# financial statements group

**Reflex 2005 Limited**

For the year ended: 31 December 2016

Company registration number: 05467449



MHA MacIntyre Hudson
GLOBAL EXPERTISE · NATIONAL EXPERIENCE · LOCAL EXCELLENCE®

**REFLEX 2005 LIMITED**

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | A Brymer<br>W Jepps<br>R Dreesden (resigned 30 June 2016)<br>M Atkinson (appointed 11 July 2016) |
| **Company secretary** | W Jepps |
| **Registered number** | 05467449 |
| **Registered office** | 1 Bennet Court<br>Bennet Road<br>Reading<br>Berkshire<br>RG2 0QZ |
| **Independent auditors** | MHA MacIntyre Hudson<br>Chartered Accountants & Statutory Auditors<br>Pennant House<br>1-2 Napier Court<br>Reading<br>RG1 8BW |

REFLEX 2005 LIMITED

## CONTENTS

## GROUP STRATEGIC REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2016

### Business review

Turnover and profit were below 2015 levels which was a disappointment. Profit however was broadly in line with expectations given the implementation of plans to invest in people to drive the medium term plans of the group.

2016 also saw the retirement of Roland Dreesden as Managing Director and the consequential acquisition of the group by Reflex 2016 Limited, and restructuring of the management team.

A new 5 year plan has been put in place with ambitious plans for the growth of the group.

### Principal risks and uncertainties

The principal risk facing the Company continues to be the dependency on one market and the seasonal pressures that this brings. Diversification forms a central part of the new plans for the group.

### Financial key performance indicators

Overall gross margins were in line with 2015 despite supplier increases due to the change in exchange rates.

Stock and debtor turnover continue to be in line with the Company's high expectations.

### Other key performance indicators

The Company monitors customer satisfaction which continues to be at a high level. Staff levels increased in line with development plans.

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

W Jepps
Director

Date: 11 April 2017

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

**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 judgments and accounting estimates that are reasonable and prudent;
- 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 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, amounted to £52,878 (2015 - £286,952).

A dividend of £14,493 was declared during the year (2015 - £nil)

**Directors**

The directors who served during the year were:

A Brymer
W Jepps
R Dreesden (resigned 30 June 2016)
M Atkinson (appointed 11 July 2016)

**Disclosure of information to auditors**

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

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

## DIRECTORS' REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2016

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

The auditors, MHA MacIntyre Hudson, 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.

W Jepps
Director

Date: 11 April 2017

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF REFLEX 2005 LIMITED

We have audited the financial statements of Reflex 2005 Limited for the year ended 31 December 2016, set out on pages 6 to 30. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Auditors' 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.

### Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 and of the Group's profit or loss 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.

### Opinion on other matter 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF REFLEX 2005 LIMITED (CONTINUED)

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

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

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

MHA MacIntyre Hudson

Jason Mitchell (Senior statutory auditor)

for and on behalf of
**MHA MacIntyre Hudson**

Chartered Accountants
Statutory Auditors

Pennant House
1-2 Napier Court
Reading
RG1 8BW
Date: 11 April 2017

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 £ | 2015 £ |
|---|---|---|---|
| Turnover | | **12,847,013** | 14,081,646 |
| Cost of sales | | **(8,111,014)** | (9,159,117) |
| **Gross profit** | | **4,735,999** | 4,922,529 |
| Distribution costs | | **(333,941)** | (340,105) |
| Administrative expenses | | **(4,269,982)** | (4,146,164) |
| **Operating profit** | | **132,076** | 436,260 |
| Interest receivable and similar income | 8 | **31** | 179 |
| Interest payable and expenses | 9 | **(26,499)** | (31,048) |
| **Profit before taxation** | | **105,608** | 405,391 |
| Tax on profit | 10 | **(52,730)** | (118,439) |
| **Profit for the year** | | **52,878** | 286,952 |
| **Total comprehensive income for the year** | | **52,878** | 286,952 |

