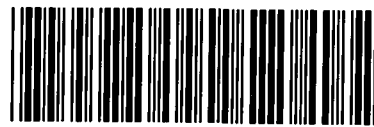


Company Registration No. 01626825 (England and Wales)

REFLEXALLEN UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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REFLEXALLEN UK LIMITED

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REFLEXALLEN UK LIMITED

COMPANY INFORMATION

Director	Mr R Gibellini
Company number	01626825
Registered office	Phoenix House Kinmel Park Abergele Road Bodelwyddan Rhyl LL18 5TY
Auditor	Harold Smith Unit 32, Llys Edmund Prys St Asaph Business Park St Asaph Denbighshire LL17 0JA

REFLEXALLEN UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents the strategic report for the year ended 31 December 2017.

Fair review of the business

The 2017 turnover was £43.7 million which has grown from the 2016 turnover of £37.1 million.

The company's foreign turnover is mainly in Europe (78.3%) and conducted in Euro. The apparent increase in revenues (£6.5 million) is largely due to the low value of the sterling against foreign currencies.

Principal risks and uncertainties

The principal risks associated with the company are retention of customers, securing raw materials, and in terms of cash, trade receivables and trade payables (financial instruments) our currency, interest, credit and liquidity. The board reviews and agrees policies for the prudent management of these risks as follows:

Currency risk

The company's foreign turnover is mainly in Europe and conducted in Euro. Input costs for the materials are also in Euro and hence the transaction risk is limited. Variances affecting operational activities in this regard are reflected in operating costs or in the cost of sales in the profit and loss account in the years in which they arise.

Interest rate risk

The company's borrowings from finance institutions are based on libor (or UK bank base rates) or in Euribor. No hedging or similar instruments are considered necessary by the board.

Liquidity risk

The company's policy is to ensure that sufficient resources are available from cash balances to ensure all obligations can be met when they fall due.

Credit risk

The company has no significant concentration of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

Key performance indicators

The company has established key performance indicators to measure the progress of the company on achieving both its business objectives and strategies. Performance is reviewed at monthly intervals. The principal performance measures are turnover and gross margin.

On behalf of the board

Mr R G Pellini

Director

17 May 2018



REFLEXALLEN UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents his annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of the manufacture, manipulation and assembly of tubing and cable for the commercial and specialist vehicle part of the automotive industry on an international basis. The products can be broken down into four divisions:

Reflexallen Pneumatic

An extensive piping range for the automotive industry designed and built to meet the quality standards required by both vehicle manufacturers and the spare parts market (aftermarket).

Reflexallen Electrical

An extensive range of cables and electrical coils for the vehicles industry (trucks and trailers) available for a diversity of applications 7- and 15-pole, EBS, ADR cables and adapters.

Reflexallen Fluid Power

Subsystems and components for the transmission of fluids and air used for engine powering, cooling systems, fuel systems, brake systems and for emission control.

Reflexallen Safety Devices

An extensive range of signage panels and tapes, ADR devices, and accessories for fitting out commercial vehicles in general.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr R Gibellini

Results and dividends

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

Ordinary dividends were paid amounting to £3,029,087. The director does not recommend payment of a final dividend.

Research and development

In 2017 the company continued its programme of developments with customers, particularly with regard to different structures of tube for air brakes. During 2017 the company has continued to invest a considerable amount of resources to support the development of new plastic materials in the pneumatic division and in the fluid power division.

Future developments

The company is encouraged by the activity levels in the commercial vehicle market particularly at OEM. The aftermarket business, after big investments in the sales network, and in new products, is showing signs of growth. The company continues to develop in the higher added value 'fluid power' and has been awarded contracts and several OEMs. It is anticipated that further growth will be achieved in 2018 in this area. The commercial vehicle market remains fiercely competitive but with its spread of geographical manufacturing facilities, its expertise and reputation with the customer base, the company will continue to offer cost-effective solutions to its customers.

