



financial statements group

Reflex 2016 Limited

For the year ended: 31 December 2016

Company registration number: 10245274

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COMPANIES HOUSE



MHA MacIntyre Hudson

GLOBAL EXPERTISE • NATIONAL EXPERIENCE • LOCAL EXCELLENCE*

REFLEX 2016 LIMITED

COMPANY INFORMATION

Directors	W Jepps (appointed 22 June 2016) A Brymer (appointed 22 June 2016) M Atkinson (appointed 11 July 2016)
Registered number	10245274
Registered office	1 Bennet Court Bennet Road Reading Berkshire RG2 0QZ
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Pennant House 1-2 Napier Court Reading RG1 8BW

REFLEX 2016 LIMITED

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REFLEX 2016 LIMITED

**GROUP STRATEGIC REPORT
FOR THE PERIOD 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 the Company in June 2016, and the related 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

REFLEX 2016 LIMITED

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

The directors present their report and the financial statements for the period 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 period, after taxation, amounted to £162,212.

Directors

The directors who served during the period were:

W Jepps (appointed 22 June 2016)
A Brymer (appointed 22 June 2016)
M Atkinson (appointed 11 July 2016)

Future developments

Details of future developments can be found in the strategic report on page 1.

REFLEX 2016 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 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.

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 2016 LIMITED

We have audited the financial statements of Reflex 2016 Limited for the period ended 31 December 2016, set out on pages 6 to 27. 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 period 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 period 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.

REFLEX 2016 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF REFLEX 2016 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

REFLEX 2016 LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Note	2016 £
Turnover	4	7,946,697
Cost of sales		(4,765,600)
Gross profit		3,181,097
Administrative expenses		(2,909,454)
Operating profit	5	271,643
Interest payable and expenses	9	(26,775)
Profit before taxation		244,868
Tax on profit	10	(82,656)
Profit for the financial period		162,212
Total comprehensive income for the period		162,212
Profit for the period attributable to:		
Owners of the parent Company		162,212


REFLEX 2016 LIMITED
REGISTERED NUMBER: 10245274

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £
Fixed assets		
Intangible assets	11	3,074,853
Tangible assets	12	157,394
		<u>3,232,247</u>
Current assets		
Stocks	14	409,351
Debtors: amounts falling due within one year	15	2,233,018
Cash at bank and in hand	16	169,071
		<u>2,811,440</u>
Creditors: amounts falling due within one year	17	(3,162,862)
Net current (liabilities)/assets		<u>(351,422)</u>
Total assets less current liabilities		<u>2,880,825</u>
Creditors: amounts falling due after more than one year	18	(882,693)
Provisions for liabilities		
Deferred taxation	20	(22,336)
		<u>(22,336)</u>
Net assets		<u><u>1,975,796</u></u>
Capital and reserves		
Called up share capital	21	427,262
Share premium account		1,386,322
Profit and loss account		162,212
Equity attributable to owners of the parent Company		<u><u>1,975,796</u></u>

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 11 to 27 form part of these financial statements.

REFLEX 2016 LIMITED
REGISTERED NUMBER: 10245274

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £
Fixed assets		
Investments	13	3,120,861
		<u>3,120,861</u>
Current assets		
Cash at bank and in hand	16	107
		<u>107</u>
Creditors: amounts falling due within one year	17	(520,979)
		<u>(520,979)</u>
Net current (liabilities)/assets		<u>(520,872)</u>
Total assets less current liabilities		<u>2,599,989</u>
Creditors: amounts falling due after more than one year	18	(786,405)
		<u>(786,405)</u>
Net assets excluding pension asset		<u>1,813,584</u>
Net assets		<u>1,813,584</u>
Capital and reserves		
Called up share capital	21	427,262
Share premium account		1,386,322
		<u>1,813,584</u>

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

REFLEX 2016 LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Profit for the period	-	-	162,212	162,212
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	162,212	162,212
Shares issued during the period	427,262	1,386,322	-	1,813,584
Total transactions with owners	427,262	1,386,322	-	1,813,584
At 31 December 2016	427,262	1,386,322	162,212	1,975,796

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Total equity £
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Contributions by and distributions to owners			
Shares issued during the period	427,262	1,386,322	1,813,584
Total transactions with owners	427,262	1,386,322	1,813,584
At 31 December 2016	427,262	1,386,322	1,813,584

