

Company registration number 01316851 (England and Wales)

YORKSHIRE PACKAGING SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

YORKSHIRE PACKAGING SYSTEMS LIMITED

COMPANY INFORMATION

Directors	Mr J.L Braithwaite Mr W.R Bruce Mrs R.D Dean Mrs B.A Johnson Mr G.D Johnson Mr D Johnson Mr J D Gibson
Company number	01316851
Registered office	Prince of Wales Works Armytage Road Brighouse West Yorkshire HD6 1QF
Auditor	Copia Wealth & Tax Limited 8 Pendeford Place Pendeford Business Park Wobaston Road Wolverhampton WV9 5HD

YORKSHIRE PACKAGING SYSTEMS LIMITED

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YORKSHIRE PACKAGING SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

As a leading and award winning, distributor of shrink wrapping machines and shrink films to the packaging industry, the company continues to expand despite the recent global pandemic, moving into new larger premises during the financial year in order to continue growth.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

Turnover of the company has increased by 9% from £17,043,977 in 2022 to £18,576,661 in 2023.

Gross profit margins have increased from 26.5% in 2022 to 31.2% in 2023.

Overall operating profit has increased to £1,046,171 (2023) from £918,993 (2022) and profit before tax has increased to £907,977 (2022: £870,496). After taxation, £678,432 (2022: £726,193) has been retained to be added to reserves. This is after the impairment of an investment at the year end.

Return on capital employed has increased to 0.61 (2022:0.46). Return on capital employed is calculated as profit before interest and tax divided by capital employed, which constitutes total assets less current liabilities, less investments, less cash, plus overdrafts and other short term borrowings.

Principal risks and uncertainties

As for many businesses of our size, the business environment in which we operate continues to be challenging. The company has exceeded trading expectations during the year under review, despite these challenging conditions.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. We continue to monitor the global conditions on an ongoing basis.

Research and development

The company is continuously undertaking research and development to improve the product range offered.

Financial instruments

Price risk

The company has pricing risk in regard to the procurement and supply of film. Brexit has added costs to the supply chain however we are continuing to work alongside our suppliers to manage this.

Credit risk

The company is exposed to credit risk as customers are offered credit terms. The risk is mitigated by ensuring there are robust credit control systems in place.

Liquidity risk

There is little liquidity risk as the company hold the majority of assets in current form. The company is in a good position to meet its current obligations and is able to pay liabilities when due.

Cash flow risk

Cash flow risk is minimal and the company has a healthy positive cash flow.

YORKSHIRE PACKAGING SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

On behalf of the board

Mr G.D Johnson
Director

13 February 2024

YORKSHIRE PACKAGING SYSTEMS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

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;
- 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.

YORKSHIRE PACKAGING SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities

The principal activity of the company continued to be that of the supply of packaging materials and machinery.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr J.L Braithwaite
Mr W.R Bruce
Mrs R.D Dean
Mrs B.A Johnson
Mr G.D Johnson
Mr D Johnson
Mr J D Gibson

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments, research and development and financial instruments.

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.

On behalf of the board

Mr G.D Johnson
Director

13 February 2024

YORKSHIRE PACKAGING SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YORKSHIRE PACKAGING SYSTEMS LIMITED

Opinion

We have audited the financial statements of Yorkshire Packaging Systems Limited (the 'company') for the year ended 30 June 2023 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 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 30 June 2023 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

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

YORKSHIRE PACKAGING SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF YORKSHIRE PACKAGING SYSTEMS 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 directors' report.

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

- adequate accounting records have not been kept, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identifying and assessing potential risks related to irregularities:

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We review financial statement disclosures and undertake testing to supporting documentation to assess compliance with applicable laws and regulations.
- We perform audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We enquire of management around actual and potential litigation and claims.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the union's ability to continue as a going concern.

YORKSHIRE PACKAGING SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF YORKSHIRE PACKAGING SYSTEMS LIMITED

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

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.

Shaun Philpott FCA (Senior Statutory Auditor)
For and on behalf of Copia Wealth & Tax Limited

13 February 2024

8 Pendeford Place
Pendeford Business Park
Wobaston Road
Wolverhampton
WV9 5HD

YORKSHIRE PACKAGING SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	3	18,576,661	17,043,977
Cost of sales		(12,774,514)	(12,533,785)
Gross profit		5,802,147	4,510,192
Administrative expenses		(4,759,476)	(3,886,621)
Other operating income		3,500	295,422
Operating profit	4	1,046,171	918,993
Profit / (Loss) from other fixed asset investments		(4,708)	23,510
Other interest receivable and similar income		18,734	1,775
Interest payable and similar expenses	7	(152,220)	(73,782)
Profit before taxation		907,977	870,496
Tax on profit	8	(229,545)	(144,303)
Profit for the financial year		678,432	726,193

