Company registration number 03563351 (England and Wales)

FMS FOILS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

FMS FOILS GROUP LIMITED

COMPANY INFORMATION

Directors	Mr D J Watson Mr P S Watson
Secretary	Mrs C Winterton
Company number	03563351
Registered office	1 The Forum Coopers Way Temple Farm Industrial Estate Southend-On-Sea Essex United Kingdom SS2 5TE
Auditor	Azets Audit Services 1 Nelson Street Southend-On-Sea Essex United Kingdom SS1 1EG

FMS FOILS GROUP LIMITED

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FMS FOILS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors present the strategic report for the year ended 28 February 2022.

Fair review of the business

Principal risks and uncertainties
During the financial year 2020/21 the business continued to face major challenges.
2021 ended with all of our raw material especially foil being in short supply, with frequent price increases and extended lead times. Aluminium foil shortages resulted in us being unable to buy from European suppliers and having to rely on supplies from China, where a shortage of containers led to significant increases in shipping costs.

As a result, we have had to raise all of our selling prices and we have been fortunate that all of our customers have been understanding and have generally accepted these increases which has enabled us to maintain our margins to an acceptable degree.

We entered 2022 seeing good signs of growth as the controls caused by Coronavirus began to be lifted, However the War in Ukraine saw major increase in fuel costs and led to uncertainty in the market place. Fortunately our gas and electricity prices are fixed at low rates until the end of 2024.

We have been able to rebuild our raw material stocks during the first half of 2022 although at higher prices adding significantly to working capital. However this stocking policy has enabled us to increase business with new customers and sales are currently running 30% ahead of 2021/22.

The move to fully recyclable packing also presents a major challenge to the business, and we are currently making significant investments to allow us to innovate and develop alternatives that met our customers' requirements that still differentiates us from our competitors. In the short term this transition by our customers may lead to some loss of business and overall we expect lower growth whilst we develop these alternative products.

Key performance indicators
The Directors continue to focus on measuring and improving production performance, particularly in the use of resources and labour productivity. We are fortunate to have a skilled and co-operative workforce, and we continue to invest in training and wellbeing.

	28/02/2022	**28/02/2021**
	(£'000)	(£'000)
Turnover	10,842	9,855
Operating profit	225	37
Net Assets	1,229	1,312

The Directors' forecast for the coming year project a slight increase in turnover, coupled with an increase in operating profits to a more acceptable level, coupled with strong cash flow, reducing outstanding creditors.

KEY CUSTOMERS

The Group continues to retain a wide range of both multi-national and smaller UK based customers. Whilst Brexit has settled some uncertainties we are seeing more customers seeking to place a higher proportion of their requirements to locally based suppliers. With our recent investments this gives us significant opportunities for future growth both in the UK and export markets.

HEALTH AND SAFETY

Health and safety remains a key consideration of the Directors. The Coronavirus pandemic has highlighted the need not only to consider the physical safety of our employees, but also the mental health of our employees, as the effect of long periods of isolation can have on their well-being.

On behalf of the board

Mr D J Watson
Director
28 November 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

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

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D J Watson
Mr P S Watson

Results and dividends
Ordinary dividends were paid amounting to £160,001. The directors do not recommend payment of a further dividend.

Auditor
In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the group will be put at a General Meeting.

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

On behalf of the board

Mr D J Watson
Director

28 November 2022

FMS FOILS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors are responsible for preparing the Annual Report 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). 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 group and company, 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FMS FOILS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FMS FOILS GROUP LIMITED

Opinion
We have audited the financial statements of FMS Foils Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including 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 group's and the parent company's affairs as at 28 February 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 our audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul East (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

28 November 2022

Chartered Accountants
Statutory Auditor

1 Nelson Street
Southend-On-Sea
Essex
United Kingdom
SS1 1EG

FMS FOILS GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 £	2021 £
Turnover	3	10,841,897	9,855,454
Cost of sales		(9,588,244)	(8,917,907)
Gross profit		1,253,653	937,547
Administrative expenses		(1,175,366)	(1,037,639)
Other operating income		146,461	137,219
Operating profit	5	224,748	37,127
Interest payable and similar expenses	9	(75,852)	(61,495)
Profit/(loss) before taxation		148,896	(24,368)
Tax on profit/(loss)	10	(72,070)	162,030
Profit for the financial year	25	76,826	137,662

Profit for the financial year is all attributable to the owners of the parent company.