REFLEX 2016 LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	2016 £
Cash flows from operating activities	
Profit for the financial period	162,212
Adjustments for:	
Amortisation of intangible assets	161,834
Depreciation of tangible assets	42,193
Interest paid	36,784
Taxation charge	82,659
Decrease in stocks	313,759
(Increase)/decrease in debtors	(674,380)
Increase in creditors	936,700
Loss on disposal of fixed assets	287
Net cash generated from operating activities	<u>1,062,048</u>
Cash flows from investing activities	
Purchase of tangible fixed assets	(6,658)
Purchase of subsidiary	(320,970)
Cash acquired with business	457,842
Net cash from investing activities	<u>130,214</u>
Cash flows from financing activities	
Interest paid	(36,784)
Deferred consideration	(986,407)
Net cash used in financing activities	<u>(1,023,191)</u>
Net increase in cash and cash equivalents	<u>169,071</u>
Cash and cash equivalents at the end of period	<u>169,071</u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	<u>169,071</u>
	<u>169,071</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

1. General information

Reflex 2016 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.3 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.

2.4 Intangible assets

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.5 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.

The estimated useful lives range as follows:

Plant and machinery	- 2 to 4 years
Fixtures and fittings	- 7 years
Office equipment	- 3 to 7 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.

2.6 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.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 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.

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.9 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.11 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.

2.12 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'.

2.13 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.

2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.15 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.

2.16 Current and deferred taxation

The tax expense for the period 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.

3. 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.

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £
United Kingdom	7,946,697
	<u>7,946,697</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2016 £
Depreciation of tangible fixed assets	42,193
Amortisation of intangible assets, including goodwill	161,834
Exchange differences	668
Defined contribution pension cost	39,993
	<u>243,688</u>

6. Auditors' remuneration

	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	7,500
	<u>7,500</u>
Fees payable to the Group's auditor and its associates in respect of:	
Audit related assurance services	2,050
Taxation compliance services	2,850
	<u>4,900</u>

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

7. Employees

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

	2016 £
Wages and salaries	1,062,805
Social security costs	126,530
Cost of defined contribution scheme	39,993
	<u>1,229,328</u>

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

	2016 No.
Administrative staff	27
Installation staff	16
Sales staff	9
	<u>52</u>

8. Directors' remuneration

	2016 £
Directors' emoluments	105,924
	<u>105,924</u>

During the period retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes.

9. Interest payable and similar charges

	2016 £
Bank interest payable	4,187
Other loan interest payable	22,588
	<u>26,775</u>

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

10. Taxation

	2016 £
Corporation tax	
Current tax on profits for the year	71,457
	<u>71,457</u>
Total current tax	<u>71,457</u>
Deferred tax	
Origination and reversal of timing differences	12,313
Changes to tax rates	(1,114)
Total deferred tax	<u>11,199</u>
Taxation on profit on ordinary activities	<u>82,656</u>

Factors affecting tax charge for the period

The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 20% as set out below:

	2016 £
Profit on ordinary activities before tax	244,868
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	81,339
Effects of:	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,798
Adjustment in tax rate	(1,113)
Deferred tax liability recognised at lower rate	(1,368)
Total tax charge for the period	<u>82,656</u>

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

11. Intangible assets**Group and Company**

	Customer relationships £	Goodwill £	Total £
Cost			
Additions	424,000	2,812,687	3,236,687
At 31 December 2016	424,000	2,812,687	3,236,687
Amortisation			
Charge for the year	21,200	140,634	161,834
At 31 December 2016	21,200	140,634	161,834
Net book value			
At 31 December 2016	402,800	2,672,053	3,074,853

On 30 June 2016 the company acquired the assets and liabilities from Reflex 2005 Limited (see note 22).

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

12. Tangible fixed assets

Group

	Leasehold improve- ments £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
Additions	-	3,788	-	2,970	6,758
Acquisition of subsidiary	223,518	97,735	70,627	247,900	639,780
Disposals	-	(5,494)	-	(2,720)	(8,214)
At 31 December 2016	<u>223,518</u>	<u>96,029</u>	<u>70,627</u>	<u>248,150</u>	<u>638,324</u>
Depreciation					
Charge for the period on owned assets	14,486	5,897	546	21,264	42,193
Acquisition of subsidiary	115,685	84,977	65,858	180,144	446,664
Disposals	-	(5,207)	-	(2,720)	(7,927)
At 31 December 2016	<u>130,171</u>	<u>85,667</u>	<u>66,404</u>	<u>198,688</u>	<u>480,930</u>
Net book value					
At 31 December 2016	<u>93,347</u>	<u>10,362</u>	<u>4,223</u>	<u>49,462</u>	<u>157,394</u>

