

Company Registration No. 03077246 (England and Wales)

**REFLEC PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2020**





**REFLEC PLC**

**COMPANY INFORMATION**

---

<b>Directors</b>	P Holdcroft T Robinson
<b>Secretary</b>	M Donnan
<b>Company number</b>	03077246
<b>Registered office</b>	Road One Winsford Industrial Estate Winsford Cheshire United Kingdom CW7 3QQ
<b>Auditor</b>	Howard Worth Drake House Gadbrook Park Northwich Cheshire CW9 7RA
<b>Business address</b>	Road One Winsford Industrial Estate Winsford Cheshire United Kingdom CW7 3QQ

---

**REFLEC PLC**

**CONTENTS**

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

---

# REFLEC PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 28 FEBRUARY 2020

---

The directors present the strategic report for the year ended 28 February 2020.

#### Reflec plc

As well as its function as parent company for the Group Reflec Plc provides management services to both Reflec Evolution Ltd and Reflec Media Ltd. Group costs remain under tight control.

#### Principal risks and uncertainties

The company is exposed to one or more of the following financial risks

-fair value or cash flow interest rate risk

-Liquidity risk

-management charge

Policy for managing these risks is set by the board. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above is described in more detail below.

There have been no substantive changes from previous periods in the company's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or methods to measure them.

#### Interest rate Risk

Where the company has generated a significant amount of surplus cash it invests in money markets. The results of the company would not be impacted by a change in interest rates.

#### Liquidity Risk

The liquidity risk of the company is managed by the board comparing actual results to monthly budgets.

At the 28th February 2020 the group had an overdraft facility of £100,000. The Directors are confident that the company can continue to operate within the agreed facility by maintaining the existing tight control on costs.

#### Management Charge

The company receives income from charging management charges to subsidiary companies. If these charges cannot be paid then this could affect the performance of the company. These charges may be affected by economic, political and global circumstances such as pandemics, trade wars and recession because the subsidiaries may not have the ability to pay any charges or dividend.

#### Covid-19

The board of Directors have evaluated the consequences of Covid 19 and the implications it has had on the subsidiaries at the time of writing this report and our conclusion is that it does not affect the group as a going concern or the ability of the subsidiaries to continue trading.

#### Key performance indicators

	28/02/2020	28/02/2019
	£	£
Ordinary dividends paid per share	28	30

Based on 13601 shares receiving dividends (adjusted for treasury shares).

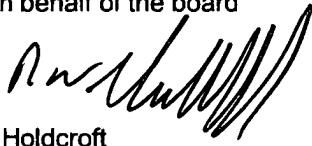
REFLEC PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

---

On behalf of the board



P Holdcroft

**Director**

29 April 2020

# REFLEC PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 28 FEBRUARY 2020

---

The directors present their annual report and financial statements for the year ended 28 February 2020.

#### Principal activities

The principal activity of the company continued to be that of providing management services to its subsidiaries.

#### Directors

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

P Holdcroft  
T Robinson

#### Results and dividends

The results for the year are set out on page 8.

Interim dividends paid quarterly in the 12 months before approval of the Report and Accounts amounted to £380,828 (2019 - £380,828) (equivalent to a total of £28.00 (2019 - £28.00) per share in circulation).

#### Auditor

In accordance with the company's articles, a resolution proposing that Howard Worth be reappointed as auditor of the company will be put at a General Meeting.

#### Statement of directors' responsibilities

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

#### Statement of disclosure to auditor

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

**REFLEC PLC**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 28 FEBRUARY 2020**

---

On behalf of the board



P Holdcroft  
**Director**

29 April 2020

# REFLEC PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF REFLEC PLC

---

#### Opinion

We have audited the financial statements of Reflec PLC (the 'company') for the year ended 28 February 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.



## **REFLEC PLC**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF REFLEC PLC**

---

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, 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 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 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.