The company is moving into the car passenger market and has begun supplying high-end car producers in a view of future inroads into this market.

Auditor

The auditor, Harold Smith, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

REFLEXALLEN UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Strategic report

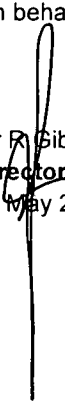
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of credit risk and liquidity risk.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr R. Sibellini
Director
17 May 2018



REFLEXALLEN UK LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REFLEXALLEN UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REFLEXALLEN UK LIMITED

Opinion

We have audited the financial statements of ReflexAllen UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

REFLEXALLEN UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF REFLEXALLEN UK LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Director's Responsibilities Statement, the director is 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Murray-Williams BA FCA (Senior Statutory Auditor)
for and on behalf of Harold Smith

11 June 2018

Chartered Accountants
Statutory Auditor

Unit 32, Llys Edmund Prys
St Asaph Business Park
St Asaph
Denbighshire
LL17 0JA

REFLEXALLEN UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	as restated £
Turnover	3	43,702,216	37,149,404
Cost of sales		(34,878,866)	(28,016,720)
Gross profit		8,823,350	9,132,684
Distribution costs		(1,490,189)	(765,126)
Administrative expenses		(5,009,496)	(4,564,120)
Other operating income		332,324	72,200
Operating profit	4	2,655,989	3,875,638
Interest receivable and similar income	7	879,042	829,753
Interest payable and similar expenses	8	(151,418)	(158,946)
Amounts written off investments	9	(1)	-
Profit before taxation		3,383,612	4,546,445
Tax on profit	10	(182,594)	(661,564)
Profit for the financial year		3,201,018	3,884,881

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

REFLEXALLEN UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		3,769,349		4,076,979
Investments	13		3,187,043		3,187,044
			<u>6,956,392</u>		<u>7,264,023</u>
Current assets					
Stocks	15	6,268,359		4,589,823	
Debtors falling due after more than one year	16	1,741,167		1,676,422	
Debtors falling due within one year	16	23,944,027		20,168,101	
Cash at bank and in hand		408,456		447,774	
		<u>32,362,009</u>		<u>26,882,120</u>	
Creditors: amounts falling due within one year	17	(17,991,420)		(12,767,641)	
Net current assets			<u>14,370,589</u>		<u>14,114,479</u>
Total assets less current liabilities			<u>21,326,981</u>		<u>21,378,502</u>
Provisions for liabilities	20		(169,491)		(149,562)
Deferred income	22		(321,499)		(564,880)
Net assets			<u><u>20,835,991</u></u>		<u><u>20,664,060</u></u>
Capital and reserves					
Called up share capital	24		11,933		11,933
Share premium account	25		244,930		244,930
Capital redemption reserve	26		1,360		1,360
Profit and loss reserves	27		20,577,768		20,405,837
Total equity			<u><u>20,835,991</u></u>		<u><u>20,664,060</u></u>

The financial statements were approved and signed by the director and authorised for issue on 17 May 2018

Mr R Gibellini
Director

Company Registration No. 01626825

REFLEXALLEN UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2016:						
Balance at 1 January 2016		11,933	244,930	1,360	19,020,956	19,279,179
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	3,884,881	3,884,881
Dividends	11	-	-	-	(2,500,000)	(2,500,000)
Balance at 31 December 2016		11,933	244,930	1,360	20,405,837	20,664,060
Year ended 31 December 2017:						
Profit and total comprehensive income for the year		-	-	-	3,201,018	3,201,018
Dividends	11	-	-	-	(3,029,087)	(3,029,087)
Balance at 31 December 2017		11,933	244,930	1,360	20,577,768	20,835,991

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

ReflexAllen UK Limited is a private company limited by shares incorporated in England and Wales, company number 01626825. The registered office is Phoenix House, Kinmel Park, Abergele Road, Bodelwyddan, Rhyl, LL18 5TY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

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

The company was, at the year end, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

ReflexAllen UK Limited is a wholly owned subsidiary of Allmark Limited, a company incorporated in England & Wales, who is owned by Reflex s.r.l., a company incorporated in Italy.

