

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022
FOR
FFP PACKAGING SOLUTIONS LIMITED**

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For The Year Ended 31 January 2022

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FFP PACKAGING SOLUTIONS LIMITED

COMPANY INFORMATION
For The Year Ended 31 January 2022

DIRECTORS:

R W Chudley
J Bird
H Clements
D W Cooper
I Hedges

SECRETARY:

J Bird

REGISTERED OFFICE:

1-7 Tenter Road
Moulton Park Industrial Estate
Northampton
Northamptonshire
NN3 6PZ

REGISTERED NUMBER:

00893217 (England and Wales)

AUDITORS:

Fortus Audit LLP
1 Rushmills
Bedford Road
Northampton
Northamptonshire
NN4 7YB

STRATEGIC REPORT
For The Year Ended 31 January 2022

The directors present their strategic report for the year ended 31 January 2022.

PRINCIPAL ACTIVITIES

The company continues to carry on the business of the conversion of flexible packaging materials for the food and allied industries.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

FFP had a strong trading financial year, mainly because of new product launches, delivering improved volume & sales. There does continue to be increased focus across the industry surrounding the use of plastics in packaging (Introduction of a Plastic Packaging Tax), however FFP are leading the way in facilitating the move towards more sustainable packaging choices, leveraging the firm's significant technical experience in this regard, with some new first to market recyclable products having been launched.

Turnover increased by 38.2% to £26,213,219 (2021: £18,967,972). The increase in turnover came as a direct result of both improved organic growth from current customers, but also new business wins, which have been driven by the launch of some significant new sustainable products. This turnover growth has delivered increased Gross Profit, along with improving both labour & overhead recovery rates, ensuring the company reported a profit before tax of £900,000 (2021 : £825,731), which after tax adjustments was a profit of £1,009,234 (2021 : £610,275).

With the new products launched, further NPD development in the pipeline, new business wins and the continued investment in capital expenditure and R&D, the company is in a strong position to deliver future sales growth, along with improved margins, whilst also maintaining customer retention and defending against external competition.

It is the directors' intention that capital investment will be sustained as required to facilitate the continuing development of innovative products, designed to maintain competitive advantage for our customers in our chosen strategic areas. This is with an increasing focus on providing more sustainable packaging solutions and further developing our offering to high temperature applications. The company continues to invest in research and development activities to ensure that it maintains its reputation as an innovator in its chosen sectors within the flexible packaging industry.

Flexible packaging continues to provide a cost-effective method of preserving, protecting and presenting food and related products, when compared to other packaging methods. As such, the company is well placed to respond to the challenges of the industry, whether driven by cost or functionality pressures.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

STRATEGIC REPORT
For The Year Ended 31 January 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the principal risks to be as follows:

Credit risk - The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new and existing customers, covering trade debtors with credit insurance where available and by closely controlling payments against contractual agreements.

Commodity pricing risk - The company is exposed to the risk of variations in the price of polymers, which are linked to the price of crude oil. It is not possible to enter into forward contracts effectively to hedge the price of the company's base material costs.

Cashflow - The company monitors cash flow as an important part of its day-to-day control procedures. The board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be utilised for both working capital and capital expenditure needs.

Currency risk - The company makes purchases and sales in Euros at similar levels which creates a natural hedge against foreign exchange risks.

ON BEHALF OF THE BOARD:

D W Cooper - Director

6 July 2022

REPORT OF THE DIRECTORS
For The Year Ended 31 January 2022

The directors present their report with the financial statements of the company for the year ended 31 January 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2022.

RESEARCH AND DEVELOPMENT

It is the directors' intention that capital investment will be sustained as required to facilitate the continuing development of innovative products, designed to maintain competitive advantage for our customers in our chosen strategic areas. This is with an increasing focus on providing more sustainable packaging solutions. The company continues to invest in research and development activities to ensure that it maintains its reputation as an innovator in its chosen sectors within the flexible packaging industry.

FUTURE DEVELOPMENTS

The directors continue to innovate, building on the company's existing customer portfolio and product range.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2021 to the date of this report.