FMS FOILS GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2022

	2022	2021
	£	£
Profit for the year	76,826	137,662
Other comprehensive income	-	-
Total comprehensive income for the year	76,826	137,662

Total comprehensive income for the year is all attributable to the owners of the parent company.

FMS FOILS GROUP LIMITED

GROUP BALANCE SHEET

AS AT 28 FEBRUARY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Goodwill	**13**		69,160		103,738
Tangible assets	**12**		2,719,842		2,678,570
			2,789,002		2,782,308
Current assets					
Stocks	**17**	1,445,237		1,771,237	
Debtors	**16**	2,911,278		2,503,931	
Cash at bank and in hand		90,512		4,524	
		4,447,027		4,279,692	
Creditors: amounts falling due within one year	**18**	(4,908,727)		(4,697,491)	
Net current liabilities			(461,700)		(417,799)
Total assets less current liabilities			2,327,302		2,364,509
Creditors: amounts falling due after more than one year	**19**		(815,473)		(813,307)
Provisions for liabilities					
Deferred tax liability	**22**	282,766		238,964	
			(282,766)		(238,964)
Net assets			1,229,063		1,312,238
Capital and reserves					
Called up share capital	**24**		50,000		50,000
Profit and loss reserves	**25**		1,179,063		1,262,238
Total equity			1,229,063		1,312,238

The financial statements were approved by the board of directors and authorised for issue on 28 November 2022 and are signed on its behalf by:

Mr D J Watson
Director

FMS FOILS GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 28 FEBRUARY 2022

		2022		2021	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**12**		2,055,718		1,920,406
Investments	**14**		3,174,031		3,174,031
			5,229,749		5,094,437
Current assets					
Stocks	**17**	1,445,237		1,771,237	
Debtors	**16**	2,911,278		2,503,931	
Cash at bank and in hand		89,031		530	
		4,445,546		4,275,698	
Creditors: amounts falling due within one year	**18**	(8,070,667)		(7,861,671)	
Net current liabilities			(3,625,121)		(3,585,973)
Total assets less current liabilities			1,604,628		1,508,464
Creditors: amounts falling due after more than one year	**19**		(815,473)		(813,307)
Provisions for liabilities					
Deferred tax liability	**22**	192,948		134,188	
			(192,948)		(134,188)
Net assets			596,207		560,969
Capital and reserves					
Called up share capital	**24**		50,000		50,000
Profit and loss reserves	**25**		546,207		510,969
Total equity			596,207		560,969

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £195,238 (2021 - £287,323 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 November 2022 and are signed on its behalf by:

Mr D J Watson
Director

Company Registration No. 03563351

FMS FOILS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 March 2020		50,000	1,251,242	1,301,242
Year ended 28 February 2021:				
Profit and total comprehensive income for the year		-	137,662	137,662
Dividends	**11**	-	(126,666)	(126,666)
Balance at 28 February 2021		50,000	1,262,238	1,312,238
Year ended 28 February 2022:				
Profit and total comprehensive income for the year		-	76,826	76,826
Dividends	**11**	-	(160,001)	(160,001)
Balance at 28 February 2022		50,000	1,179,063	1,229,063

FMS FOILS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 March 2020		50,000	350,313	400,313
Year ended 28 February 2021:				
Profit and total comprehensive income for the year		-	287,322	287,322
Dividends	**11**	-	(126,666)	(126,666)
Balance at 28 February 2021		50,000	510,969	560,969
Year ended 28 February 2022:				
Profit and total comprehensive income for the year		-	195,239	195,239
Dividends	**11**	-	(160,001)	(160,001)
Balance at 28 February 2022		50,000	546,207	596,207

