <p>Their views and wellbeing are taken into account in the short and long term planning process.</p> <p>Engagement with our people takes many forms:</p> <ul style="list-style-type: none"> - communication via notice boards - the rollout of our self-service HR portal. allowing individuals to have access to the various benefit schemes the company promotes along with latest business updates. - Training - Health and Safety - Apprenticeships 	<p>COVID -19</p> <p>The Board were fully briefed and provided input on safety measures, procuring PPE and office equipment, and improving the IT infrastructure to support hybrid and home working where feasibly possible throughout The Reflex Group.</p> <p>Continuous Development</p> <p>The business actively promotes apprenticeship schemes across the business that are open to all employees and cover all functional areas within the business and industry that we operate.</p> <p>There are no barriers to cross fertilisation of skills or changing career paths, the management team are actively encouraged to identify individuals that would be suitable for roles within different functional areas of the business.</p> <p>Long term business alignment of goals.</p> <p>The Board has considered how to embed a culture that will deliver long term success to the Group. This has been achieved through engagement with our colleagues and the introduction of a share option scheme in 2017 which was extended to new colleagues in the financial year 2021 - further details can be found in note 30.</p>

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022

Stakeholder Group	Form of engagement	How this stakeholder group influenced the Board agenda and long-term decision-making (s172(1)(a))
<p>Our Customers & Suppliers – s172(1)(c)(d)(e)</p> <p>Without our suppliers and customers, the business would not exist.</p>	<p>The Board recognises the importance of strong long-term relationship with our suppliers and customers.</p> <p>We engage with all levels of management across our customers and suppliers to better understand their requirements and opportunities that exist for both parties to mutually benefit from.</p> <p>Payment practices: The Group ensures suppliers are paid to the agreed terms of trade.</p>	<p>We strive to be the supplier of first choice for our customers and customer of first choice for our suppliers.</p> <p>This approach has been built up by the Directors and team over many years based on trust, innovation, embedded processes, and a frictionless cost-to-serve model.</p> <p>We collaborate with our suppliers and customers on mutually beneficial projects.</p> <p>The Reflex Group is committed to R&D and is investing in the development of new products and processes, which require the support of all stakeholders.</p> <p>Liaising with our partners throughout the supply chain to manage and mitigate the effects of COVID -19 and tightening of supply.</p>

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022

Stakeholder Group	Form of engagement	How this stakeholder group influenced the Board agenda and long-term decision-making (s172(1)(a))
<p>Our Community and the environment - s172d)</p> <p>We are conscious of the impact of our operations and the need to manage our impact on the environment.</p>	<p>Since its formation, The Reflex Group has focused on four elements of ethical sustainability: environmental responsibility, vitality of innovation, social well-being, and economic health. The Group invests to create efficiencies in production and reduce costs, energy consumption and waste, to become the most sustainable packaging company.</p> <p><u>Research and Development</u> Dedicated research and development team, work cross functionally and are embedded within the wider business, engaging with the site teams in the development of new innovative processes and techniques.</p>	<p>Innovation The R&D team have a direct conduit to the senior managers and Directors at management meetings to provide progress updates on current projects and to gain sign-off of future projects.</p> <p>Compliance The Reflex Group's high standards and commitment to the environment are recognised by many certifications, including BRC Global Standard for Packaging and Packaging Materials (Issue 5) - High Hygiene Category and Basic Hygiene Category, BS EN ISO 9001:2008, and others.</p> <p>Environment. The Group prides itself on being beyond carbon neutral and aspires of eliminating its carbon footprint since the date of formation, through investment in new technologies, carbon trust initiatives, solar panels, wind power and electric vehicles. (See details contained in the Directors' Report)</p> <p>The Group's policy is to move to zero to landfill as soon as practicable. At present only 2% of all waste produced by the business goes to landfill.</p> <p>Community</p> <p>Supporting the community with biodiversity initiatives; planting for insect life along with bat and bird boxes and funding of various local charities.</p>

THE REFLEX GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022

Stakeholder Group	Form of engagement	How this stakeholder group influenced the Board agenda and long-term decision-making (s172(1)(a))
Business Relationships and Conduct – s172(1)(e)	As the Board of Directors, we strive to behave responsibly and ethically towards our stakeholders and treat them fairly and equally, so they benefit from the successful delivery of our strategy.	<p>The Board of Directors, have extended and increased the financing facilities in October 21 with ABN AMRO for a minimum tenure of 5 years</p> <p>Annually the board reviews and approves the budgets for the next 12 months including key capital investment proposals to assess returns and alignment to business wide objectives.</p>

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


Gtomlin (Nov-10, 2022 09:27 GMT)

G A Tomlin
Director

Date: Nov 10, 2022

THE REFLEX GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022

The Directors present their report and the financial statements for the year ended 28 February 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 the Group 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 for the Group's financial statements 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 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 the Group 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 the Group 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 and minority interests, amounted to £8,546k (2021 - £5,230k).