**REFLEX 2005 LIMITED**
**REGISTERED NUMBER:05467449**

## CONSOLIDATED BALANCE SHEET
## AS AT 31 DECEMBER 2016

| | Note | | 2016 £ | | 2015 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | **1,397,874** | | 1,563,828 |
| Tangible assets | 13 | | **157,394** | | 105,216 |
| | | | **1,555,268** | | 1,669,044 |
| **Current assets** | | | | | |
| Stocks | 15 | **409,351** | | 345,689 | |
| Debtors: amounts falling due within one year | 16 | **2,653,988** | | 1,606,053 | |
| Cash at bank and in hand | 17 | **168,964** | | 105,636 | |
| | | **3,232,303** | | 2,057,378 | |
| Creditors: amounts falling due within one year | 18 | **(3,032,929)** | | (1,921,364) | |
| **Net current assets** | | | **199,374** | | 136,014 |
| **Total assets less current liabilities** | | | **1,754,642** | | 1,805,058 |
| Creditors: amounts falling due after more than one year | 19 | | **(96,288)** | | (196,288) |
| **Provisions for liabilities** | | | | | |
| Deferred taxation | 20 | **(22,336)** | | (11,137) | |
| | | | **(22,336)** | | (11,137) |
| **Net assets** | | | **1,636,018** | | 1,597,633 |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | **730,248** | | 730,248 |
| Capital redemption reserve | | | **18,966** | | 18,966 |
| Profit and loss account | | | **886,804** | | 848,419 |
| **Equity attributable to owners of the parent Company** | | | **1,636,018** | | 1,597,633 |

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

**A Brymer**
Director

Date: 11 April 2017

The notes on pages 13 to 30 form part of these financial statements.

REFLEX 2005 LIMITED
REGISTERED NUMBER:05467449

## COMPANY BALANCE SHEET
## AS AT 31 DECEMBER 2016

| | Note | | 2016 £ | | 2015 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 14 | | **3,075,909** | | 3,075,909 |
| | | | **3,075,909** | | 3,075,909 |
| **Current assets** | | | | | |
| Debtors | 16 | **33** | | 26 | |
| Cash at bank and in hand | 17 | **93** | | 67 | |
| | | **126** | | 93 | |
| Creditors: amounts falling due within one year | 18 | **(2,230,533)** | | (2,130,500) | |
| **Net current assets** | | | **(2,230,407)** | | (2,130,407) |
| **Total assets less current liabilities** | | | **845,502** | | 945,502 |
| Creditors: amounts falling due after more than one year | 19 | | **(96,288)** | | (196,288) |
| **Net assets** | | | **749,214** | | 749,214 |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | **730,248** | | 730,248 |
| Capital redemption reserve | | | **18,966** | | 18,966 |
| | | | **749,214** | | 749,214 |

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

**A Brymer**
Director

Date: 11 April 2017

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2016 | 730,248 | 18,966 | 848,419 | 1,597,633 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 52,878 | 52,878 |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | 52,878 | 52,878 |
| Dividends: Equity capital | - | - | (14,493) | (14,493) |
| **Total transactions with owners** | - | - | (14,493) | (14,493) |
| **At 31 December 2016** | 730,248 | 18,966 | 886,804 | 1,636,018 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2015

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2015 | 745,398 | 3,816 | 587,525 | 1,336,739 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 286,952 | 286,952 |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | 286,952 | 286,952 |
| Purchase of own shares | - | 15,150 | (26,058) | (10,908) |
| Capital redemption | (15,150) | - | - | (15,150) |
| **Total transactions with owners** | (15,150) | 15,150 | (26,058) | (26,058) |
| **At 31 December 2015** | 730,248 | 18,966 | 848,419 | 1,597,633 |

The notes on pages 13 to 30 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2016 | 730,248 | 18,966 | - | 749,214 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 14,493 | 14,493 |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | 14,493 | 14,493 |
| **Contributions by and distributions to owners** | | | | |
| Dividends: Equity capital | - | - | (14,493) | (14,493) |
| **Total transactions with owners** | - | - | (14,493) | (14,493) |
| **At 31 December 2016** | 730,248 | 18,966 | - | 749,214 |