R W Chudley
J Bird
H Clements
D W Cooper
I Hedges

FINANCIAL INSTRUMENTS

The company utilises various financial instruments including loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

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

REPORT OF THE DIRECTORS
For The Year Ended 31 January 2022

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Fortus Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D W Cooper - Director

6 July 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FFP PACKAGING SOLUTIONS LIMITED**

Opinion

We have audited the financial statements of FFP Packaging Solutions Limited (the 'company') for the year ended 31 January 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 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 January 2022 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FFP PACKAGING SOLUTIONS 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 or the Report of the Directors.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

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

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

o We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

o We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

o We assess the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

o Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

o We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FFP PACKAGING SOLUTIONS LIMITED**

Use of our 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 a Report of the Auditors 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.

Emma Jones FCCA (Senior Statutory Auditor)
for and on behalf of Fortus Audit LLP
1 Rushmills
Bedford Road
Northampton
Northamptonshire
NN4 7YB

6 July 2022

**STATEMENT OF COMPREHENSIVE
INCOME**
For The Year Ended 31 January 2022

		2022	2021
	Notes	£	£
TURNOVER	3	26,213,219	18,967,972
Cost of sales		<u>21,812,404</u>	<u>16,620,532</u>
GROSS PROFIT		4,400,815	2,347,440
Administrative expenses		<u>3,385,420</u>	<u>3,104,936</u>
		1,015,395	(757,496)
Other operating income		<u>-</u>	<u>28,457</u>
		1,015,395	(729,039)
Interest receivable and similar income	5	<u>5</u>	<u>7</u>
		1,015,400	(729,032)
Interest payable and similar expenses	6	<u>115,400</u>	<u>96,699</u>
PROFIT/(LOSS) BEFORE TAXATION	7	900,000	(825,731)
Tax on profit/(loss)	8	<u>(109,234)</u>	<u>(215,456)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,009,234	(610,275)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,009,234</u>	<u>(610,275)</u>

The notes form part of these financial statements

BALANCE SHEET
31 January 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	9		4,378,882		4,153,955
CURRENT ASSETS					
Stocks	10	3,861,835		3,048,786	
Debtors	11	7,656,447		5,947,426	
Cash at bank and in hand		<u>157,135</u>		<u>733,540</u>	
		11,675,417		9,729,752	
CREDITORS					
Amounts falling due within one year	12	<u>8,939,813</u>		<u>8,090,355</u>	
NET CURRENT ASSETS			<u>2,735,604</u>		<u>1,639,397</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,114,486</u>		<u>5,793,352</u>
CREDITORS					
Amounts falling due after more than one year	13		(1,573,288)		(1,541,299)
PROVISIONS FOR LIABILITIES	16		<u>(694,471)</u>		<u>(414,560)</u>
NET ASSETS			<u>4,846,727</u>		<u>3,837,493</u>
CAPITAL AND RESERVES					
Called up share capital	17		205,658		205,658
Share premium	18		509,402		509,402
Capital redemption reserve	18		90,048		90,048
Retained earnings	18		<u>4,041,619</u>		<u>3,032,385</u>
SHAREHOLDERS' FUNDS			<u>4,846,727</u>		<u>3,837,493</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 July 2022 and were signed on its behalf by:

D W Cooper - Director

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 January 2022

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 February 2020	205,658	3,642,660	509,402	90,048	4,447,768
Changes in equity					
Total comprehensive income	-	(610,275)	-	-	(610,275)
Balance at 31 January 2021	205,658	3,032,385	509,402	90,048	3,837,493
Changes in equity					
Total comprehensive income	-	1,009,234	-	-	1,009,234
Balance at 31 January 2022	205,658	4,041,619	509,402	90,048	4,846,727

The notes form part of these financial statements

CASH FLOW STATEMENT
For The Year Ended 31 January 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	419,268	563,415
Interest paid		(78,550)	(61,353)
Interest element of hire purchase payments paid		(36,850)	(35,346)
Tax paid		243,135	78,290
Net cash from operating activities		<u>547,003</u>	<u>545,006</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,143,321)	(256,713)
Sale of tangible fixed assets		46,500	15,201
Interest received		5	7
Net cash from investing activities		<u>(1,096,816)</u>	<u>(241,505)</u>
Cash flows from financing activities			
New loans in year		-	300,000
Loan repayments in year		(165,000)	-
New finance leases in year		1,305,809	640,205
Capital repayments in year		(1,167,401)	(531,392)
Net cash from financing activities		<u>(26,592)</u>	<u>408,813</u>
(Decrease)/increase in cash and cash equivalents		<u>(576,405)</u>	<u>712,314</u>
Cash and cash equivalents at beginning of year	2	733,540	21,226
Cash and cash equivalents at end of year	2	<u>157,135</u>	<u>733,540</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 January 2022