The majority shareholder of Reflex s.r.l. is Finlite s.r.l., incorporated in Italy who is considered to be the ultimate controlling party. The results of ReflexAllen UK Limited are included in the consolidated financial statements of Finlite s.r.l. which are available from Via Luigi Valdrighi 101/2, Maderia, Italy 41124.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line, freehold land is not depreciated
Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance and 33% straight line
Motor vehicles	33% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

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

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

1.7 Impairment of fixed assets

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

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

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

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

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

REFLEXALLEN UK LIMITED

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

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

REFLEXALLEN UK LIMITED

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

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

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

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

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

1.16 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

REFLEXALLEN UK LIMITED

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

1 Accounting policies

(Continued)

1.17 Government grants

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provisions

Stock is provided against based on the date of last use on a % basis as follows:

9 - 12 months - 10%
12 - 18 months - 30%
18 - 24 months - 60%
over 24 months - 90%

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Maufacture of parts for the truck industry	43,702,216	37,149,404

REFLEXALLEN UK LIMITED

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

3	Turnover and other revenue	(Continued)	
		2017	2016
		£	£
	Other significant revenue		
	Interest income	49,955	51,479
	Dividends received	829,087	778,274
	Grants received	315,294	-
		<u> </u>	<u> </u>
		2017	2016
		£	£
	Turnover analysed by geographical market		
	United Kingdom	5,622,306	6,387,076
	Europe (EU & non-EU)	34,236,336	28,262,609
	Rest of World	3,843,574	2,499,719
		<u> </u>	<u> </u>
		<u>43,702,216</u>	<u>37,149,404</u>
4	Operating profit	2017	2016
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange gains	(148,942)	(409,558)
	Research and development costs	143,913	77,777
	Government grants	(315,294)	-
	Depreciation of owned tangible fixed assets	388,704	380,436
	Depreciation of tangible fixed assets held under finance leases	-	30,721
	Profit on disposal of tangible fixed assets	(8,161)	-
	Cost of stocks recognised as an expense	27,111,862	21,913,314
	Impairment of stocks recognised or reversed	(293,722)	118,103
	Operating lease charges	125,490	111,509
		<u> </u>	<u> </u>
Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £148,942 (2016 - £409,558).			
5	Auditor's remuneration	2017	2016
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	29,441	45,507
		<u> </u>	<u> </u>
	For other services		
	All other non-audit services	3,795	3,795
		<u> </u>	<u> </u>

REFLEXALLEN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Auditor's remuneration

(Continued)

During the accounting period, there were two auditors appointed. The fees payable to RSM UK Audit LLP for audit services were £6,276 (2016: £28,042). The fees payable to Harold Smith for audit services were £23,165 (2016: £17,465).

The fees payable to Harold Smith for non-audit services were £3,795 (2016: £3,795).

6 Employees

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

	2017 Number	2016 Number
Factory	142	128
Management	11	11
Administration	35	32
	<u>188</u>	<u>171</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	8,445,576	6,698,208
Social security costs	433,576	407,320
Pension costs	74,967	74,124
	<u>8,954,119</u>	<u>7,179,652</u>

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	49,955	51,479
Income from fixed asset investments		
Income from shares in group undertakings	829,087	778,274
Total income	<u>879,042</u>	<u>829,753</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>49,955</u>	<u>51,479</u>
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REFLEXALLEN UK LIMITED

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

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	141,122	157,232
Interest on finance leases and hire purchase contracts	-	1,714
	<u>141,122</u>	<u>158,946</u>
Other finance costs:		
Other interest	10,296	-
	<u>151,418</u>	<u>158,946</u>