FMS FOILS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		746,573		(36,051)
Interest paid			(75,852)		(61,495)
Income taxes (paid)/refunded			(19,072)		130,927
Net cash inflow from operating activities			651,649		33,381
Investing activities					
Purchase of tangible fixed assets		(350,278)		(110,824)	
Receipts arising from loans made		(43,860)		49,239	
Net cash used in investing activities			(394,138)		(61,585)
Financing activities					
Repayment of bank loans		73,334		200,000	
Payment of finance leases obligations		(23,579)		(152,951)	
Dividends paid to equity shareholders		(160,001)		(126,666)	
Net cash used in financing activities			(110,246)		(79,617)
Net increase/(decrease) in cash and cash equivalents			147,265		(107,821)
Cash and cash equivalents at beginning of year			(56,753)		51,068
Cash and cash equivalents at end of year			90,512		(56,753)
Relating to:					
Cash at bank and in hand			90,512		4,524
Bank overdrafts included in creditors payable within one year			-		(61,277)

FMS FOILS GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	28		749,086		(32,747)
Interest paid			(75,852)		(61,495)
Income taxes (paid)/refunded			(19,072)		130,927
Net cash inflow from operating activities			654,162		36,685
Investing activities					
Purchase of tangible fixed assets		(350,278)		(110,824)	
Receipts arising from loans made		(43,860)		49,239	
Net cash used in investing activities			(394,138)		(61,585)
Financing activities					
Repayment of bank loans		73,334		200,000	
Payment of finance leases obligations		(23,579)		(152,951)	
Dividends paid to equity shareholders		(160,001)		(126,666)	
Net cash used in financing activities			(110,246)		(79,617)
Net increase/(decrease) in cash and cash equivalents			149,778		(104,517)
Cash and cash equivalents at beginning of year			(60,747)		43,770
Cash and cash equivalents at end of year			89,031		(60,747)
Relating to:					
Cash at bank and in hand			89,031		530
Bank overdrafts included in creditors payable within one year			-		(61,277)

1 Accounting policies

Company information

FMS Foils Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office can be found on the Company information page.

The group consists of FMS Foils Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company FMS Foils Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 28 February 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Details of the subsidiary undertakings are set out in note 13.

1.4 Going concern

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

1 Accounting policies **(Continued)**

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.7 Tangible fixed assets

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

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

Leasehold land and buildings	Depreciated over the period of the lease
Plant and equipment	20% on reducing balance and 10% on reducing balance
Fixtures and fittings	20% on reducing balance and 10% on reducing balance
Computers	33% on cost
Motor vehicles	20% on cost

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

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1 Accounting policies **(Continued)**

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

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

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

1.10 Stocks

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

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

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

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

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

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.

Basic financial assets

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

1 Accounting policies **(Continued)**

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

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

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

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

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

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

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

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

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

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

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

Deferred tax

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

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

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

1 Accounting policies **(Continued)**

1.17 Leases

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

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

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

1.18 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

All turnover generated in the current and prior year relates to the one principal activity of the group.

	2022	2021
	£	£
Other revenue		
Grants received	88,497	137,219

4 Exceptional item

	2022	2021
	£	£
Expenditure		
Exceptional items	2,461	7,582

5 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(88,497)	(137,219)
Depreciation of owned tangible fixed assets	309,006	156,644
Amortisation of intangible assets	34,578	34,578
Operating lease charges	312,676	302,040

6 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	15,763	18,723

7 Employees

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

	Group 2022	2021	Company 2022	2021
	Number	Number	Number	Number
	51	52	51	52

Their aggregate remuneration comprised:

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Wages and salaries	1,766,774	1,896,286	1,766,774	1,896,286
Pension costs	24,253	22,469	24,253	22,469
	1,791,027	1,918,755	1,791,027	1,918,755

8 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	70,375	62,513

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	53,126	42,685
Other finance costs:		
Interest on finance leases and hire purchase contracts	22,726	18,810
Total finance costs	75,852	61,495

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	28,268	-
Adjustments in respect of prior periods	-	(130,927)
Total current tax	28,268	(130,927)
Deferred tax		
Origination and reversal of timing differences	43,802	(31,103)
Total tax charge/(credit)	72,070	(162,030)

