Registered number: 03658310

FLEX7 LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 JULY 2020

FLEX7 LIMITED
REGISTERED NUMBER: 03658310

BALANCE SHEET
AS AT 31 JULY 2020

	Note		2020 £		2019 £
Fixed assets					
Intangible assets	4		**734,165**		407,689
Tangible assets	5		**386,734**		397,302
			1,120,899		804,991
Current assets					
Stocks	7	**391,940**		343,388	
Debtors: amounts falling due after more than one year	8	**1,317,893**		905,055	
Debtors: amounts falling due within one year	8	**1,085,063**		1,286,832	
Cash at bank and in hand	9	**276,501**		298,213	
		3,071,397		2,833,488	
Creditors: amounts falling due within one year	10	**(1,174,796)**		(1,108,101)	
Net current assets			**1,896,601**		1,725,387
Total assets less current liabilities			**3,017,500**		2,530,378
Creditors: amounts falling due after more than one year	11		**(105,934)**		(414,731)
Provisions for liabilities					
Deferred tax	13	**(166,612)**		(93,011)	
			(166,612)		(93,011)
Net assets			**2,744,954**		2,022,636
Capital and reserves					
Called up share capital	14		**97,400**		97,400
Share premium account			**9,000**		9,000
Capital redemption reserve			**35,600**		35,600
Profit and loss account			**2,602,954**		1,880,636
			2,744,954		2,022,636

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
S Garton
Director

Date: 27 April 2021

The notes on pages 3 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

1. General information

Flex7 Limited is a private company limited by share capital and incorporated in England and Wales. The registered office and principal place of business is disclosed on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have considered the impact of the global Covid-19 pandemic on the ability of the company to continue trading for the foreseeable future. This review has included considering the impact of the pandemic to the date of signing the financial statements and updating financial projections and performing rigorous stress testing on these projections in respect of income and the company's supply chain. Based on this review and taken together with existing financing facilities the directors believe that the financial statements have been prepared appropriately on the going concern basis.

2.3 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.

2.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following methods.

Depreciation is provided on the following basis:

Leasehold property	-	20%	straight-line method
Plant and machinery	-	10%	straight-line method
Motor vehicles	-	25%	reducing balance method
Fixtures and fittings	-	25%	straight-line method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

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

2.11 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.13 Cash and cash equivalents

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

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 46 (2019 - 41).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

4. Intangible assets

	Other intangible assets £
Cost	
At 1 August 2019	**962,272**
Additions	**445,711**
At 31 July 2020	**1,407,983**
Amortisation	
At 1 August 2019	**554,583**
Charge for the year	**119,235**
At 31 July 2020	**673,818**
Net book value	
At 31 July 2020	**734,165**
At 31 July 2019	407,689

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

5. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 August 2019	**93,800**	**795,663**	**16,995**	**291,745**	**1,198,203**
Additions	**-**	**68,640**	**-**	**15,589**	**84,229**
At 31 July 2020	**93,800**	**864,303**	**16,995**	**307,334**	**1,282,432**
Depreciation					
At 1 August 2019	**36,092**	**488,740**	**15,904**	**260,165**	**800,901**
Charge for the year	**18,760**	**54,401**	**273**	**21,363**	**94,797**
At 31 July 2020	**54,852**	**543,141**	**16,177**	**281,528**	**895,698**
Net book value					
At 31 July 2020	**38,948**	**321,162**	**818**	**25,806**	**386,734**
At 31 July 2019	57,708	306,923	1,091	31,580	397,302

6. Fixed asset investments

	Other investments
	£
Cost or valuation	
At 1 August 2019	**86,185**
At 31 July 2020	**86,185**
Impairment	
At 1 August 2019	**86,185**
At 31 July 2020	**86,185**
Net book value	
At 31 July 2020	**-**
At 31 July 2019	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

7. Stocks

	2020	2019
	£	£
Finished goods and goods for resale	**391,940**	343,388
	391,940	343,388

8. Debtors

	2020	2019
	£	£
Due after more than one year		
Amounts owed by group undertakings	**1,317,893**	905,055
	1,317,893	905,055

	2020	2019
	£	£
Due within one year		
Trade debtors	**919,641**	1,176,298
Other debtors	**987**	1,223
Prepayments and accrued income	**164,435**	109,311
	1,085,063	1,286,832

9. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	**276,501**	298,213
	276,501	298,213

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

10. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank loans	**50,847**	49,224
Trade creditors	**484,304**	727,702
Other taxation and social security	**413,975**	195,857
Other creditors	**2,350**	5,901
Accruals and deferred income	**223,320**	129,417
	1,174,796	1,108,101

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

	2020	2019
	£	£
Bank loans	**26,044**	76,891
Other loans	**22,025**	21,306
Amounts owed to group undertakings	**57,865**	316,534
	105,934	414,731

12. Secured creditors

Payments received on account are advances provided by a factoring company which are secured on the trade debts of the company. Bank loans are secured by a fixed and floating charge over the assets of the company, and a legal charge has been made over the group's freehold property.

13. Deferred taxation

	2020
	£
At beginning of year	**(93,011)**
Charged to profit or loss	**(73,601)**
At end of year	**(166,612)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

13. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	**(166,612)**	(93,011)
	(166,612)	(93,011)

14. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
97,400 (2019 - 97,400) Ordinary shares of £1.00 each	**97,400**	97,400

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £154,501 (2019 - £95,251) . Contributions totalling £13,688 (2019 - £15,048) were payable to the fund at the balance sheet date and are included in creditors.

16. Commitments under operating leases

At 31 July 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	**170,018**	158,551
Later than 1 year and not later than 5 years	**150,110**	292,222
	320,128	450,773

17. Related party transactions

At the year end the company was owed £1,317,893 (2019: £905,055) from Quickwire Limited, a fellow subidiary. The amount is interest free and repayable on demand but not for at least 12 months from the balance sheet date.

At the year end the company owed £57,866 (2019: £316,534) to Flex Connectors Holdings Limited, its parent company. The amount is interest free and repayable on demand but not for at least 12 months from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

18. Controlling party

The ultimate controlling party is the parent company, Flex Connector Holdings Limited. Flex Connectors Holdings Limited is controlled by S Garton and A Garton by virtue of their joint shareholding.

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.