Dividends of £1,040k (2021 - £440k) were paid during the year.

Directors

The Directors who served during the year were:

I G Kendall
C Kendall
J M Turner (resigned 30 June 2021)
G A Tomlin

THE REFLEX GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

Employees

The Board is aware of the importance of good relationships and communication with its 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 Group's pension arrangements for employees are summarised in note 33.

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 Group 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 were made during the period and remain in force at the date of this report.

Carbon Footprint

In the period covered by the Report the Group has continued to invest in new more energy efficient presses and has continued to increase the number of hybrid and electric cars within the fleet.

		KHW	TCO ₂ e
Gas	Scope 1	7,727,245	1,421
Electricity	Scope 2	12,617,143	2,944
Transport	Scope 1	1,498,446	354
Transport	Scope 1	522,968	101
Sub-Total		22,365,802	4,820
Renewable Sources			(2,943.76)
One-site generation		(250,000)	(58.29)
Carbon offsetting			(1,876.26)
Total		22,115,802	(58.31)

Intensity Ratio

(0.43)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Carbon Footprint (continued)

The Group has also increased the number of sites participating in Climate Change Agreements and continues to address opportunities to improve energy efficiency in line with recommendations from Energy Saving Opportunity Schemes (ESOS).

The Group's electricity is derived from renewable energy and The Group has continued its commitment to offset the remainder of its Scope 1 and 2 emissions by participating in a carbon offset scheme within the United Kingdom (Stronafian House ID: 104000000026733 web link https://mer.markit.com/br-reg/public/masterproject.jsp?project_id=103000000017181).

This scheme meets the requirements of SECR Reporting Guidelines 'Good Quality' criteria.

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 are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company and the Group'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 (Nov 10, 2022 09:27 GMT)

G A Tomlin
Director

Date: Nov 10, 2022

THE REFLEX GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REFLEX GROUP LIMITED

Opinion

We have audited the financial statements of The Reflex Group Limited (the 'Group and Parent Company') for the year ended 28 February 2022 which comprise the consolidated statement of comprehensive income, the consolidated and Company balance sheets, the consolidated 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 28 February 2022 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 Group and the Parent 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 Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors 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.

THE REFLEX GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REFLEX GROUP LIMITED

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 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 or the directors' report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 intend either to liquidate the Group and the Parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REFLEX GROUP LIMITED

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 Group 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, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

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.

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.

THE REFLEX GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REFLEX GROUP LIMITED

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 Group'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 Group'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 Group and the Group's members as a body for our audit work, for this report, or for the opinions we have formed.



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: Nov 15, 2022

THE REFLEX GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 £000	2021 £000
Turnover	4	136,241	123,292
Cost of sales		(97,650)	(87,829)
Gross profit		38,591	35,463
Administrative expenses		(27,815)	(27,011)
Exceptional administrative expenses	13	-	(306)
Other operating income	5	11	73
Operating profit	6	10,787	8,219
Impairment of tangible fixed assets		-	(208)
Interest payable and expenses	10	(823)	(956)
Gain on disposal of fixed assets		2,243	50
Profit before taxation		12,207	7,105
Tax on profit	11	(3,547)	(1,782)
Profit for the financial year		8,660	5,323
Revaluation of tangible fixed assets		710	420
Income tax relating to other comprehensive income		209	(50)
Other comprehensive income for the year		919	370
Total comprehensive income for the year		9,579	5,693
Profit for the year attributable to:			
Non-controlling interests		114	93
Owners of the Parent Company		8,546	5,230
		8,660	5,323
Total comprehensive income for the year attributable to:			
Non-controlling interest		114	93
Owners of the Parent Company		9,465	5,600
		9,579	5,693

The notes on pages 28 to 59 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	14	6,335	7,033
Tangible assets	15	44,280	41,711
		<u>50,615</u>	<u>48,744</u>
Current assets			
Stocks	18	17,130	10,458
Debtors	19	36,493	27,099
Cash at bank and in hand	20	3,886	1,051
		<u>57,509</u>	<u>38,608</u>
Creditors: Amounts falling due within one year	21	(55,170)	(42,085)
		<u>2,339</u>	<u>(3,477)</u>
Net current assets/(liabilities)			
		<u>52,954</u>	<u>45,267</u>
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year	22	(11,304)	(12,602)
Provisions for liabilities			
Deferred taxation	25	(5,205)	(1,880)
Provisions	26	(893)	(86)
		<u>(6,098)</u>	<u>(1,966)</u>
Net assets		<u><u>35,552</u></u>	<u><u>30,699</u></u>
Capital and reserves			
Called up share capital	27	48	55
Share premium account	28	100	100
Revaluation reserve	28	1,677	2,621
Capital redemption reserve	28	52	45
Merger reserve	28	(1,049)	(1,049)
Profit and loss account	28	34,377	28,654
Equity attributable to owners of the Parent Company		<u>35,205</u>	<u>30,426</u>
Non-controlling interests		347	273
		<u><u>35,552</u></u>	<u><u>30,699</u></u>