9 Amounts written off investments fixed asset investments

	2017 £	2016 £
Other gains and losses	(1)	-
	<u></u>	<u></u>

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	381,955	661,564
Adjustments in respect of prior periods	(219,290)	-
Total current tax	<u>162,665</u>	<u>661,564</u>
Deferred tax		
Origination and reversal of timing differences	19,929	-
	<u></u>	<u></u>
Total tax charge	<u>182,594</u>	<u>661,564</u>

REFLEXALLEN UK LIMITED

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

10 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	3,383,612	4,546,445
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	651,345	909,289
Tax effect of expenses that are not deductible in determining taxable profit	37,988	3,425
Adjustments in respect of prior years	39,988	(41,702)
Research and development tax credit	(187,767)	(51,793)
Other permanent differences	19,929	-
Under/(over) provided in prior years	(219,290)	-
Dividend income	(159,599)	(157,655)
Taxation charge for the year	182,594	661,564

11 Dividends

	2017 £	2016 £
Interim paid	3,029,087	2,500,000

REFLEXALLEN UK LIMITED

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

12 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2017	3,185,372	6,297,076	1,080,498	58,533	10,621,479
Additions	-	102,518	32,829	7,750	143,097
Disposals	-	(84,585)	-	-	(84,585)
At 31 December 2017	3,185,372	6,315,009	1,113,327	66,283	10,679,991
Depreciation and impairment					
At 1 January 2017	747,717	5,030,550	715,402	50,830	6,544,499
Depreciation charged in the year	75,182	249,823	60,314	3,385	388,704
Eliminated in respect of disposals	-	(22,561)	-	-	(22,561)
At 31 December 2017	822,899	5,257,812	775,716	54,215	6,910,642
Carrying amount					
At 31 December 2017	2,362,473	1,057,197	337,611	12,068	3,769,349
At 31 December 2016	2,437,655	1,266,526	365,095	7,703	4,076,979

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

	2017 £	2016 £
Plant and machinery	-	122,845
Depreciation charge for the year in respect of leased assets	-	30,721

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	3,187,043	3,187,044

REFLEXALLEN UK LIMITED

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

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2017 & 31 December 2017	3,187,044
Impairment	
At 1 January 2017	-
Impairment losses	1
At 31 December 2017	1
Carrying amount	
At 31 December 2017	3,187,043
At 31 December 2016	3,187,044

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Allen Industrial Limited	England & Wales	Dormant company	Ordinary Shares	100.00	
Allen Wuxi CV Parts Co Limited	China	Manufacture of vehicle parts	Ordinary Shares	100.00	
Allmark (NI) Limited	England & Wales	Dormant company	Ordinary Shares	100.00	
PACO Allen auto Private Limited	India	Supply of fluid carrying systems	Compulsory Convertible Preference shares	100.00	
PACO Allen auto Private Limited	India	Supply of fluid carrying systems	Ordinary Shares	100.00	
Polydynamics Limited	England & Wales	Dormant company	Ordinary Shares	100.00	
Reflex&Allen Brazil	Brazil	Dormant	Ordinary Shares	1.00	

REFLEXALLEN UK LIMITED

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

15 Stocks

	2017 £	2016 £
Raw materials and consumables	3,994,306	3,338,887
Work in progress	1,266,674	759,569
Finished goods and goods for resale	1,007,379	491,367
	<u>6,268,359</u>	<u>4,589,823</u>

16 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	4,916,754	4,238,090
Amounts owed by group undertakings	17,411,828	15,137,919
Other debtors	928,037	408,875
Prepayments and accrued income	687,408	383,217
	<u>23,944,027</u>	<u>20,168,101</u>

	2017 £	2016 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,741,167</u>	<u>1,676,422</u>
Total debtors	<u>25,685,194</u>	<u>21,844,523</u>