10 Taxation **(Continued)**

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

	2022	2021
	£	£
Profit/(loss) before taxation	148,896	(24,368)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	28,290	(4,630)
Unutilised tax losses carried forward	(9,535)	14,251
Deferred tax adjustments in respect of prior years	(60,956)	(15,113)
Depreciation in excess of capital allowances	(25,325)	(16,191)
Adjustments in respect of prior periods	-	(130,927)
Amortisation	6,570	6,570
Deferred tax	104,758	(15,990)
Tax on overdrawn directors current account	28,268	-
Taxation charge/(credit)	72,070	(162,030)

11 Dividends

	2022	2021
Recognised as distributions to equity holders:	£	£
Final paid	160,001	126,666

FMS FOILS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

12 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 March 2021	250,088	6,057,948	407,371	87,481	7,750	6,810,638
Additions	46,140	299,828	-	4,310	-	350,278
At 28 February 2022	296,228	6,357,776	407,371	91,791	7,750	7,160,916
Depreciation and impairment						
At 1 March 2021	230,998	3,483,404	325,547	84,369	7,750	4,132,068
Depreciation charged in the year	11,225	286,666	10,233	882	-	309,006
At 28 February 2022	242,223	3,770,070	335,780	85,251	7,750	4,441,074
Carrying amount						
At 28 February 2022	54,005	2,587,706	71,591	6,540	-	2,719,842
At 28 February 2021	19,090	2,574,544	81,824	3,112	-	2,678,570

Company	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 March 2021	16,703	2,070,727	2,908	7,413	2,097,751
Additions	46,140	299,828	-	4,310	350,278
At 28 February 2022	62,843	2,370,555	2,908	11,723	2,448,029
Depreciation and impairment					
At 1 March 2021	16,327	156,058	659	4,301	177,345
Depreciation charged in the year	376	213,258	450	882	214,966
At 28 February 2022	16,703	369,316	1,109	5,183	392,311
Carrying amount					
At 28 February 2022	46,140	2,001,239	1,799	6,540	2,055,718
At 28 February 2021	376	1,914,669	2,249	3,112	1,920,406

12 Tangible fixed assets **(Continued)**

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

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Plant and equipment	1,087,948	1,359,935	1,087,948	1,359,935

13 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 March 2021 and 28 February 2022	345,784
Amortisation and impairment	
At 1 March 2021	242,046
Amortisation charged for the year	34,578
At 28 February 2022	276,624
Carrying amount	
At 28 February 2022	69,160
At 28 February 2021	103,738

14 Fixed asset investments

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Investments in subsidiaries	15	-	-	3,174,031	3,174,031

Movements in fixed asset investments

Company	Shares in subsidiaries
	£
Cost or valuation	
At 1 March 2021 and 28 February 2022	3,174,031
Carrying amount	
At 28 February 2022	3,174,031
At 28 February 2021	3,174,031

15 Subsidiaries

Details of the company's subsidiaries at 28 February 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Friths Flexible Packaging Limited	1 The Forum, Coopes Way, Temple Farm Industrial Estate, Southend on Sea, Essex, SS2 5TE	Manufacture of flexible packaging	Ordinary	100.00
S.F. Williams (Foils) Limited	As above	Manufacturer of foilboards	Ordinary	100.00
Macleans (Foils) Limited	As above	Manufacturer of foilboards	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Friths Flexible Packaging Limited	2,666,767	(31,447)
S.F. Williams (Foils) Limited	1,520,417	(52,107)
Macleans (Foils) Limited	(449,458)	282

16 Debtors

	Group		Company	
	2022	2021	2022	2021
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,269,215	2,171,725	2,269,215	2,171,725
Other debtors	642,063	332,206	642,063	332,206
	2,911,278	2,503,931	2,911,278	2,503,931

17 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Inventories	1,445,237	1,771,237	1,445,237	1,771,237

18 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	**20**	120,026	144,607	120,026	144,607
Obligations under finance leases	**21**	272,159	261,266	272,159	261,266
Trade creditors		1,608,006	1,436,605	1,608,006	1,436,605
Amounts owed to group undertakings		-	-	3,161,940	3,164,180
Corporation tax payable		28,268	19,072	28,268	19,072
Other taxation and social security		738,969	713,658	738,969	713,658
Other creditors		2,141,299	2,122,283	2,141,299	2,122,283
		4,908,727	4,697,491	8,070,667	7,861,671