THE REFLEX GROUP LIMITED
REGISTERED NUMBER: 04341532

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 28 FEBRUARY 2022

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

Ian Kendall

Ian Kendall (Nov 10, 2022 11:22 GMT)

I G Kendall
Director

Date: Nov 10, 2022

The notes on pages 28 to 59 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 28 FEBRUARY 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	16	38,138	29,069
Investment property	17	12,385	15,670
		<u>50,523</u>	<u>44,739</u>
Current assets			
Debtors	19	2,955	3,269
Cash at bank and in hand	20	219	64
		<u>3,174</u>	<u>3,333</u>
Creditors: Amounts falling due within one year	21	(16,164)	(8,566)
Net current liabilities		<u>(12,990)</u>	<u>(5,233)</u>
Total assets less current liabilities		<u>37,533</u>	<u>39,506</u>
Creditors: Amounts falling due after more than one year	22	(7,151)	(11,054)
Provisions for liabilities			
Deferred taxation	25	(1,358)	(369)
Net assets		<u>29,024</u>	<u>28,083</u>
Capital and reserves			
Called up share capital	27	48	55
Share premium account	28	100	100
Capital redemption reserve	28	52	45
Profit and loss account brought forward		27,883	18,396
Profit for the year		5,611	9,838
Other changes in the profit and loss account		(4,670)	(351)
		<u>28,824</u>	<u>27,883</u>
Profit and loss account carried forward		<u>29,024</u>	<u>28,083</u>

THE REFLEX GROUP LIMITED
REGISTERED NUMBER: 04341532

COMPANY BALANCE SHEET (CONTINUED)
AS AT 28 FEBRUARY 2022

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

Ian Kendall

Ian Kendall (Nov 10, 2022 11:22 GMT)

I G Kendall
Director

Date: Nov 10, 2022

The notes on pages 28 to 59 form part of these financial statements.

THE REFLEX GROUP LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Merger reserve	Profit and loss account	Total	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2021	55	100	45	2,621	(1,049)	28,654	30,426	273	30,699
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	8,546	8,546	114	8,660
Revaluation of freehold property	-	-	-	710	-	-	710	-	710
Income tax relating to other comprehensive income	-	-	-	209	-	-	209	-	209
Total comprehensive income for the year	-	-	-	919	-	8,546	9,465	114	9,579
Dividends: Equity capital	-	-	-	-	-	(1,000)	(1,000)	(40)	(1,040)
Purchase of own shares	-	-	7	-	-	(3,709)	(3,702)	-	(3,702)
Shares redeemed during the year	(7)	-	-	-	-	-	(7)	-	(7)
Transfer from revaluation reserve	-	-	-	(1,863)	-	1,863	-	-	-
Share based payments	-	-	-	-	-	39	39	-	39
Currency translation differences	-	-	-	-	-	(16)	(16)	-	(16)
Total transactions with owners	(7)	-	7	(1,863)	-	(2,823)	(4,686)	(40)	(4,726)
At 28 February 2022	48	100	52	1,677	(1,049)	34,377	35,205	347	35,552

THE REFLEX GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Merger reserve	Profit and loss account	Total	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2020	55	100	45	2,273	(1,049)	23,753	25,177	220	25,397
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	5,230	5,230	93	5,323
Revaluation of freehold property	-	-	-	420	-	-	420	-	420
Income tax relating to other comprehensive income	-	-	-	(50)	-	-	(50)	-	(50)
Total comprehensive income for the year	-	-	-	370	-	5,230	5,600	93	5,693
Dividends: Equity capital	-	-	-	-	-	(400)	(400)	(40)	(440)
Transfer from revaluation reserve	-	-	-	(22)	-	22	-	-	-
Share based payments	-	-	-	-	-	49	49	-	49
Total transactions with owners	-	-	-	(22)	-	(329)	(351)	(40)	(391)
At 28 February 2021	55	100	45	2,621	(1,049)	28,654	30,426	273	30,699

The notes on pages 28 to 59 form part of these financial statements.