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit/(loss) before taxation	900,000	(825,731)
Depreciation charges	885,272	850,481
Profit on disposal of fixed assets	(13,378)	-
Finance costs	115,400	96,699
Finance income	(5)	(7)
	<u>1,887,289</u>	<u>121,442</u>
Increase in stocks	(813,049)	(177,049)
Increase in trade and other debtors	(1,563,011)	(1,775,661)
Increase in trade and other creditors	<u>908,039</u>	<u>2,394,683</u>
Cash generated from operations	<u><u>419,268</u></u>	<u><u>563,415</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 January 2022

	31.1.22	1.2.21
	£	£
Cash and cash equivalents	<u>157,135</u>	<u>733,540</u>

Year ended 31 January 2021

	31.1.21	1.2.20
	£	£
Cash and cash equivalents	<u>733,540</u>	<u>21,226</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.21	Cash flow	At 31.1.22
	£	£	£
Net cash			
Cash at bank and in hand	<u>733,540</u>	<u>(576,405)</u>	<u>157,135</u>
	<u>733,540</u>	<u>(576,405)</u>	<u>157,135</u>
Debt			
Finance leases	(1,887,769)	(138,408)	(2,026,177)
Debts falling due within 1 year	(167,500)	137,500	(30,000)
Debts falling due after 1 year	<u>(132,500)</u>	<u>27,500</u>	<u>(105,000)</u>
	<u>(2,187,769)</u>	<u>26,592</u>	<u>(2,161,177)</u>
Total	<u><u>(1,454,229)</u></u>	<u><u>(549,813)</u></u>	<u><u>(2,004,042)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 January 2022

1. STATUTORY INFORMATION

FFP Packaging Solutions Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and the items in the financial statements where these judgements and estimates have been made include:

- Estimates of the useful economic lives of tangible fixed assets

The useful economic lives used by the Company in respect of tangible fixed assets are set out in the accounting policy. These estimates are the best estimate based on past experience and regular reviews to ensure they remain appropriate.

- Provisions against stock

This is estimated by management based on slow moving and obsolete stock items. Management's judgement is exercised in this area by use of their historical knowledge of the business and their customer base.

- Standard cost valuation for stock

The Company uses the standard cost approach when valuing their stock, assessing each item on an individual basis. Management uses their knowledge in order to best estimate the appropriate proportion of labour and overheads by which should be allocated to each stock item at year end.

Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 3-10 years straight line on cost
Plant and machinery	- 3-15 years straight line on cost

Government grants

Government grants relating to the Coronavirus Job Retention Scheme are recognised in income in the period in which it becomes receivable under the performance model

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 2022

2. ACCOUNTING POLICIES - continued**Stock and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Where necessary, provision is made for obsolescent, slow moving and defective stocks.

Financial instruments

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables and loans, 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 2022

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The directors have considered the impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors. As at the point of authorising the accounts, and for the foreseeable future, the directors consider the going concern assumption to still be appropriate. The directors acknowledge that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the directors to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time.

Share options

The company operates a share option scheme, under which it makes equity-settled share-based payments to certain directors and employees. The fair value has been determined with reference to dividend yield.

The fair value liability has not been recognised in the financial statements on the grounds that the directors consider the value to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 2022

3. TURNOVER

The turnover and profit (2021 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	25,111,538	17,757,772
Europe	343,331	523,111
Rest of world	758,350	687,089
	<u>26,213,219</u>	<u>18,967,972</u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	4,760,120	4,284,778
Social security costs	472,505	450,976
Other pension costs	225,726	234,683
	<u>5,458,351</u>	<u>4,970,437</u>

The average number of employees during the year was as follows:

	2022	2021
Production	96	95
Selling and distribution	12	10
Administration	12	12
	<u>120</u>	<u>117</u>

	2022	2021
	£	£
Directors' remuneration	679,084	542,882
Directors' pension contributions to money purchase schemes	<u>80,569</u>	<u>68,810</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2022	2021
Money purchase schemes	<u>5</u>	<u>5</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	198,866	146,382
Pension contributions to money purchase schemes	<u>17,799</u>	<u>16,062</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 2022

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Deposit account interest	<u>5</u>	<u>7</u>

Interest income is recognised in the profit and loss account in the period in which it arises.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	78,550	61,353
Hire purchase	<u>36,850</u>	<u>35,346</u>
	<u>115,400</u>	<u>96,699</u>

Interest payable is charged to the profit and loss account in the period in which it is incurred.