##### **Auditor's responsibilities for the audit of the financial statements**

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

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

**REFLEC PLC**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF REFLEC PLC**

---

**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.



**Fran Johnson BSc BFP FCA (Senior Statutory Auditor)**

**for and on behalf of Howard Worth**

**Chartered Accountants**

Drake House

Gadbrook Park

Northwich

Cheshire

CW9 7RA

22 May 2020

**REFLEC PLC****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 28 FEBRUARY 2020**

---

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	3,000	3,000
Administrative expenses		149,726	157,023
		<hr/>	<hr/>
<b>Operating profit</b>	<b>4</b>	152,726	160,023
Interest receivable and similar income	<b>7</b>	588,556	251,237
Interest payable and similar expenses	<b>8</b>	(4,778)	(6,557)
		<hr/>	<hr/>
<b>Profit before taxation</b>		736,504	404,703
Tax on profit	<b>9</b>	(42,104)	3,104
		<hr/>	<hr/>
<b>Profit for the financial year</b>		694,400	407,807
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**REFLEC PLC****BALANCE SHEET****AS AT 28 FEBRUARY 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		6,012		16,542
Tangible assets	12		6,124		12,064
Investments	13		1,185,760		1,185,760
			<u>1,197,896</u>		<u>1,214,366</u>
<b>Current assets</b>					
Debtors	15	703,878		153,253	
Cash at bank and in hand		209,562		208,321	
		<u>913,440</u>		<u>361,574</u>	
<b>Creditors: amounts falling due within one year</b>	16	(845,791)		(596,765)	
<b>Net current assets/(liabilities)</b>			<u>67,649</u>		<u>(235,191)</u>
<b>Total assets less current liabilities</b>			<u>1,265,545</u>		<u>979,175</u>
<b>Capital and reserves</b>					
Called up share capital	20		680,050		680,050
Other reserves			50,000		50,000
Profit and loss reserves			535,495		249,125
<b>Total equity</b>			<u>1,265,545</u>		<u>979,175</u>

The financial statements were approved by the board of directors and authorised for issue on 29 April 2020 and are signed on its behalf by:



T Robinson  
Director

Company Registration No. 03077246

**REFLEC PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 28 FEBRUARY 2020**

---

**14 Subsidiaries**

Details of the company's subsidiaries at 28 February 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Reflec Evolution Limited	England and Wales	Toll manufacturing processing	Ordinary	100.00	-
Reflec Media Limited	England and Wales	Reflectives and audio visual equipment	Ordinary	100.00	-
Reflec Technology Limited	England and Wales	Dormant company	Ordinary	100.00	-

**REFLEC PLC****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 28 FEBRUARY 2020**

---

		<b>Share capital</b>	<b>Other reserves</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 March 2018</b>		680,050	50,000	249,348	979,398
<b>Year ended 28 February 2019:</b>					
Profit and total comprehensive income for the year		-	-	407,807	407,807
Dividends	<b>10</b>	-	-	(408,030)	(408,030)
<b>Balance at 28 February 2019</b>		<u>680,050</u>	<u>50,000</u>	<u>249,125</u>	<u>979,175</u>
<b>Year ended 28 February 2020:</b>					
Profit and total comprehensive income for the year		-	-	694,400	694,400
Dividends	<b>10</b>	-	-	(408,030)	(408,030)
<b>Balance at 28 February 2020</b>		<u><u>680,050</u></u>	<u><u>50,000</u></u>	<u><u>535,495</u></u>	<u><u>1,265,545</u></u>

**REFLEC PLC**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 28 FEBRUARY 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	24		(164,531)		111,486
Interest paid			(4,778)		(6,557)
			<u>          </u>		<u>          </u>
<b>Net cash (outflow)/inflow from operating activities</b>			(169,309)		104,929
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(2,400)	
Interest received		1,242		1,237	
Dividends received		587,314		250,000	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from investing activities</b>			588,556		248,837
<b>Financing activities</b>					
Dividends paid		(408,030)		(408,030)	
		<u>          </u>		<u>          </u>	
<b>Net cash used in financing activities</b>			(408,030)		(408,030)
<b>Net increase/(decrease) in cash and cash equivalents</b>			11,217		(54,264)
Cash and cash equivalents at beginning of year			(18,324)		35,940
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			<u>(7,107)</u>		<u>(18,324)</u>
<b>Relating to:</b>					
Cash at bank and in hand			209,562		208,321
Bank overdrafts included in creditors payable within one year			(216,669)		(226,645)
			<u>          </u>		<u>          </u>

# REFLEC PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 28 FEBRUARY 2020

---

#### 1 Accounting policies

##### Company information

Reflec PLC is a public company limited by shares incorporated in England and Wales. The registered office is Road One, Winsford Industrial Estate, Winsford, Cheshire, United Kingdom, CW7 3QQ.

##### 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.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

##### 1.3 Turnover

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

Royalties are charged for the use of IPR and trademarks at a rate agreed with the licensee.

##### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Amortisation 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:

Patents & licences

Straight line over 20 years

##### 1.5 Tangible fixed assets

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



# REFLEC PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2020

---

#### 1 Accounting policies

(Continued)

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 improvements	20% on cost
Fixtures and fittings	20% on cost
Computers	33% 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 credited or charged to profit or loss.

#### 1.6 Fixed asset investments

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

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

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company 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.