THE REFLEX GROUP LIMITED

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

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 March 2021	55	100	45	27,883	28,083
Comprehensive income for the year					
Profit for the year	-	-	-	5,611	5,611
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,611</u>	<u>5,611</u>
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(1,000)	(1,000)
Purchase of own shares	-	-	7	(3,709)	(3,702)
Shares redeemed during the year	(7)	-	-	-	(7)
Share based payments	-	-	-	39	39
Total transactions with owners	<u>(7)</u>	<u>-</u>	<u>7</u>	<u>(4,670)</u>	<u>(4,670)</u>
At 28 February 2022	<u>48</u>	<u>100</u>	<u>52</u>	<u>28,824</u>	<u>29,024</u>

The notes on pages 28 to 59 form part of these financial statements.

THE REFLEX GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 March 2020	55	100	45	18,396	18,596
Comprehensive income for the year					
Profit for the year	-	-	-	9,838	9,838
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,838</u>	<u>9,838</u>
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(400)	(400)
Share based payments	-	-	-	49	49
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351)</u>	<u>(351)</u>
At 28 February 2021	<u>55</u>	<u>100</u>	<u>45</u>	<u>27,883</u>	<u>28,083</u>

The notes on pages 28 to 59 form part of these financial statements.

THE REFLEX GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit for the financial year	8,660	5,323
Adjustments for:		
Amortisation of intangible assets	1,094	1,103
Depreciation of tangible assets	5,319	5,800
Impairment of fixed assets	-	208
Gain on disposal of tangible assets	(2,243)	(50)
Government grants	(11)	(73)
Interest paid	823	956
Taxation charge	3,547	1,782
Increase in stocks	(5,417)	(1,134)
Increase in debtors	(5,034)	(2,173)
Increase in creditors	2,899	4,274
Increase in provisions	57	31
Corporation tax paid	(1,578)	(912)
Equity-settled share based payment charge	39	49
Currency exchange	(16)	-
Net cash generated from operating activities	8,139	15,184
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,967)	(3,574)
Sale of tangible fixed assets	7,853	(664)
Government grants received	11	73
Purchase of subsidiary undertakings	(6,363)	-
Cash acquired with subsidiary undertakings	590	-
Net cash from investing activities	(1,876)	(4,165)
Cash flows from financing activities		
Purchase of ordinary shares	(3,709)	-
(Repayment of)/new secured loans	(3,037)	16,770
Repayment of loans	(332)	(7,723)
Repayment of finance leases	(1,888)	(9,730)
Dividends paid	(1,040)	(440)
Interest paid	(823)	(956)
Invoice discounting	7,401	(9,565)
Net cash used in financing activities	(3,428)	(11,644)

THE REFLEX GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022

	2022	2021
	£000	£000
Net increase/(decrease) in cash and cash equivalents	<u>2,835</u>	<u>(625)</u>
Cash and cash equivalents at beginning of year	1,051	1,676
Cash and cash equivalents at the end of year	<u><u>3,886</u></u>	<u><u>1,051</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>3,886</u></u>	<u><u>1,051</u></u>

The notes on pages 28 to 59 form part of these financial statements.

THE REFLEX GROUP LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 28 FEBRUARY 2022

	At 1 March 2021 £000	Cash flows £000	Acquisition of subsidiaries £000	Cash outflow on acquisition of subsidiaries £000	New finance leases £000	At 28 February 2022 £000
Cash at bank and in hand	1,051	8,608	590	(6,363)	-	3,886
Debt due after 1 year	(11,366)	3,383	-	-	-	(7,983)
Debt due within 1 year	(9,517)	(14,032)	-	-	-	(23,549)
Finance leases	(2,518)	1,888	-	-	(4,487)	(5,117)
	<u>(22,350)</u>	<u>(153)</u>	<u>590</u>	<u>(6,363)</u>	<u>(4,487)</u>	<u>(32,763)</u>

The notes on pages 28 to 59 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

1. General information

The Reflex Group Limited, registered number: 04341532, presents its financial statements for the year ended 28 February 2022.

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, Oakham Business Park, Mansfield, Nottinghamshire, NG18 5BU.

The principal activity of the Company during the year was that of a non-trading holding company.

The principal activity of the Group during the year continued to be the manufacture of labels and flexible packaging, provision of graphic services, variable data solutions and ribbons.

The presentation currency for the financial statements is Pounds Sterling (£000) as this is the currency of the primary economic environment in which the Group operates and is rounded to the nearest thousand.

A summary of the Group'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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group meets its day to day working capital requirement through a cashflow loan and invoice discounting facilities. The business has extended and increased its financing facilities with ABN AMRO for a further 5 years from October 21.

The Directors have performed a detailed stress test of the business to confirm that it will be able to continue trading for the foreseeable future.