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2015

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2015 | 745,398 | 3,816 | - | 749,214 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 26,058 | 26,058 |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | 26,058 | 26,058 |
| **Contributions by and distributions to owners** | | | | |
| Purchase of own shares | - | 15,150 | (26,058) | (10,908) |
| Capital redemption | (15,150) | - | - | (15,150) |
| **Total transactions with owners** | (15,150) | 15,150 | (26,058) | (26,058) |
| **At 31 December 2015** | 730,248 | 18,966 | - | 749,214 |

The notes on pages 13 to 30 form part of these financial statements.

## 1. Accounting policies

### 1.1 General Information

Reflex 2005 Limited ('the Company') is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is disclosed on the Company information page.

The principal activity of the company during the year was that of a holding company.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

### 1.2 Financial Reporting Standard 102 - Reduced Disclosure Exemption

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102 "The Financial Reporting Standard applicable in 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 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of the Reflex 2016 Limited as at 31 December 2016 and these financial statements may be obtained from 1 Bennet Court, Bennet Road, Reading, Berkshire, RG2 0QZ.

### 1.3 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 judgment in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

## 1. Accounting policies (continued)

### 1.4 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.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

### 1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

**Sale of goods**

Revenue 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 revenue 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.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## 1. Accounting policies (continued)

### 1.6 Intangible assets

Business Combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS102, section 19 of FRS102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

### 1.7 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, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---|---|
| L/Term Leasehold Property | - 4 years |
| Plant and machinery | - 3 to 7 years |
| Fixtures and fittings | - 7 years |
| Office equipment | - 2 to 4 years |

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 the Consolidated statement of comprehensive income.

## 1. Accounting policies (continued)

### 1.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 1.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

### 1.10 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 first in, first out 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.

### 1.11 Debtors

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

### 1.12 Financial instruments

The Group only enters into basic financial instruments 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 non-puttable 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each

## 1. Accounting policies (continued)

### 1.12 Financial instruments (continued)

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.

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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

### 1.13 Cash and cash equivalents

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

### 1.14 Creditors

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

## 1. Accounting policies (continued)

### 1.15 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 the Consolidated statement of comprehensive income 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 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

### 1.16 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income 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.

### 1.17 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

## 1. Accounting policies (continued)

### 1.18 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 the Consolidated statement of comprehensive income 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.

### 1.19 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

### 1.20 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 the Consolidated statement of comprehensive income 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.

## 1. Accounting policies (continued)

### 1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors are of the opinion that there are no critical accounting judgements or key sources of estimation uncertainty when applying the company's accounting policies.

## 3. Turnover

Analysis of turnover by country of destination:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| United Kingdom | **12,847,013** | 14,081,646 |
| | **12,847,013** | 14,081,646 |

## 4. Operating profit

The operating profit is stated after charging:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Depreciation of tangible fixed assets | **74,820** | 55,331 |
| Amortisation of intangible assets, including goodwill | **165,954** | 165,954 |
| Exchange differences | **-** | (975) |

## 5. Auditors' remuneration

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts | **7,500** | 7,300 |
| **Fees payable to the Group's auditor and its associates in respect of:** | | |
| The auditing of accounts of associates of the Group pursuant to legislation | **2,050** | 1,500 |
| Taxation compliance services | **2,850** | 2,750 |

## 6. Employees

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

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Wages and salaries | **2,125,609** | 2,073,045 |
| Social security costs | **253,059** | 251,368 |
| Cost of defined contribution scheme | **79,985** | 73,934 |
| | **2,458,653** | 2,398,347 |

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

| | **2016** | 2015 |
|---|---|---|
| | **No.** | No. |
| Administrative staff | **27** | 27 |
| Installation staff | **16** | 16 |
| Sales staff | **9** | 7 |
| | **52** | 50 |

## 7. Directors' remuneration

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Directors' emoluments | **245,255** | 274,001 |
| Company contributions to defined contribution pension schemes | **11,662** | 14,328 |
| | **256,917** | 288,329 |

During the year retirement benefits were accruing to 4 directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £131,560 (2015 - £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,578 (2015 - £7,289).