19 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	**20**	153,308	116,670	153,308	116,670
Obligations under finance leases	**21**	662,165	696,637	662,165	696,637
		815,473	813,307	815,473	813,307

20 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	273,334	200,000	273,334	200,000
Bank overdrafts	-	61,277	-	61,277
	273,334	261,277	273,334	261,277
Payable within one year	120,026	144,607	120,026	144,607
Payable after one year	153,308	116,670	153,308	116,670

The long-term loan obtained in the year is supported by the Coronavirus Business Interruption Loan Scheme (CBILS), managed by the British Business Bank.

21 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	272,159	261,266	272,159	261,266
In two to five years	662,165	696,637	662,165	696,637
	934,324	957,903	934,324	957,903

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. No restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

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

Group	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	412,574	370,522
Tax losses	(129,808)	(131,558)
	282,766	238,964

Company	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	298,061	248,836
Tax losses	(105,113)	(114,648)
	192,948	134,188

Movements in the year:	Group 2022 £	Company 2022 £
Liability at 1 March 2021	238,964	134,188
Charge to profit or loss	43,802	58,760
Liability at 28 February 2022	282,766	192,948

23 Retirement benefit schemes

	2022	2021
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	24,253	22,469

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

Group and company	**2022**	**2021**	**2022**	**2021**
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary of £1 each	50,000	50,000	50,000	50,000

25 Profit and loss reserves

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£	**£**	**£**	**£**
At the beginning of the year	1,262,238	1,251,242	510,969	350,313
Profit for the year	76,826	137,662	195,239	287,322
Dividends	(160,001)	(126,666)	(160,001)	(126,666)
At the end of the year	1,179,063	1,262,238	546,207	510,969

26 Related party transactions

The company is under the control of a Director, Mr D.J Watson.

At the balance sheet date the amount due from a Director, Mr DJ Watson, was £86,979 (2021 - £nil).

At the balance sheet date the amount due from a Director, Mr PS Watson, was £12,968 (2021 - £56,086).

27 Cash generated from/(absorbed by) group operations

	2022	2021
	£	£
Profit for the year after tax	76,826	137,662
Adjustments for:		
Taxation charged/(credited)	72,070	(162,030)
Finance costs	75,852	61,495
Amortisation and impairment of intangible assets	34,578	34,578
Depreciation and impairment of tangible fixed assets	309,006	156,644
Movements in working capital:		
Decrease/(increase) in stocks	326,000	(170,237)
Increase in debtors	(363,487)	(65,249)
Increase/(decrease) in creditors	215,728	(28,914)
Cash generated from/(absorbed by) operations	746,573	(36,051)

28 Cash generated from/(absorbed by) operations - company

	2022	2021
	£	£
Profit for the year after tax	195,239	287,322
Adjustments for:		
Taxation charged/(credited)	87,028	(156,419)
Finance costs	75,852	61,495
Depreciation and impairment of tangible fixed assets	214,966	41,234
Movements in working capital:		
Decrease/(increase) in stocks	326,000	(170,237)
Increase in debtors	(363,487)	(68,696)
Increase/(decrease) in creditors	213,488	(27,446)
Cash generated from/(absorbed by) operations	749,086	(32,747)

29 Analysis of changes in net debt - group

	1 March 2021	Cash flows	28 February 2022
	£	£	£
Cash at bank and in hand	4,524	85,988	90,512
Bank overdrafts	(61,277)	61,277	-
	(56,753)	147,265	90,512
Borrowings excluding overdrafts	(200,000)	(73,334)	(273,334)
Obligations under finance leases	(957,903)	23,579	(934,324)
	(1,214,656)	97,510	(1,117,146)

30 Analysis of changes in net debt - company

	1 March 2021	Cash flows	28 February 2022
	£	£	£
Cash at bank and in hand	530	88,501	89,031
Bank overdrafts	(61,277)	61,277	-
	(60,747)	149,778	89,031
Borrowings excluding overdrafts	(200,000)	(73,334)	(273,334)
Obligations under finance leases	(957,903)	23,579	(934,324)
	(1,218,650)	100,023	(1,118,627)

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