This has involved:

1) Business continuity planning:

a. The business operates 16 manufacturing facilities, which operate homogeneous manufacturing technologies, thus allowing products to be switched between manufacturing facilities in order to maintain continuity of supply;

b. The business has full visibility of material and component supply, resulting in dynamic procurement processes and sourcing from multiple suppliers and stock holding requirements to mitigate against lead time lag to ensure continuity of supply;

c. The business has a flexible working policy, allowing our colleagues to work offsite where this is practicably possible. Staff working across the manufacturing sites follow all the latest Government guidelines and operate to highest standards.

2) Forecast Financial Planning and Modelling:

The business operates with:

- Strong, stable, cash generative earnings with good visibility derived from long term client relationships – in many cases more than 10 years;
- Diverse customer mix, with the top 10 customers collectively accounting for only c. 1/3rd of overall revenues, limiting the exposure to any single customer or end market;
- A resilient business model through cycles - defensive nature of offering, with volumes increasing in recessionary and pandemic environments; and
- Well invested, state of the art manufacturing facilities with strong capital commitments to drive further capacity and economies of scale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.3 Going concern (continued)

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. 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 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 and Group has adequate resources to continue business in the foreseeable future. The Group 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 consolidated statement of comprehensive income within 'cost of sales'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

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 Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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 Group as lessee

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

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.12 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.14 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and impairment. Goodwill is allocated to cash generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising through acquisition is included on the balance sheet immediately below any positive goodwill and released to the consolidated statement of comprehensive income in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of the non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Other intangible assets

Other intangible assets that are acquired by the Company are stated as cost less accumulated amortisation and impairment losses.

Intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

The estimated useful lives range as follows:

Patents and trademarks	-	20 years
Customer lists	-	10 years
Software	-	5 years

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. Following the transition to FRS 102, the finite useful life of goodwill is estimated to be 10 years. Goodwill recognised prior to the transition date continues to be amortised over 20 years.

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.15 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 basis.

Depreciation is provided on the following basis:

Plant and machinery	- 6% to 25%
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.

2.16 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken by the directors with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined by the directors based on available market data, external reports and other available information including, but not limited to, performance of the occupying company, current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.17 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.18 Investment property

Investment property is carried at fair value determined annually by the Directors based on available market data, external reports and other available information including, but not limited to, performance of the occupying company, current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.20 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.

2.21 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.

2.22 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.23 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.

2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Group 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.

2.25 Financial instruments

The Group 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 consolidated 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 consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.25 Financial instruments (continued)

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 Group would receive for the asset if it were to be sold at the balance sheet date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.26 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

(i) Impairment of goodwill, other intangible assets and investments

Goodwill, intangible assets and investments are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable value may be less than their carrying value.

Recoverable amount is based on a calculation of expected future cash flows, which includes management assumptions and estimates of future performances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

3. Judgements in applying accounting policies (continued)

As part of the review, sensitivity analysis is performed on the base case assumptions used to assess the carrying value. In particular, the sensitivity of the discounted cash flows to the weighted average cost of capital and the achievement of medium-term plans have been reviewed and the assumptions made are considered appropriate. Key estimates made in the value in use calculation are those regarding discount rates, sales growth rates, expected changes in operational performance and input costs to determine the expected future cash flows, beyond the medium-term horizon minimal growth rates are applied to perpetuity. The Directors' estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money for the Group.

The Directors believe that any reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the Group.

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	130,949	119,084
Rest of Europe	4,400	4,116
Rest of the world	892	92
	<u>136,241</u>	<u>123,292</u>

5. Other operating income

	2022	2021
	£000	£000
Government grants receivable	11	73
	<u>11</u>	<u>73</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

6. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets	5,319	5,800
Amortisation of intangible assets	1,094	1,103
Exchange differences	142	224
Impairment of tangible fixed assets	-	208
Operating lease rentals	3,912	2,100
Research and development	1,443	1,224
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	92	72
	<u> </u>	<u> </u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	23	16
All other services	18	14
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	24,540	23,524	204	264
Social security costs	2,387	2,195	19	25
Cost of defined contribution scheme	648	600	14	14
	<u>27,575</u>	<u>26,319</u>	<u>237</u>	<u>303</u>

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

	2022 No.	2021 No.
Operatives	665	573
Management and administration	266	241
	<u>931</u>	<u>814</u>

9. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	292	369
Company contributions to defined contribution pension schemes	24	22
	<u>316</u>	<u>391</u>

During the year retirement benefits were accruing to 3 Directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £128k (2021 - £122k).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9k (2021 - £13k).