7. PROFIT/(LOSS) BEFORE TAXATION

The profit (2021 - loss) is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	885,272	850,481
Profit on disposal of fixed assets	(13,378)	-
Auditors' remuneration	17,350	17,350
Auditors remuneration - Non audit services	<u>29,000</u>	<u>10,000</u>

8. TAXATION**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	(109,234)	(215,456)
Tax on profit/(loss)	<u>(109,234)</u>	<u>(215,456)</u>

UK corporation tax has been charged at 19% .

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 2022

8. TAXATION - continued**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit/(loss) before tax	<u>900,000</u>	<u>(825,731)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	171,000	(156,889)
Effects of:		
Expenses not deductible for tax purposes	(1,371)	8,216
Fixed asset differences	7,065	8,441
Additional deduction for R&D expenditure	(176,018)	(159,573)
Surrender of tax losses for R&D tax credit refund	33,900	66,866
Deferred taxation movements	(117,008)	17,483
Super deduction	<u>(26,802)</u>	<u>-</u>
Total tax credit	<u>(109,234)</u>	<u>(215,456)</u>

At Spring Budget 2021, the government announced an increase in the Corporation Tax main rate from 19% to 25% for companies with profits over £250,000. There is a small company rate of 19% for taxable profits under £50,000 and marginal relief available for profits falling between £50,000 - £250,000 with effect from 1 April 2023. Deferred tax has therefore been calculated at the future rate of 25%.

The company has taxable losses of £3,133,055 (2021: £3,133,055) available for carry forward against future trading profits.

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Totals £
COST			
At 1 February 2021	1,825,485	11,977,328	13,802,813
Additions	18,145	1,125,176	1,143,321
Disposals	<u>(129,194)</u>	<u>(1,081,533)</u>	<u>(1,210,727)</u>
At 31 January 2022	<u>1,714,436</u>	<u>12,020,971</u>	<u>13,735,407</u>
DEPRECIATION			
At 1 February 2021	1,711,699	7,937,159	9,648,858
Charge for year	37,183	848,089	885,272
Eliminated on disposal	<u>(129,194)</u>	<u>(1,048,411)</u>	<u>(1,177,605)</u>
At 31 January 2022	<u>1,619,688</u>	<u>7,736,837</u>	<u>9,356,525</u>
NET BOOK VALUE			
At 31 January 2022	<u>94,748</u>	<u>4,284,134</u>	<u>4,378,882</u>
At 31 January 2021	<u>113,786</u>	<u>4,040,169</u>	<u>4,153,955</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 20229. **TANGIBLE FIXED ASSETS - continued**

The net book value of assets held under finance leases or hire purchase contracts included in the above is £2,115,640 (2021: £2,573,533).

Depreciation charged on these assets during the year was £304,922 (2021: £272,136).

10. **STOCKS**

	2022	2021
	£	£
Stocks	2,480,800	1,628,388
Work-in-progress	780,132	623,012
Finished goods	418,639	608,979
Other stock	182,264	188,407
	<u>3,861,835</u>	<u>3,048,786</u>

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	6,286,996	4,730,102
Other debtors	3,268	11,494
Deferred tax asset	694,471	414,560
Tax	324,614	458,515
Prepayments and accrued income	347,098	332,755
	<u>7,656,447</u>	<u>5,947,426</u>

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Bank loans and overdrafts (see note 14)	30,000	167,500
Hire purchase contracts (see note 15)	557,889	478,970
Trade creditors	3,687,963	2,317,538
Social security and other taxes	117,214	98,906
VAT	606,140	1,077,895
Other creditors	3,337,342	3,564,286
Accruals and deferred income	603,265	385,260
	<u>8,939,813</u>	<u>8,090,355</u>

The bank loans are secured by a fixed and floating charge over all the assets of the company.

Hire purchase liabilities are secured against the assets to which they relate.