## 8. Interest receivable

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Other interest receivable | **31** | 179 |
| | **31** | 179 |

## 9. Interest payable and similar charges

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Bank interest payable | **8,374** | 5,937 |
| Other loan interest payable | **18,125** | 25,111 |
| | **26,499** | 31,048 |

## 10. Taxation

| | 2016 £ | 2015 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **41,531** | 122,642 |
| | **41,531** | 122,642 |
| **Total current tax** | **41,531** | 122,642 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **12,313** | (4,203) |
| Changes to tax rates | **(1,114)** | - |
| **Total deferred tax** | **11,199** | (4,203) |
| **Taxation on profit on ordinary activities** | **52,730** | 118,439 |

### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%) as set out below:

| | 2016 £ | 2015 £ |
|---|---|---|
| Profit on ordinary activities before tax | **105,608** | 405,391 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%) | **21,120** | 82,076 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **36,990** | 36,399 |
| Change in tax rate | **(1,113)** | - |
| Group relief | **(2,899)** | - |
| Marginal relief | **-** | (89) |
| Deferred tax liability recognised at lower rate | **(1,368)** | 53 |
| **Total tax charge for the year** | **52,730** | 118,439 |

## 11. Dividends

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Dividends | **14,493** | - |
| | **14,493** | - |

## 12. Intangible assets

**Group and Company**

| | Goodwill |
|---|---|
| | £ |
| **Cost** | |
| At 1 January 2016 | **3,479,954** |
| At 31 December 2016 | **3,479,954** |
| **Amortisation** | |
| At 1 January 2016 | **1,916,126** |
| Charge for the year | **165,954** |
| At 31 December 2016 | **2,082,080** |
| **Net book value** | |
| At 31 December 2016 | **1,397,874** |
| At 31 December 2015 | 1,563,828 |

## 13. Tangible fixed assets

### Group

| | Leasehold Improve-ments £ | Plant and machinery £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 January 2016 | **152,700** | **99,200** | **70,627** | **246,691** | **569,218** |
| Additions | **108,513** | **12,320** | **-** | **6,452** | **127,285** |
| Disposals | **(37,695)** | **(15,491)** | **-** | **(4,993)** | **(58,179)** |
| At 31 December 2016 | **223,518** | **96,029** | **70,627** | **248,150** | **638,324** |
| **Depreciation** | | | | | |
| At 1 January 2016 | **147,937** | **89,286** | **65,312** | **161,467** | **464,002** |
| Charge for the period on owned assets | **19,929** | **11,585** | **1,092** | **42,214** | **74,820** |
| Disposals | **(37,695)** | **(15,204)** | **-** | **(4,993)** | **(57,892)** |
| At 31 December 2016 | **130,171** | **85,667** | **66,404** | **198,688** | **480,930** |
| **Net book value** | | | | | |
| At 31 December 2016 | **93,347** | **10,362** | **4,223** | **49,462** | **157,394** |
| At 31 December 2015 | 4,763 | 9,914 | 5,315 | 85,224 | 105,216 |

## 14. Fixed asset investments

### Company

| | Investments in subsidiary companies £ |
|---|---|
| **Cost or valuation** | |
| At 1 January 2016 | **3,075,909** |
| At 31 December 2016 | **3,075,909** |
| **Net book value** | |
| At 31 December 2016 | **3,075,909** |
| At 31 December 2015 | 3,075,909 |