THE REFLEX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

10. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	720	818
Finance leases and hire purchase contracts	103	138
	<u>823</u>	<u>956</u>

11. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	735	1,545
Adjustments in respect of previous periods	(156)	14
Total current tax	<u>579</u>	<u>1,559</u>
Deferred tax		
Origination and reversal of timing differences	1,708	24
Adjustments in respect of previous periods	180	25
Effect of tax rate change on opening balance	1,080	174
Total deferred tax	<u>2,968</u>	<u>223</u>
Taxation on profit on ordinary activities	<u>3,547</u>	<u>1,782</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
Profit on ordinary activities before tax	12,207	7,105
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,319	1,350
Effects of:		
Expenses not deductible for tax purposes	126	186
Capital allowances for year in excess of depreciation	(762)	10
Adjustments to tax charge in respect of prior periods	25	39
Additional deduction for R&D expenditure	36	23
Changes in tax rates	-	174
Capital gains	505	(5)
Remeasurement of deferred tax for changes in tax rates	1,298	-
Other differences leading to an increase in the tax charge	-	5
Total tax charge for the year	3,547	1,782

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%. Companies with profits of £50k or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50k and £250k, the higher 25% rate will apply but with a marginal relief applying as profits increase.

12. Dividends

	2022	2021
	£000	£000
Ordinary		
Final	1,000	400

THE REFLEX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

13. Exceptional items

	2022 £000	2021 £000
Costs of refinancing	-	306

Exceptional costs in the prior year relate to the transfer of the Group's financing from HSBC to ABN.

14. Intangible assets

Group

	Goodwill £000	Negative goodwill £000	Customer lists £000	Patents and trademarks £000	Software £000	Total £000
Cost						
At 1 March 2021	12,783	(870)	1,050	28	91	13,082
Additions	396	-	-	-	-	396
At 28 February 2022	13,179	(870)	1,050	28	91	13,478
Amortisation						
At 1 March 2021	6,063	(681)	559	17	91	6,049
Charge for the year	1,028	(41)	105	2	-	1,094
At 28 February 2022	7,091	(722)	664	19	91	7,143
Net book value						
At 28 February 2022	6,088	(148)	386	9	-	6,335
At 28 February 2021	6,720	(189)	491	11	-	7,033

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

15. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Assets under construction £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation						
At 1 March 2021	16,350	33,607	158	1,131	4,894	56,140
Additions	-	5,415	933	1,275	830	8,453
Acquisition of subsidiary	1,255	2,928	-	-	152	4,335
Disposals	(5,250)	(958)	(1)	(217)	(121)	(6,547)
Transfers between classes	-	(153)	(166)	(28)	347	-
Revaluations	710	-	-	-	-	710
At 28 February 2022	13,065	40,839	924	2,161	6,102	63,091
Depreciation						
At 1 March 2021	687	11,233	-	308	2,201	14,429
Charge for the year	-	4,239	-	359	721	5,319
Disposals	-	(691)	-	(144)	(102)	(937)
Transfers between classes	-	(108)	-	(32)	140	-
At 28 February 2022	687	14,673	-	491	2,960	18,811
Net book value						
At 28 February 2022	12,378	26,166	924	1,670	3,142	44,280
At 28 February 2021	15,663	22,374	158	823	2,693	41,711

£12,378k (2021 - £15,663k) of freehold property has been revalued by the Directors at 28 February 2022. The Directors have based this valuation on available market data, external reports and other available information including, but not limited to, performance of the occupying company, current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

15. Tangible fixed assets (continued)

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

	2022 £000	2021 £000
Plant and machinery	6,809	3,088

16. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 March 2021	29,559
Additions	6,569
Capital contribution	2,500
At 28 February 2022	38,628
Impairment	
At 1 March 2021	490
At 28 February 2022	490
Net book value	
At 28 February 2022	38,138
At 28 February 2021	29,069

THE REFLEX GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Reflex Labels Limited	*	Label printing	Ordinary	100%
Graphic Brands Limited	*	Reprographics	Ordinary	100%
Reflex Flexible Packaging Limited	*	Flexible packaging	Ordinary	100%
Reflex Packaging Solutions Limited	*	Packaging wholesale	Ordinary	60%
Reflex Plus Limited	*	Label printing	Ordinary	100%
Webflex Limited	*	Flexible packaging	Ordinary	100%
Macfarlane Labels Limited	22 Bentinck Street, Kilmarnock, Ayrshire, KA1 4AS	Label printing	Ordinary	100%
Reflex LabelPlus Limited	*	Dormant	Ordinary	100%
Reflex Lithoplus Limited	*	Dormant	Ordinary	100%
Reflex Kingsway Limited	*	Dormant	Ordinary	100%
M P Logistics Limited	*	Dormant	Ordinary	100%
Macfarlane Group Ireland (Labels & Packaging) Limited	Kilmacullagh, Newtownmountkennedy, Co. Wicklow, Ireland	Label printing	Ordinary	100%
Macfarlane Group Sweden AB	Kapplopningsgatan 14, 252 30 Helsingborg, Sweden	Machinery design and the manufacture of applicators	Ordinary	100%
Regath HB	Kapplopningsgatan 14, 252 30 Helsingborg, Sweden	Label design	Ordinary	100%
Reseal Scandinavia AB	Kapplopningsgatan 14, 252 30 Helsingborg, Sweden	Dormant	Ordinary	100%
Reflex Polska Sp. z o.o.	Ul. Mickiewicza 52A, 83-130 Pelplin	Label printing	Ordinary	100%

