

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022  
FOR  
MAILWAY PACKAGING SOLUTIONS LIMITED**

Sedulo Audit Limited  
Statutory Auditors  
Regency Court  
62-66 Deansgate  
Manchester  
M3 2EN

CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2022

---

	<b>Page</b>
<b>Company Information</b>	1
<b>Strategic Report</b>	2
<b>Report of the Directors</b>	5
<b>Report of the Independent Auditors</b>	7
<b>Income Statement</b>	10
<b>Other Comprehensive Income</b>	11
<b>Balance Sheet</b>	12
<b>Statement of Changes in Equity</b>	13
<b>Notes to the Financial Statements</b>	14

---

**MAILWAY PACKAGING SOLUTIONS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

**DIRECTORS:** Ms E A Astin  
S H Brama  
P A Hindle-Marsh  
N C Humphrey  
R Brama

**REGISTERED OFFICE:** 12-16 Piteliffe Way  
West Bowling  
Bradford  
West Yorkshire  
BD5 7SG

**REGISTERED NUMBER:** 07128297 (England and Wales)

**SENIOR STATUTORY AUDITOR:** David Stansfield

**AUDITORS:** Sedulo Audit Limited  
Statutory Auditors  
Regency Court  
62-66 Deansgate  
Manchester  
M3 2EN

**STRATEGIC REPORT  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

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

**Financial review**

The Directors are satisfied with the results achieved year on year, and in particular with the returns experienced from the overall investment in the business.

The focus by the operations team on automation has enabled the company to generate a healthy 48% gross margin, this is an increase on last year's 39%. The margin is dependant on the mix of sales, there has been a higher proportion of added value work in the financial year and a less provision of packaging materials, which attract a lower margin.

The Company has continued to be cash generative, with little reliance on external financing. The company has significant headroom in it's available facilities and this headroom is expected to be maintained for the foreseeable future.

The targets and expectations of the year have again been achieved and on the whole surpassed, which bodes well for the coming year where it is expected that the Company will again reap the rewards of a sound strategic approach and investment in the infrastructure in support of a deep seated culture of lean manufacturing. Post year end there has been the continuance of a number of long running projects, and the order book for the year to February 2023 looks strong with several exciting projects in the pipeline all of which provides support towards achieving the targets for the year.

The Directors look forward to the coming year with continued optimism.

**OPERATIONAL REVIEW**

The strategic development of the food related business continues to develop well with continued increases in demand across all areas. New levels of independently audited Quality and Ethical accreditations have been achieved with particular recognition in achieving of success in the SMETA 4 pillar Ethical audit covering the four pillars of Health and Safety, Ethical Employment, Environmental Management and Business integrity.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Operational risk**

The Company has solid reporting systems and produces timely and accurate management information which is regularly reviewed by the Directors.

**Price risk**

The Company is exposed to downward pressure on margins resulting from current market conditions but continues to improve efficiencies by avoiding the lower end of the market where price is the only consideration and by continuing to supply innovation into the market ahead of competitors.

**Credit risk**

The Company's principal financial assets are bank balances, cash, stock and trade debtors that represent the Company's maximum exposure to credit risk in relation to financial assets. The credit risk is primarily attributable to its trade debtors. The risk is managed by having a strict credit policy and effective credit rating of prospective customers. The amounts presented in the balance sheet are net of allowances for doubtful debts estimated by the Company's management based on prior experience and their assessment of the current economic environment.

**Liquidity risk**

The Company's policy has been to ensure continuity of funding through the use of an invoice discounting facility.

**Employee risk**

The Company is reliant on its employees to a large extent, and so the continued rising costs is a risk, it minimises this by its constant investment in automation and lean activity. It secures the continued contribution of its employees by employing them all direct, it always scores very high on various ethical audits. The directors are not aware of any other significant risks that may impact the company.

**Risks arising from Britain exiting the European Union**

The significant majority of the customer base of the Company is within the United Kingdom and the Company sources its trading stock from companies within the United Kingdom and, due to this, there is little negative impact of any timing delays on exports and exchange rate fluctuations on the Company. The Company manages these risks by varying stock levels according to customer demand and by closely monitoring movements in the exchange rate. The Company is experienced in sourcing its workforce according to its demands and this experience, together with increased automation it has reduced the impact of work restrictions placed on its workforce that originates from mainland Europe.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

**FINANCIAL KEY PERFORMANCE INDICATORS**

The Directors consider the financial KPI's of the business to be:

- Turnover
- Gross Margin
- Net Profit
- Cash Balances and working capital metrics

These are monitored on a monthly basis and resultant actions are taken as and when necessary.

**Other key performance indicators**

In addition, non-financial KPI's are a high standard of customer service, health & safety compliance and environmental issues.