Within other creditors is an invoice financing facility creditor of £3,337,342 (2021: £3,564,286). This is secured over the trade debtors balance and other assets of the company.

13. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022	2021
	£	£
Bank loans (see note 14)	105,000	132,500
Hire purchase contracts (see note 15)	1,468,288	1,408,799
	<u>1,573,288</u>	<u>1,541,299</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 2022

14. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans	<u>30,000</u>	<u>167,500</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>30,000</u>	<u>30,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>75,000</u>	<u>102,500</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2022 £	2021 £
Net obligations repayable:		
Within one year	557,889	478,970
Between one and five years	<u>1,468,288</u>	<u>1,408,799</u>
	<u>2,026,177</u>	<u>1,887,769</u>
	Non-cancellable	operating leases
	2022	2021
	£	£
Within one year	380,605	362,077
Between one and five years	<u>324,508</u>	<u>616,832</u>
	<u>705,113</u>	<u>978,909</u>

16. PROVISIONS FOR LIABILITIES

	2022 £	2021 £
Deferred tax	<u>694,471</u>	<u>414,560</u>
		Deferred tax
		£
Balance at 1 February 2021		414,560
Movement in the year		<u>279,911</u>
Balance at 31 January 2022		<u>694,471</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 2022

17. CALLED UP SHARE CAPITAL

Alotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£	£
2,056,582	Ordinary shares	0.1	<u>205,658</u>	<u>205,658</u>

18. RESERVES

	Retained earnings	Share premium	Capital redemption reserve	Totals
	£	£	£	£
At 1 February 2021	3,032,385	509,402	90,048	3,631,835
Profit for the year	<u>1,009,234</u>			<u>1,009,234</u>
At 31 January 2022	<u>4,041,619</u>	<u>509,402</u>	<u>90,048</u>	<u>4,641,069</u>

Called up share capital - Represents the nominal value of shares that have been issued.

Share premium account - Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. The balance on the share premium account may not be distributed legally under section 830 of the Companies Act 2006.

Capital redemption reserve - The reserve records the nominal value of shares repurchased by the company.

Profit and loss account - Includes all current and prior period retained profits and losses.

19. PENSION COMMITMENTS

The company operates a group personal pension scheme where the benefits are based on the money purchase principle. The assets are held by each individual member in defined pension policies. The pension costs charge represents contributions payable by the company to the scheme and amounted to £225,727 (2021: £234,682). At the year end the outstanding were £20,004 (2021: £25,588).

20. CONTINGENT LIABILITIES

The company has a £50,000 (2021: £50,000) recourse guarantee to H M Revenue and Customs.

21. RELATED PARTY DISCLOSURES

During the year ended 31 January 2022, there have been no related party transactions that require disclosure in the financial statements.

During the year, a total of key management personnel compensation of £ 823,087 (2021 - £ 644,789) was paid.

The company considers the Key Management Personnel to be the directors of the business

22. POST BALANCE SHEET EVENTS

The Company has entered into a new operating lease for the Company premises since year end. The total liability in respect of this is £5,000,000 over a 10 year contract.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 January 202223. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party was R W Chudley by virtue of his shareholding.

24. **SHARE-BASED PAYMENT TRANSACTIONS**

The company has granted options to certain directors and employees in respect of ordinary 10p shares under an Enterprise Management Scheme.

The options are settled in equity once exercised. The period when exercisable may be overruled by a significant change in the ownership of the company's share capital.

Movements in the turnover of share options outstanding and their related weighted average exercise prices are as follows:

	2022 weighted average exercise price per share	2022 number	2021 weighted average exercise price per share	2021 number
Outstanding at the beginning of the year	0.64	222,000	0.63	243,000
Granted	-	28,000	-	-
Lapsed	-	-	-	(21,000)
Outstanding at the end of the year	0.63	250,000	0.64	222,000

The expiry of the options granted are as follows:

	Weighted average exercise price per share	2022 number	2021 number
1 February 2028	0.62	177,000	177,000
26 November 2028	0.67	5,000	5,000
5 December 2029	0.68	40,000	40,000
11 June 2031	0.60	28,000	-
At year end	0.63	250,000	222,000

Management estimated the value of the options granted in prior periods based on dividend yield. The fair value of the liability has not been recognised in the financial statements on the grounds that the directors consider the value to be immaterial.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.