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

YORKSHIRE PACKAGING SYSTEMS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	11		584,384		559,677
Investments	12		473,243		189,951
			<u>1,057,627</u>		<u>749,628</u>
Current assets					
Stocks	13	5,308,590		5,695,218	
Debtors	14	3,775,735		4,612,226	
Cash at bank and in hand		2,341,006		1,804,543	
		<u>11,425,331</u>		<u>12,111,987</u>	
Creditors: amounts falling due within one year	15	<u>(7,949,552)</u>		<u>(8,990,692)</u>	
Net current assets			<u>3,475,779</u>		<u>3,121,295</u>
Total assets less current liabilities			<u>4,533,406</u>		<u>3,870,923</u>
Creditors: amounts falling due after more than one year	16		(187,703)		(220,779)
Provisions for liabilities					
Deferred tax liability	19	79,374		62,247	
		<u>(79,374)</u>		<u>(62,247)</u>	
Net assets			<u>4,266,329</u>		<u>3,587,897</u>
Capital and reserves					
Called up share capital	21		120		120
Capital redemption reserve			30		30
Profit and loss reserves			4,266,179		3,587,747
Total equity			<u>4,266,329</u>		<u>3,587,897</u>

The financial statements were approved by the board of directors and authorised for issue on 13 February 2024 and are signed on its behalf by:

Mr G.D Johnson
Director

Company Registration No. 01316851

YORKSHIRE PACKAGING SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2021	120	30	2,861,554	2,861,704
Year ended 30 June 2022:				
Profit and total comprehensive income for the year	-	-	726,193	726,193
Balance at 30 June 2022	120	30	3,587,747	3,587,897
Year ended 30 June 2023:				
Profit and total comprehensive income for the year	-	-	678,432	678,432
Balance at 30 June 2023	120	30	4,266,179	4,266,329

YORKSHIRE PACKAGING SYSTEMS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24	1,328,546		101,855	
Interest paid		(152,220)		(73,782)	
Income taxes paid		(132,549)		-	
		<u>1,043,777</u>		<u>28,073</u>	
Net cash inflow from operating activities					
Investing activities					
Purchase of tangible fixed assets		(204,890)		(264,103)	
Proceeds on disposal of tangible fixed assets		49,500		32,912	
Purchase of investment		(288,000)		174,903	
Interest received		18,734		1,775	
		<u>(424,656)</u>		<u>(54,513)</u>	
Net cash used in investing activities					
Financing activities					
Repayment of bank loans		(103,387)		(99,547)	
Payment of finance leases obligations		20,729		-	
		<u>(82,658)</u>		<u>(99,547)</u>	
Net cash used in financing activities					
Net increase/(decrease) in cash and cash equivalents					
		536,463		(125,987)	
Cash and cash equivalents at beginning of year		1,804,543		1,930,530	
		<u>2,341,006</u>		<u>1,804,543</u>	
Cash and cash equivalents at end of year					

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

Yorkshire Packaging Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is Prince of Wales Works, Armytage Road, Brighouse, West Yorkshire, HD6 1QF.

1.1 Accounting convention

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

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

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

1.2 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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

1.5 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.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

Development costs	10% straight line
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YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies (Continued)

1.6 Tangible fixed assets

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

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

Leasehold improvements	10% Straight line
Fixtures and fittings	15% Reducing balance
Motor vehicles	25% Reducing balance

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.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 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.

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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.

1.9 Stocks

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

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

1.10 Cash and cash equivalents

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

1.11 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.

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the 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.

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.

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.12 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.

1.13 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.

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.

1.14 Retirement benefits

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

1.15 Leases

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

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies (Continued)

1.16 Government grants

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

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

1.17 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the 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.

The company has a review policy for making provisions for stock and debtors to ensure they are stated at the lower of cost and net realisable value.

3 Turnover and other revenue

	2023	2022
	£	£
Other revenue		
Interest income	18,734	1,775
Grants received	500	12,422
	<u> </u>	<u> </u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	-	(13,871)
Government grants	(500)	(12,422)
Fees payable to the company's auditor for the audit of the company's financial statements	10,500	10,000
Depreciation of owned tangible fixed assets	149,658	143,803
Profit on disposal of tangible fixed assets	(18,975)	(2,693)
Impairment of intangible assets	-	391,111
	<u> </u>	<u> </u>

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

5 Employees

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

	2023 Number	2022 Number
Clerical	26	24
Engineers	6	5
Warehouse	2	1
Total	<u>34</u>	<u>30</u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	1,703,536	1,338,336
Social security costs	189,797	147,589
Pension costs	171,534	53,964
	<u>2,064,867</u>	<u>1,539,889</u>

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	646,504	587,187
Company pension contributions to defined contribution schemes	132,926	32,041
	<u>779,430</u>	<u>619,228</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	114,509	112,416
Company pension contributions to defined contribution schemes	54,055	3,054
	<u>168,564</u>	<u>115,470</u>