**ON BEHALF OF THE BOARD:**

R Brama - Director

8 November 2022

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

The directors present their report with the financial statements of the company for the year ended 28 February 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of contract packaging.

**DIVIDENDS**

The total distribution of dividends for the year ended 28 February 2022 will be £ 4,000,000 .

**FUTURE DEVELOPMENTS**

The Directors will continue to implement business strategies focused on growth, margin improvement, customer service, safety performance and the development of major national customers.

**EVENTS SINCE THE END OF THE YEAR**

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

**DIRECTORS**

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

Ms E A Astin  
S H Bamma  
P A Hindle-Marsh  
N C Humphrey  
R Bamma

**GOING CONCERN**

In determining whether the Company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position, borrowing facilities and the principal risks and uncertainties relating to its business activities.

The Company has net current assets of £4.7m, net assets of £6.3m and a profit after tax of £3.4m. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

- The growth of the business year on year;
- The stability of the customer base; and
- The overall financial stability of the business.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**ENGAGEMENT WITH EMPLOYEES**

The Directors regularly communicate with employees about how the business is performing via various communication methods. Two way communication is encouraged through one to one meetings, team meetings and through its appraisal process.

**Disabled employees**

The Company is committed to treating job applicants and employees equally, irrespective of colour, creed, race, nationality or ethnic origin, sex, marital status, disability or age.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

R Brama - Director

8 November 2022

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MAILWAY PACKAGING SOLUTIONS LIMITED**

---

### **Opinion**

We have audited the financial statements of Mailway Packaging Solutions Limited (the 'company') for the year ended 28 February 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MAILWAY PACKAGING SOLUTIONS LIMITED**

---

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

### **Responsibilities of directors**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

### **Extent to which the audit was capable of detecting irregularities, including fraud**

The primary responsibility for the prevention and detection of fraud rests with directors and management, and we cannot be expected to detect non-compliance with all laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our knowledge of the business and sector, enquiries of directors and management, and review of regulatory information and correspondence. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

We discussed with directors and management the policies and procedures in place to ensure compliance with laws and regulations and otherwise prevent, deter and detect fraud.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified as potentially having a material effect on the financial statements. Our procedures included review of financial statement information and testing of that information, enquiry of management and examination of relevant documentation, analytical procedures to identify unusual or unexpected relationships that may indicate fraud, and procedures to address the risk of fraud through director or management override of controls.

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

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

---

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Stansfield (Senior Statutory Auditor)  
for and on behalf of Sedulo Audit Limited  
Statutory Auditors  
Regency Court  
62-66 Dcansgate  
Manchester  
M3 2EN

8 November 2022

**INCOME STATEMENT  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Notes	2022 £	£	2021 £	£
<b>TURNOVER</b>	3		23,676,918		20,670,857
Cost of sales			<u>12,179,086</u>		<u>12,511,144</u>
<b>GROSS PROFIT</b>			11,497,832		8,159,713
Distribution costs		261,006		176,954	
Administrative expenses		<u>7,721,540</u>		<u>5,862,235</u>	
			<u>7,982,546</u>		<u>6,039,189</u>
			3,515,286		2,120,524
Other operating income			<u>380,000</u>		<u>257,104</u>
<b>OPERATING PROFIT</b>	5		3,895,286		2,377,628
Interest payable and similar expenses	6		<u>49,379</u>		<u>45,334</u>
<b>PROFIT BEFORE TAXATION</b>			3,845,907		2,332,294
Tax on profit	7		<u>384,927</u>		<u>317,873</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<u><u>3,460,980</u></u>		<u><u>2,014,421</u></u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

	Notes	2022 £	2021 £
<b>PROFIT FOR THE YEAR</b>		3,460,980	2,014,421
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>3,460,980</u>	<u>2,014,421</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**28 FEBRUARY 2022**

	Notes	2022		2021	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		117,370		131,483
Tangible assets	10		<u>1,770,639</u>		<u>1,977,309</u>
			1,888,009		2,108,792
<b>CURRENT ASSETS</b>					
Stocks	11	330,600		304,906	
Debtors	12	9,923,078		6,433,225	
Cash at bank and in hand		<u>2,059,900</u>		<u>1,843,841</u>	
		12,313,578		8,581,972	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>7,577,895</u>		<u>3,459,185</u>	
<b>NET CURRENT ASSETS</b>			<u>4,735,683</u>		<u>5,122,787</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,623,692		7,231,579
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		(169,215)		(158,009)
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>(183,221)</u>		<u>(263,294)</u>
<b>NET ASSETS</b>			<u>6,271,256</u>		<u>6,810,276</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		8,500		8,500
Capital redemption reserve	19		1,500		1,500
Retained earnings	19		<u>6,261,256</u>		<u>6,800,276</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>6,271,256</u>		<u>6,810,276</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2022 and were signed on its behalf by:

R Brama - Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2022

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 29 February 2020</b>	8,500	4,785,855	1,500	4,795,855
<b>Changes in equity</b>				
Total comprehensive income	-	2,014,421	-	2,014,421
<b>Balance at 28 February 2021</b>	<u>8,500</u>	<u>6,800,276</u>	<u>1,500</u>	<u>6,810,276</u>
<b>Changes in equity</b>				
Dividends	-	(4,000,000)	-	(4,000,000)
Total comprehensive income	-	3,460,980	-	3,460,980
<b>Balance at 28 February 2022</b>	<u>8,500</u>	<u>6,261,256</u>	<u>1,500</u>	<u>6,271,256</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2022

---

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

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

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 £.

**Going Concern**

At the time of signing these accounts, having considered the economic climate, the Directors expectations and intentions for the next twelve months, and the availability of working capital, the Directors are of the opinion that the Company will remain viable for the foreseeable future and therefore these Financial Statements have been prepared on the Going Concern basis.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The consolidated financial statements of Mailway Packaging Solutions Group Limited as at 28 February 2022 can be obtained from 12-16 Pitcliffe Way, West Bowling, Bradford, West Yorkshire, BD5 7SG.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

---

2. ACCOUNTING POLICIES - continued

**Critical accounting judgements and key sources of estimation uncertainty**  
**Critical judgements in applying the Company's accounting policies**

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**(i) Assessing indicators of impairment**

In assessing whether there have been any indicators of impairments to assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial year.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(i) Recoverability of receivables**

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

**(ii) Determining residual values and useful economic lives of tangible and intangible assets**

The Company depreciates tangible assets, and amortises intangible assets, over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The estimation of useful lives of intangible assets is based on any contractual or legal rights associated with the asset, or the period in which the Company expects to use the asset if shorter. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

---

2. ACCOUNTING POLICIES - continued

**Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- ~ the Company has transferred the significant risks and rewards of ownership to the buyer;
- ~ the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- ~ the amount of revenue can be measured reliably;
- ~ it is probable that the Company will receive the consideration due under the transaction; and
- ~ the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Goodwill**

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

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Tangible fixed assets**

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

**Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

---

2. ACCOUNTING POLICIES - continued

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial statements.

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 includes 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 present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**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.

**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 and 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 rate method.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. ACCOUNTING POLICIES - continued

**Deferred tax**

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

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

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

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

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

**Government grants**

Grants are classified as either as relating to revenue or relating to assets.

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Packaging	23,676,918	20,670,857
	<u>23,676,918</u>	<u>20,670,857</u>

Turnover has been 100% generated in the United Kingdom in the financial year (2021: 99.5%).

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	11,210,743	7,827,172
Social security costs	760,518	602,951
Other pension costs	274,943	107,051
	<u>12,246,204</u>	<u>8,537,174</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

4. EMPLOYEES AND DIRECTORS - continued

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

	2022	2021
Production	357	318
Selling	2	2
Administration	48	42
	<u>407</u>	<u>362</u>
	2022	2021
	£	£
Directors' remuneration	<u>1,692,548</u>	<u>1,221,116</u>

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

Money purchase schemes	<u>5</u>	<u>5</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u>1,303,333</u>	<u>891,180</u>

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2021 - £NIL).

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Other operating leases	428,075	425,157
Depreciation - owned assets	414,957	473,219
Profit on disposal of fixed assets	(3,229)	-
Goodwill amortisation	14,113	14,200
Auditors' remuneration	<u>5,287</u>	<u>13,780</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	40,582	40,058
Hire purchase	8,797	5,276
	<u>49,379</u>	<u>45,334</u>

7. TAXATION

**Analysis of the tax charge**

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	465,000	297,060
Deferred tax	(80,073)	20,813
Tax on profit	<u>384,927</u>	<u>317,873</u>

UK corporation tax has been charged at 19% (2021 - 19%).

**Reconciliation of total tax charge included in profit and loss**

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

	2022	2021
	£	£
Profit before tax	<u>3,845,907</u>	<u>2,332,294</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	730,722	443,136
Effects of:		
Expenses not deductible for tax purposes	4,688	3,462
Depreciation in excess of capital allowances	19,112	12,286
Adjustments to tax charge in respect of previous periods	-	32,270
Research and development tax credit	(285,000)	(197,600)
Deferred taxation	(80,073)	28,716
Group relief	(6,376)	(5,915)
Other differences leading to an increase in tax charge	1,854	1,518
Total tax charge	<u>384,927</u>	<u>317,873</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

7. **TAXATION - continued**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is the new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profit increases.