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

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

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

#### 1.8 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.

# REFLEC PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2020

---

#### 1 Accounting policies

(Continued)

##### 1.9 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

---

1 Accounting policies

(Continued)

**Basic financial liabilities**

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

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

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

**Other financial liabilities**

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

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

**Derecognition of financial liabilities**

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

**1.10 Equity instruments**

Equity instruments issued by the company 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 company.

**1.11 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

---

**1 Accounting policies**

**(Continued)**

***Deferred tax***

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

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

**1.12 Provisions for liabilities**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**1.13 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.

**1.14 Retirement benefits**

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

**1.15 Leases**

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 leases asset are consumed.

**1.16 Foreign exchange**

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

# REFLEC PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2020

---

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

#### Critical judgements

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

#### Deferred tax

The deferred tax asset recognised for tax losses is an accounting estimate for the expected future tax reduction over the foreseeable future. An assessment of the future level of profitability and the length of time that this can be expected to continue with reasonable certainty is made by management.

#### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Retro reflective technology	3,000	3,000
	<u>          </u>	<u>          </u>
	2020	2019
	£	£
<b>Other significant revenue</b>		
Interest income	1,242	1,237
Dividends received	587,314	250,000
	<u>          </u>	<u>          </u>

#### 4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	-	(45)
Fees payable to the company's auditor for the audit of the company's financial statements	4,500	4,500
Depreciation of owned tangible fixed assets	5,940	7,986
Amortisation of intangible assets	10,530	10,530
Operating lease charges	15,000	15,000
	<u>          </u>	<u>          </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £- (2019 - £45).

**REFLEC PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 28 FEBRUARY 2020****5 Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Management	2	2

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	49,311	25,050
Social security costs	5,256	1,719
Pension costs	3,977	27,121
	<u>58,544</u>	<u>53,890</u>

**6 Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	46,717	22,297
Company pension contributions to defined contribution schemes	3,977	27,121
	<u>50,694</u>	<u>49,418</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

The directors constitute key management of the company.

**7 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	1,242	1,237
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	587,314	250,000
Total income	<u>588,556</u>	<u>251,237</u>

## REFLEC PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 28 FEBRUARY 2020

(Continued)

**7 Interest receivable and similar income**

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,242	1,237
	<u>          </u>	<u>          </u>

**8 Interest payable and similar expenses****Interest on financial liabilities measured at amortised cost:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	4,778	6,557
	<u>          </u>	<u>          </u>

**9 Taxation****Deferred tax**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Origination and reversal of timing differences	42,104	(3,104)
	<u>          </u>	<u>          </u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit before taxation	736,504	404,703
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	139,936	76,894
Tax effect of expenses that are not deductible in determining taxable profit	1,129	23
Tax effect of income not taxable in determining taxable profit	(111,590)	(47,500)
Tax effect of utilisation of tax losses not previously recognised	(29,475)	(30,478)
Permanent capital allowances in excess of depreciation	-	1,061
Deferred tax	42,104	(3,104)
	<u>          </u>	<u>          </u>
Taxation charge/(credit) for the year	42,104	(3,104)
	<u>          </u>	<u>          </u>

**10 Dividends**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Final paid	27,202	27,202
Interim paid	380,828	380,828
	<u>          </u>	<u>          </u>
	408,030	408,030
	<u>          </u>	<u>          </u>

**REFLEC PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 28 FEBRUARY 2020**

**11 Intangible fixed assets**

	<b>Patents &amp; licences £</b>
<b>Cost</b>	
At 1 March 2019 and 28 February 2020	210,600
<b>Amortisation and impairment</b>	
At 1 March 2019	194,058
Amortisation charged for the year	10,530
At 28 February 2020	204,588
<b>Carrying amount</b>	
At 28 February 2020	6,012
At 28 February 2019	16,542

Amortisation is included in administrative expenses.

**12 Tangible fixed assets**

	<b>Leasehold improvements £</b>	<b>Fixtures and fittings £</b>	<b>Computers £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 March 2019 and 28 February 2020	2,050	7,141	153,520	162,711
<b>Depreciation and impairment</b>				
At 1 March 2019	478	3,982	146,187	150,647
Depreciation charged in the year	410	1,110	4,420	5,940
At 28 February 2020	888	5,092	150,607	156,587
<b>Carrying amount</b>				
At 28 February 2020	1,162	2,049	2,913	6,124
At 28 February 2019	1,572	3,159	7,333	12,064

**13 Fixed asset investments**

	<b>Notes</b>	<b>2020 £</b>	<b>2019 £</b>
Investments in subsidiaries	14	1,185,760	1,185,760