* The registered office of these subsidiary undertakings is Vision House, Hamilton Way, Mansfield, Nottinghamshire, NG18 5BU.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

17. Investment property

Company

	Freehold investment property £000
Valuation	
At 1 March 2021	15,670
Additions at cost	1,255
Disposals	(5,250)
Revaluations	710
At 28 February 2022	<u>12,385</u>

£12,385k (2021 - £15,670k) of investment property has been revalued by the Directors at 28 February 2022. The Directors have based this valuation on available market data, external reports and other available information including, but not limited to, performance of the occupying company, current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

18. Stocks

	Group 2022 £000	Group 2021 £000
Raw materials	8,859	4,475
Work in progress	883	385
Finished goods and goods for resale	7,388	5,598
	<u>17,130</u>	<u>10,458</u>

Consumption of raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £80,848k (2021 - £70,948k).

THE REFLEX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

19. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due after more than one year				
Other debtors	18	35	18	35
	<u>18</u>	<u>35</u>	<u>18</u>	<u>35</u>
Due within one year				
Trade debtors	33,054	25,337	-	-
Amounts owed by group undertakings	-	-	2,291	3,075
Other debtors	462	273	38	17
Prepayments and accrued income	2,959	1,454	608	142
	<u>36,493</u>	<u>27,099</u>	<u>2,955</u>	<u>3,269</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

20. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	<u>3,886</u>	<u>1,051</u>	<u>219</u>	<u>64</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

21. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans (see note 23)	3,120	3,106	1,878	1,869
Finance leases (see note 24)	1,796	1,282	-	-
Trade creditors	27,812	21,293	707	172
Invoice discounting	13,813	6,411	-	-
Amounts owed to group undertakings	-	-	12,501	5,803
Amounts owed to related parties	227	260	376	376
Corporation tax	552	1,383	-	92
Other taxation and social security	3,448	5,534	-	3
Other creditors	524	4	84	-
Deferred consideration	205	-	205	-
Accruals and deferred income	3,673	2,812	413	251
	<u>55,170</u>	<u>42,085</u>	<u>16,164</u>	<u>8,566</u>

Secured bank loans relate to mortgages, which are secured against the freehold properties and plant and machinery owned by The Reflex Group Limited and subsidiary companies respectively.

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.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans (see note 23)	7,983	11,366	7,151	11,054
Finance leases (see note 24)	3,321	1,236	-	-
	<u>11,304</u>	<u>12,602</u>	<u>7,151</u>	<u>11,054</u>

Secured bank loans relate to mortgages, which are secured against the freehold properties and plant and machinery owned by The Reflex Group Limited and subsidiary companies respectively.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

23. Bank loans

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Within one year	3,120	3,106	1,878	1,869
Between 1-2 years	2,718	2,191	1,886	1,879
Between 2-5 years	5,265	9,175	5,265	9,175
	<u>11,103</u>	<u>14,472</u>	<u>9,029</u>	<u>12,923</u>

24. Finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £000	Group 2021 £000
Within one year	1,796	1,282
Between 1-5 years	3,321	1,236
	<u>5,117</u>	<u>2,518</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

25. Deferred tax liability

Group

	2022 £000	2021 £000
At beginning of year	(1,880)	(1,607)
Charged to the statement of comprehensive income	(2,952)	(223)
Credited/(charged) to other comprehensive income	209	(50)
Arising on business combinations	(582)	-
At end of year	(5,205)	(1,880)

Company

	2022 £000	2021 £000
At beginning of year	(369)	(348)
Charged to profit or loss	(989)	(21)
At end of year	(1,358)	(369)

The provision for deferred taxation is made up as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Accelerated capital allowances	4,226	1,890	369	369
Tax losses carried forward	(332)	(332)	-	-
Other timing differences	(24)	(24)	-	-
Arising on freehold property	1,335	346	989	-
	5,205	1,880	1,358	369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

26. Provisions

Group

	Dilapidation provision £000	Other provisions £000	Total £000
At 1 March 2021	86	-	86
Charged to profit or loss	75	-	75
Arising on business combinations	-	732	732
At 28 February 2022	161	732	893

The dilapidation provision relates to a lease that expires in 2022. The provision is a prudent estimate of potential repair costs at that point.

Other provision is made for sums due to US customs in respect of backdated costs including interest.

27. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
4,817,400 (2021 - 5,505,600) Ordinary shares of £0.01 each	48	55

On 14 June 2021 the Company acquired 688,200 of its own Ordinary shares for total consideration of £3,709k.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

28. Reserves

Share premium account

The share premium account represents the amount above the nominal value received for issued share capital, less transaction costs.

Revaluation reserve

The revaluation reserve represents cumulative gains and losses on the revaluation of certain tangible fixed assets.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents the amounts received above the nominal value paid for shares redeemed, less transaction costs.

Merger reserve

The merger reserve represents the excess of consideration given for the assets of a business merged, qualifying conditions for merger relief are met.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

29. Business combinations

Acquisition of Macfarlane Labels Limited

On 31 December 2021, the Group acquired 100% of the share capital of Macfarlane Labels Limited. The acquisition is accounted for under the acquisition method. The transaction is detailed below:

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	3,773	562	4,335
	<u>3,773</u>	<u>562</u>	<u>4,335</u>
Current Assets			
Stocks	1,361	(105)	1,256
Debtors	4,412	(53)	4,359
Cash at bank and in hand	590	-	590
	<u>10,136</u>	<u>404</u>	<u>10,540</u>
Total Assets			
Creditors			
Due within one year	(3,038)	(16)	(3,054)
Provisions	(732)	-	(732)
Deferred taxation	(442)	(140)	(582)
	<u>5,924</u>	<u>248</u>	<u>6,172</u>
Total Identifiable net assets			
Goodwill			396
Total purchase consideration			<u>6,568</u>
Consideration			£000
Cash			6,085
Deferred consideration			205
Directly attributable costs			278
Total purchase consideration			<u>6,568</u>

THE REFLEX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

29. Business combinations (continued)

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	6,085
Directly attributable costs	278
	<hr/>
	6,363
Less: Cash and cash equivalents acquired	(590)
	<hr/>
Net cash outflow on acquisition	5,773
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

30. Share based payment

	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
Equity settled award to all employees with more than six months employment granted by Parent Company on 19 July 2017	Equity	672,182	Sale of business	10 years to 2027
Equity settled award to all eligible employees employment granted by Parent Company on 15 November 2020	Equity	378,512	Sale of business	7 years to 2027

Information for the parent company is the same as that disclosed for the Group above.

No options have been exercised during the year.

The fair value of employee share options is measured using the Black Scholes option pricing model. In the opinion of the directors this provides the best approximation of the value of outstanding options.

	2022 Number	2021 Number
Outstanding at the beginning of the year	912,783	553,852
Granted during the year	-	378,512
Forfeited during the year	(58,772)	(19,581)
	<u>854,011</u>	<u>912,783</u>

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	2022 £000	2021 £000
Total share based payment expense	<u>39</u>	<u>49</u>

31. 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 2022 the Group had borrowings under this agreement of £26,603k (2021 - £20,883k).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

32. Capital commitments

At 28 February 2022 the Group and Company had capital commitments as follows:

	Group 2022 £000	Group 2021 £000
Contracted for but not provided in these financial statements	969	161

33. Pension commitments

The Company contributes to defined contribution pension schemes for the benefit of the Directors and employees. Contributions are charged to the consolidated statement of comprehensive income as payable. The charge to the consolidated statement of comprehensive income for the year was £648k (2021 - £600k). Contributions totalling £137k (2021 - £131k) were included within other creditors at the year end.

34. Commitments under operating leases

At 28 February 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group 2021 £000
Not later than 1 year	4,884	3,956
Later than 1 year and not later than 5 years	13,865	13,587
Later than 5 years	4,021	498
	<u>22,770</u>	<u>18,041</u>

At 28 February 2022 the Group had future minimum lease receivables due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group 2021 £000
Not later than 1 year	253	-
Later than 1 year and not later than 5 years	621	-
	<u>874</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

35. Derivative financial instruments

The Group uses forward foreign exchange options to manage its exposure to foreign exchange risk. At the year end, the contract value of the open options was £Nil (2021 - £8,250k).

The fair value of the derivative instruments has been estimated using valuation techniques which use market and non-marketing inputs to estimate the expected discounted cashflows.

The valuation techniques use contracted exchange rates and current forward rates as determined by the issuer of the forward options.

The difference between the fair value of the options at the year end and the underlying contract value of the derivative instruments is not material and has therefore not been accounted for in these financial statements.

36. Related party transactions

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

Included in payables is an amount of £375k (2021 - £376k) and £148k (2021 - £260k) owed by the Group and Company respectively to Rollink LLP, in which a subsidiary of the Company and the Company's shareholders have an interest.

37. Controlling party

The controlling party is considered to be I G Kendall by virtue of his majority shareholding in the Parent Company.