8. **DIVIDENDS**

	2022	2021
	£	£
Interim	<u>4,000,000</u>	<u>-</u>

9. **INTANGIBLE FIXED ASSETS**

	Goodwill
	£
<b>COST</b>	
At 1 March 2021	
and 28 February 2022	<u>284,373</u>
<b>AMORTISATION</b>	
At 1 March 2021	152,890
Amortisation for year	<u>14,113</u>
At 28 February 2022	<u>167,003</u>
<b>NET BOOK VALUE</b>	
At 28 February 2022	<u>117,370</u>
At 28 February 2021	<u>131,483</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 March 2021	688,773	2,942,962	400,447	4,032,182
Additions	34,336	201,004	-	235,340
Disposals	-	(45,583)	(68,562)	(114,145)
At 28 February 2022	<u>723,109</u>	<u>3,098,383</u>	<u>331,885</u>	<u>4,153,377</u>
<b>DEPRECIATION</b>				
At 1 March 2021	193,817	1,737,070	123,986	2,054,873
Charge for year	34,419	316,484	64,054	414,957
Eliminated on disposal	-	(35,011)	(52,081)	(87,092)
At 28 February 2022	<u>228,236</u>	<u>2,018,543</u>	<u>135,959</u>	<u>2,382,738</u>
<b>NET BOOK VALUE</b>				
At 28 February 2022	<u>494,873</u>	<u>1,079,840</u>	<u>195,926</u>	<u>1,770,639</u>
At 28 February 2021	<u>494,956</u>	<u>1,205,892</u>	<u>276,461</u>	<u>1,977,309</u>

The net book value of assets held under finance leases or hire purchase contracts, included above are as follows:

		28.2.22	28.2.21
£	£		
Plant and machinery		-	6,075
Motor vehicles		190,746	264,951
		<u>190,746</u>	<u>271,026</u>

11. STOCKS

	2022	2021
	£	£
Raw materials and consumables	<u>330,600</u>	<u>304,906</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	4,824,554	755,197
Amounts owed by group undertakings	4,581,745	5,396,343
Other debtors	263,556	248,031
Prepayments and accrued income	253,223	33,654
	<u>9,923,078</u>	<u>6,433,225</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Hire purchase contracts (see note 15)	59,606	80,887
Trade creditors	3,051,449	1,397,277
Tax	332,500	259,626
Social security and other taxes	687,968	112,633
VAT	678,926	638,728
Other creditors	2,123,068	755,606
Directors' current accounts	457,310	165,178
Accruals and deferred income	187,068	49,250
	<u>7,577,895</u>	<u>3,459,185</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Hire purchase contracts (see note 15)	<u>169,215</u>	<u>158,009</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	59,606	80,887
Between one and five years	<u>169,215</u>	<u>158,009</u>
	<u>228,821</u>	<u>238,896</u>

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	423,725	416,665
Between one and five years	<u>321,846</u>	<u>395,833</u>
	<u>745,571</u>	<u>812,498</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

16. SECURED DEBTS

The net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The bank loan is secured by a fixed and floating charge over the assets of the company.

The factored debts are secured on the trade debts.

17. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>183,221</u>	<u>263,294</u>
		Deferred tax
		£
Balance at 1 March 2021		263,294
Credit to Income Statement during year		<u>(80,073)</u>
Balance at 28 February 2022		<u>183,221</u>

18. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2022	2021
			£	£
85,000	Share capital 1	£0.10	<u>8,500</u>	<u>8,500</u>

Each class of shares have attached to them full voting, dividend and capital distribution rights. All shares rank pari passu.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022

19. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 March 2021	6,800,276	1,500	6,801,776
Profit for the year	3,460,980	-	3,460,980
Dividends	<u>(4,000,000)</u>	-	<u>(4,000,000)</u>
At 28 February 2022	<u>6,261,256</u>	<u>1,500</u>	<u>6,262,756</u>

**Capital redemption reserve**

This reserve represents undistributable reserves resulting from the company's purchase of its own shares.

**Profit & loss account**

This reserve represents cumulative profits and losses.

20. RELATED PARTY DISCLOSURES

During the year, the company advanced funds to Mailway Packaging Solutions Group Limited, its parent company.

R Bamma has given personal guarantees of £25,000 in respect of the invoice discounting facility.

Balances due (to)/from related parties at the year end are shown below.

	£	£	28 February 2022	28 February 2021
R Bamma - director			(410,910)	(145,473)
E A Astin - director			(46,400)	(19,705)

21. POST BALANCE SHEET EVENTS

Post year end there has been no significant events identified.

22. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Mailway Packaging Solutions Group Limited. R Bamma is the ultimate controlling party by virtue of his majority shareholding in Mailway Packaging Solutions Group Limited.

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