17 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	1,911,113	1,990,376
Obligations under finance leases	19	-	13,702
Trade creditors		5,611,254	3,977,779
Amounts due to group undertakings		5,596,805	4,495,414
Corporation tax		885,790	945,695
Other taxation and social security		116,684	117,447
Government grants	22	80,374	152,287
Dividends payable		3,000,000	800,000
Other creditors		64,628	31,464
Accruals and deferred income		724,772	243,477
		<u>17,991,420</u>	<u>12,767,641</u>

REFLEXALLEN UK LIMITED

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

18 Loans and overdrafts

	2017 £	2016 £
Bank loans	-	410,445
Bank overdrafts	1,911,113	1,579,931
	<u>1,911,113</u>	<u>1,990,376</u>
Payable within one year	<u>1,911,113</u>	<u>1,990,376</u>

The bank loans and overdrafts are not secured by any fixed charges.

19 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	-	13,702

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

20 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	21	<u>169,491</u>	<u>149,562</u>

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	<u>169,491</u>	<u>149,562</u>

REFLEXALLEN UK LIMITED

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

21 Deferred taxation (Continued)

	2017 £
Movements in the year:	
Liability at 1 January 2017	149,562
Charge to profit or loss	19,929
Liability at 31 December 2017	<u>169,491</u>

22 Government grants

Deferred income is included in the financial statements as follows:

	2017 £	2016 £
Current liabilities	80,374	152,287
Shown as deferred income on the face of the balance sheet	321,499	564,880
	<u>401,873</u>	<u>717,167</u>

The company have four government grants included in creditors. They relate to grants received from the welsh government in 2012, 2013, 2015 and 2016 at contributions of £350,000, £400,000, £300,000 and £180,000. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the asset.

23 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>74,967</u>	<u>74,124</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

REFLEXALLEN UK LIMITED

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

24 Share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid 11,933 Ordinary Shares of £1 each	11,933	11,933
	<u>11,933</u>	<u>11,933</u>

The company has one class of ordinary shares which carry full voting, dividend and capital rights.

25 Share premium account

Consideration received for shares issued above their normal value net of transaction costs.

26 Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

27 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

Included within profit and loss reserves are non-distributable profits, as set out below:

28 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	31,686	22,211
Between two and five years	34,387	24,669
	<u>66,073</u>	<u>46,880</u>

Lessor

The operating lease represents the lease of land to third parties. The lease is negotiated over terms of 1 year and rentals are fixed for 1 year.

REFLEXALLEN UK LIMITED

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

28 Operating lease commitments

(Continued)

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2017 £	2016 £
Within one year	19,998	19,998

29 Related party transactions

No guarantees have been given or received.

The directors have taken advantage of the exemption in accordance with FRS102 not to disclose related party transactions with companies included within the Reflex s.r.l. group accounts.

30 Controlling party

The parent company is Allmark Limited, a company incorporated in England & Wales, who is owned by Reflex s.r.l. , a company incorporated in Italy.

The majority shareholder of Reflex s.r.l. is Finite s.r.l. incorporated in Italy. This is considered to be the ultimate controlling company. Finite s.r.l. is 99% owned by Mr R Gibellini, director, who is considered to be the ultimate controlling party. Copies of the group accounts are available at the company's registered office, Via Luigi Valdrighi 101/2, Maderia, Italy 41124.

31 Prior period adjustment

Work in progress has been understated in the financial statements. The effects of the errors are listed below:

Changes to the balance sheet

	At 31 December 2016			
	As previously reported	Adjustment at 1 Jan 2016	Adjustment at 31 Dec 2016	As restated
	£	£	£	£
Current assets				
Stocks	4,382,095	(781)	208,509	4,589,823
Net assets	20,456,332	(781)	208,509	20,664,060
Capital and reserves				
Profit and loss	20,198,109	(781)	208,509	20,405,837
Total equity	20,456,332	(781)	208,509	20,664,060