**REFLEC PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 28 FEBRUARY 2020**

---

**13 Fixed asset investments**

**(Continued)**

**Movements in fixed asset investments**

	<b>Shares in group undertakings £</b>
<b>Cost or valuation</b>	
At 1 March 2019 & 28 February 2020	1,185,760
<b>Carrying amount</b>	
At 28 February 2020	1,185,760
At 28 February 2019	1,185,760

**REFLEC PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 28 FEBRUARY 2020**

**14 Subsidiaries**

**(Continued)**

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) £
Reflec Evolution Limited	1,308,063	(200,328)
Reflec Media Limited	816,717	287,141
Reflec Technology Limited	100	-

**15 Debtors**

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	3,601	-
Amounts owed by group undertakings	620,061	39,016
Other debtors	1,803	5,288
Prepayments and accrued income	43,413	31,845
	<u>668,878</u>	<u>76,149</u>
Deferred tax asset (note 18)	35,000	77,104
	<u>703,878</u>	<u>153,253</u>

**16 Creditors: amounts falling due within one year**

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	216,669	226,645
Trade creditors		18,253	19,049
Amounts owed to group undertakings		587,314	328,371
Taxation and social security		263	235
Accruals and deferred income		23,292	22,465
		<u>845,791</u>	<u>596,765</u>

**17 Loans and overdrafts**

	2020 £	2019 £
Bank overdrafts	<u>216,669</u>	<u>226,645</u>
Payable within one year	<u>216,669</u>	<u>226,645</u>

# REFLEC PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2020

#### 17 Loans and overdrafts

(Continued)

HSBC Bank plc holds a composite company imited multilateral guarantee dated 3 December 2014 given by Reflec plc, Reflec Evolution Limited and Reflec Media Limited.

HSBC Bank plc holds a debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 3 December 2014.

HSBC Bank plc hold a group set off.

#### 18 Deferred taxation

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

	<b>Assets 2020 £</b>	<b>Assets 2019 £</b>
<b>Balances:</b>		
Tax losses	35,000	77,104
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		<b>2020 £</b>
Asset at 1 March 2019		(77,104)
Charge to profit or loss		42,104
		<u>          </u>
Asset at 28 February 2020		<u>(35,000)</u>

The deferred tax asset set out above is expected to reverse within 36 months and relates to the utilisation of tax losses against future expected profits of the same period.

#### 19 Retirement benefit schemes

	<b>2020 £</b>	<b>2019 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	3,977	27,121
	<u>          </u>	<u>          </u>

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

#### 20 Share capital

	<b>2020 £</b>	<b>2019 £</b>
<b>Ordinary share capital Issued and fully paid</b>		
13,601 Ordinary shares of £50 each	680,050	680,050
	<u>          </u>	<u>          </u>

**REFLEC PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 28 FEBRUARY 2020****20 Share capital****(Continued)**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>

Ordinary shares of £50 each, of which there are 13,601 in circulation, hold rights to vote and receive dividend distributions and repayment of capital. 1,000 ordinary shares of £50 each are held by the company as treasury shares.

**21 Operating lease commitments****Lessee**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	15,000	15,000
Between two and five years	30,000	45,000
	<u>45,000</u>	<u>60,000</u>

**22 Related party transactions**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>

**Amounts due to related parties**

Entities over which the entity has control, joint control or significant influence	<u>587,314</u>	<u>328,371</u>
--	----------------	----------------

The following amounts were outstanding at the reporting end date:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>

**Amounts due from related parties**

Entities over which the entity has control, joint control or significant influence	<u>620,061</u>	<u>39,016</u>
--	----------------	---------------

**23 Directors' transactions**

Dividends totalling £121,584 (2019 - £118,410) were paid in the year in respect of shares held by the company's directors.

REFLEC PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2020

24 Cash (absorbed by)/generated from operations

	2020 £	2019 £
Profit for the year after tax	694,400	407,807
<b>Adjustments for:</b>		
Taxation charged/(credited)	42,104	(3,104)
Finance costs	4,778	6,557
Investment income	(588,556)	(251,237)
Amortisation and impairment of intangible assets	10,530	10,530
Depreciation and impairment of tangible fixed assets	5,940	7,986
Pension scheme non-cash movement	(10,741)	(8,224)
<b>Movements in working capital:</b>		
Increase in debtors	(581,161)	(250,645)
Increase in creditors	258,175	191,816
<b>Cash (absorbed by)/generated from operations</b>	<u>(164,531)</u>	<u>111,486</u>

25 Analysis of changes in net debt

	1 March 2019 £	Cash flows £	28 February 2020 £
Cash at bank and in hand	208,321	1,241	209,562
Bank overdrafts	(226,645)	9,976	(216,669)
	<u>(18,324)</u>	<u>11,217</u>	<u>(7,107)</u>