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	3,120,861
At 31 December 2016	<u>3,120,861</u>
Net book value	
At 31 December 2016	<u>3,120,861</u>

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Reflex 2005 Limited	Ordinary	100 %	Non trading
Reflex Audio Visual Limited	Ordinary	100 %	Non trading Sale, installation and maintenance of audio visual equipment
Reflex Limited	Ordinary	100 %	Dormant
Classroom Displays Limited	Ordinary	100 %	Dormant
Reflex Care Limited	Ordinary	100 %	Dormant
Reflex Home Limited	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Reflex 2005 Limited	749,214	14,493
Reflex Audio Visual Limited	135,155	32,667
Reflex Limited	4,343,638	236,007
Classroom Displays Limited	1	-
Reflex Care Limited	2	-
Reflex Home Limited	(90,769)	-
	5,137,241	283,167

REFLEX 2016 LIMITED

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14. Stocks

	Group 2016 £	Company 2016 £
Finished goods and goods for resale	409,351	-
	409,351	-

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

15. Debtors

	Group 2016 £	Company 2016 £
Trade debtors	1,930,608	-
Other debtors	43,058	-
Prepayments and accrued income	259,352	-
	2,233,018	-

16. Cash and cash equivalents

	Group 2016 £	Company 2016 £
Cash at bank and in hand	169,071	107
	169,071	107

REFLEX 2016 LIMITED

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17. Creditors: Amounts falling due within one year

	Group 2016 £	Company 2016 £
Trade creditors	729,731	-
Amounts owed to group undertakings	-	420,970
Corporation tax	71,460	-
Other taxation and social security	531,926	-
Other creditors	1,213,657	100,009
Accruals and deferred income	616,088	-
	<u>3,162,862</u>	<u>520,979</u>

Included 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.

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

	Group 2016 £	Company 2016 £
Other creditors	882,693	786,405
	<u>882,693</u>	<u>786,405</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

19. Financial instruments

	Group 2016 £	Company 2016 £
Financial assets		
Financial assets measured at face value through profit or loss	169,071	107
Financial assets that are debt instruments measured at amortised cost	1,973,665	-
	<u>2,142,736</u>	<u>107</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,093,977)	(1,307,382)
	<u>(3,093,977)</u>	<u>(1,307,382)</u>

Financial assets measured at face value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

20. Deferred taxation

Group

	2016 £
Charged to profit or loss	11,199
Arising on business combinations	11,137
At end of year	<u>22,336</u>
	Group 2016 £
Accelerated capital allowances	22,688
General provisions	(352)
	<u>22,336</u>

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Share capital

	2016 £
Shares classified as equity	
Allotted, called up and fully paid	
377,951 Ordinary shares of £1 each	377,951
49,266 A shares of £1 each	49,266
45,450 B shares of £0.001 each	45
	<hr/>
	427,262 <hr/>

The company was incorporated on 22 June 2016. 1 £1 Ordinary share was allotted on incorporation.

On 30 June 2016, 377,951 £1 Ordinary shares were allotted for a premium of £4.245 per share, 49,266 £1 A shares were allotted for a premium of £4.245 per share and 49,450 £0.001 B shares were allotted at par.

REFLEX 2016 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. Business combinations

Acquisition of Reflex 2005 Limited

On 30 June 2016, the company acquired the assets and liabilities of Reflex 2005 Limited. Initial goodwill of £2,812,787 was calculated based on the workings below. Separately identifiable intangible assets have been identified as per note 11 and will be released to the profit and loss account over 120 months.

	Book value	Fair value	Fair value
	£	adjustment	£
		£	£
Tangible	193,118	-	193,118
	193,118	424,000	617,118
Stocks	723,110	-	723,110
Debtors	1,558,638	-	1,558,638
Cash at bank and in hand	457,842	-	457,842
Total assets	2,932,708	424,000	3,356,708
Due within one year	(3,037,397)	-	(3,037,397)
Deferred tax on differences between fair value and tax bases	(11,137)	-	(11,137)
Fair value of net assets	(115,826)	424,000	308,174
Goodwill	3,236,787	(424,000)	2,812,787
Total purchase consideration	3,120,961	-	3,120,961
Purchase consideration settled in cash, as above	320,870	-	320,870
Loan notes	986,405	-	986,405
Share capital issued	1,813,586	-	1,813,586
Cash outflow on acquisition	3,120,861	-	3,120,861

23. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS 102, Section 33 Related Party Disclosures.

24. Controlling party

The company was under the control of the directors throughout the current period by virtue of their majority shareholding.