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|---|---|---|---|
| Reflex Audio Visual Limited | Ordinary | 100 % | Non trading |
| Reflex Limited | Ordinary | 100 % | Sale, installation and maintenance of audio visual equipment |
| Classroom Displays Limited | Ordinary | 100 % | Dormant |
| Reflex Care Limited | Ordinary | 100 % | Dormant |
| Reflex Home Limited | Ordinary | 100 % | Dormant |

## 15. Stocks

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|---|---|---|---|
| Finished goods and goods for resale | **409,351** | 345,689 | **-** | - |
| | **409,351** | 345,689 | **-** | - |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

## 16. Debtors

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|---|---|---|---|
| **Due within one year** | | | | |
| Trade debtors | **1,930,608** | 1,348,764 | **-** | - |
| Amounts owed by group undertakings | **420,970** | - | **-** | - |
| Other debtors | **43,058** | 67,007 | **33** | 26 |
| Prepayments and accrued income | **259,352** | 190,282 | **-** | - |
| | **2,653,988** | 1,606,053 | **33** | 26 |

## 17. Cash and cash equivalents

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|---|---|---|---|
| Cash at bank and in hand | **168,964** | 105,636 | **93** | 67 |
| | **168,964** | 105,636 | **93** | 67 |

## 18. Creditors: Amounts falling due within one year

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|---|---|---|---|
| Trade creditors | **729,731** | 504,852 | **-** | - |
| Amounts owed to group undertakings | **-** | - | **2,130,533** | 2,030,500 |
| Corporation tax | **41,534** | 122,643 | **-** | - |
| Taxation and social security | **531,926** | 394,689 | **-** | - |
| Other creditors | **1,113,647** | 308,932 | **100,000** | 100,000 |
| Accruals and deferred income | **616,091** | 590,251 | **-** | - |
| | **3,032,929** | 1,921,367 | **2,230,533** | 2,130,500 |

Inlcuded within other creditors is £879,371 (£57,304) due to an invoice discounting company.

The bank has a debenture for all sums over the whole assets of the group, dated 25 March 2013. There is also a cross guarantee in place between Reflex Limited and associated group companies.

## 19. Creditors: Amounts falling due after more than one year

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|---|---|---|---|
| Other creditors | **96,288** | 196,288 | **96,288** | 196,288 |
| | **96,288** | 196,288 | **96,288** | 196,288 |

## 20. Deferred taxation

### Group

| | 2016 £ |
|---|---|
| At beginning of year | **(11,137)** |
| Charged to the profit or loss | **(11,199)** |
| **At end of year** | **(22,336)** |

| | Group 2016 £ |
|---|---|
| Accelerated capital allowances | **(22,688)** |
| General provisions | **352** |
| | **(22,336)** |

## 21. Share capital

| | 2016 £ | 2015 £ |
|---|---|---|
| **Shares classified as equity** | | |
| **Allotted, called up and fully paid** | | |
| 730,248 (2015 - 680,982) Ordinary shares of £1 each | **730,248** | 680,982 |
| 49,266 A Ordinary shares of £1 each | **-** | 49,266 |
| | **730,248** | 730,248 |

On 30 June 2016, Reflex 2016 Limited purchased the entire share capital of Reflex 2005 Limited. On this date, the 49,266 A shares were redesignated as ordinary shares.

## 22. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £73,934 (2014 -£67,352). Contributions totalling £Nil (2014 - £9,497) were payable to the fund at the balance sheet date.

## 23. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | **Company 2016 £** | Company 2015 £ |
|---|---|---|
| Not later than 1 year | **189,390** | 214,242 |
| Later than 1 year and not later than 5 years | **441,402** | 521,621 |
| Later than 5 years | **23,750** | 118,750 |
| **Total** | **654,542** | 854,613 |

## 24. Related party transactions

The company is a wholly owned subsidiary of Reflex 2016 Limited and as such has taken advantage of the exemption permitted by section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly-owned members of the group.

## 25. Controlling party

The ultimate parent undertaking of the smallest and largest group is Reflex 2016 Limited, a company incorporated in England. Group consolidated accounts are available at Companies House.