REFLEXALLEN UK LIMITED

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

31 Prior period adjustment (Continued)

Changes to the profit and loss account

	Period ended 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Cost of sales	(28,225,229)	208,509	(28,016,720)
Profit for the financial period	<u>3,676,372</u>	<u>208,509</u>	<u>3,884,881</u>

REFLEXALLEN UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016
	£	£	£	£
Turnover				
Sales		5,594,319		6,363,554
Scrap Sales		27,987		23,522
Sales - Europe		33,880,965		28,154,139
Sales - Rest of world		3,843,574		2,499,719
Other operating income receivable		355,371		108,470
		<u>43,702,216</u>		<u>37,149,404</u>
Cost of sales				
Opening stock of finished goods	4,589,823		3,833,322	
Raw materials purchases	28,790,399		22,669,816	
Write down of stock	(293,722)		118,103	
Closing stock of finished goods	(6,268,360)		(4,589,824)	
Wages and salaries	3,402,696		3,017,157	
Social security costs	311,456		274,478	
Temporary staff costs	3,746,489		2,200,055	
Subcontract labour	174,836		190,816	
Staff pension costs defined contribution	44,665		39,217	
Equipment repairs	380,584		263,580	
		<u>(34,878,866)</u>		<u>(28,016,720)</u>
Gross profit	20.19%	8,823,350	24.58%	9,132,684
Other operating income				
Government grants receivable and released	315,294		-	
Other operating income	17,030		72,200	
		<u>332,324</u>		<u>72,200</u>
Distribution costs	1,490,189		765,126	
Administrative expenses				
Wages and salaries	1,296,391		1,480,996	
Social security costs	122,120		132,842	
Staff recruitment costs	20,881		75,436	
Staff welfare	70,897		52,684	
Staff training	44,040		30,906	
Staff pension costs defined contribution	30,302		34,907	
Redundancy costs - staff	21,770		62,986	
Commissions payable	23,777		22,096	
Management charge	780,347		580,364	
Rent re operating leases	51,035		47,523	
Rates	331,427		262,352	
Security costs	40,813		21,720	
Cleaning	55,357		41,925	
Waste disposal	61,276		56,676	
Power, light and heat	566,445		510,193	
Property repairs and maintenance	33,775		29,794	
Premises insurance	128,380		107,133	
Computer running costs	3,892		12,885	

REFLEXALLEN UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

	£	2017 £	£	2016 £
Hire of equipment (not operating lease)	137,883		119,436	
Leasing - plant and machinery	49,478		44,090	
Leasing - motor vehicles	24,977		19,896	
Motor running expenses	45,276		32,486	
Travelling expenses	173,242		185,071	
Legal and professional fees	120,329		37,363	
Consultancy fees	156,174		253,315	
Accountancy	3,795		3,795	
Audit fees	29,441		45,507	
Charitable donations	1,470		1,859	
Bank charges	33,672		33,125	
Bad and doubtful debts	18,719		41	
Printing and stationery	52,952		26,692	
Books, periodicals, reference materials	6,034		8,884	
Advertising	2,996		8,508	
Telecommunications	44,980		57,580	
Research and development costs	143,913		77,777	
Sundry expenses	49,639		43,678	
Depreciation	388,704		411,157	
Profit or loss on sale of tangible assets (non exceptional)	(8,161)		-	
Profit or loss on foreign exchange	(148,942)		(409,558)	
		(5,009,496)		(4,564,120)
Operating profit		2,655,989		3,875,638
Investment revenues				
Bank interest received	49,955		51,479	
Dividends receivable from group companies	829,087		778,274	
		879,042		829,753
Interest payable and similar expenses				
Bank interest on loans and overdrafts	141,122		157,232	
Hire purchase interest payable	-		1,714	
Interest on overdue taxation - not financial liabilities	10,296		-	
		(151,418)		(158,946)
Other gains and losses				
Amounts written off fixed asset investments		(1)		-
Profit before taxation	7.74%	3,383,612	12.24%	4,546,445