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

7	Interest payable and similar expenses		
		2023	2022
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	11,062	6,407
	Interest on invoice finance arrangements	118,686	54,285
		<u>129,748</u>	<u>60,692</u>
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	22,035	13,090
	Other interest	437	-
		<u>152,220</u>	<u>73,782</u>
		<u><u>152,220</u></u>	<u><u>73,782</u></u>
8	Taxation		
		2023	2022
		£	£
	Current tax		
	UK corporation tax on profits for the current period	212,418	132,549
		<u>212,418</u>	<u>132,549</u>
	Deferred tax		
	Origination and reversal of timing differences	13,392	11,754
	Changes in tax rates	3,735	-
		<u>17,127</u>	<u>11,754</u>
	Total deferred tax	<u>17,127</u>	<u>11,754</u>
		<u><u>17,127</u></u>	<u><u>11,754</u></u>
	Total tax charge	<u>229,545</u>	<u>144,303</u>
		<u><u>229,545</u></u>	<u><u>144,303</u></u>
	The actual charge 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:		
		2023	2022
		£	£
	Profit before taxation	907,977	870,496
		<u>907,977</u>	<u>870,496</u>
	Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	226,994	165,394
	Tax effect of expenses that are not deductible in determining taxable profit	43,140	15,675
	Effect of change in corporation tax rate	(40,589)	-
	Permanent capital allowances in excess of depreciation	-	(18,188)
	Other permanent differences	-	(18,578)
		<u>229,545</u>	<u>144,303</u>
	Taxation charge for the year	<u>229,545</u>	<u>144,303</u>
		<u><u>229,545</u></u>	<u><u>144,303</u></u>

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2023 £	2022 £
In respect of:			
Intangible assets	10	-	391,111
Recognised in:			
Administrative expenses		-	391,111

10 Intangible fixed assets

	Goodwill £	Development costs £	Total £
Cost			
At 1 July 2022 and 30 June 2023	200,000	488,889	688,889
Amortisation and impairment			
At 1 July 2022 and 30 June 2023	200,000	488,889	688,889
Carrying amount			
At 30 June 2023	-	-	-
At 30 June 2022	-	-	-

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

11 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2022	73,125	363,154	571,039	1,007,318
Additions	-	59,400	145,490	204,890
Disposals	-	-	(86,480)	(86,480)
At 30 June 2023	73,125	422,554	630,049	1,125,728
Depreciation and impairment				
At 1 July 2022	55,639	127,743	264,259	447,641
Depreciation charged in the year	-	44,222	105,436	149,658
Eliminated in respect of disposals	-	-	(55,955)	(55,955)
At 30 June 2023	55,639	171,965	313,740	541,344
Carrying amount				
At 30 June 2023	17,486	250,589	316,309	584,384
At 30 June 2022	17,486	235,411	306,780	559,677

12 Fixed asset investments

	2023	2022
	£	£
Unlisted investments	473,243	189,951

Movements in fixed asset investments

	Investments
	£
Cost or valuation	
At 1 July 2022	1,345,532
Additions	283,292
At 30 June 2023	1,628,824
Impairment	
At 1 July 2022 & 30 June 2023	1,155,581
Carrying amount	
At 30 June 2023	473,243
At 30 June 2022	189,951

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13	Stocks		
		2023	2022
		£	£
	Finished goods and goods for resale	5,308,590	5,695,218
		<u> </u>	<u> </u>

14	Debtors		
		2023	2022
		£	£
	Amounts falling due within one year:		
	Trade debtors	3,268,943	3,955,265
	Corporation tax recoverable	-	16,895
	Other debtors	423,635	393,635
	Prepayments and accrued income	83,157	246,431
		<u> </u>	<u> </u>
		3,775,735	4,612,226
		<u> </u>	<u> </u>

15	Creditors: amounts falling due within one year		
		2023	2022
		£	£
		Notes	
	Bank loans	17	8,918
	Obligations under finance leases	18	276,603
	Trade creditors		4,094,726
	Corporation tax		62,974
	Other taxation and social security		639,597
	Other creditors		2,360,367
	Accruals and deferred income		506,367
			<u> </u>
			7,949,552
			<u> </u>
			8,990,692
			<u> </u>

Bank loans and overdrafts are secured by a fixed and floating charge on the undertaking and assets of the company, together with a personal guarantee from Mr G Johnson, a director.

16	Creditors: amounts falling due after more than one year		
		2023	2022
		£	£
		Notes	
	Bank loans and overdrafts	17	-
	Obligations under finance leases	18	187,703
			<u> </u>
			187,703
			<u> </u>
			220,779
			<u> </u>

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

17 Loans and overdrafts

	2023	2022
	£	£
Bank loans	8,918	112,305
Payable within one year	8,918	103,426
Payable after one year	-	8,879

18 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	276,603	231,677
In two to five years	187,703	211,900
	464,306	443,577

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

19 Deferred taxation

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

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
Accelerated capital allowances	79,374	62,247
Movements in the year:		2023
		£
Liability at 1 July 2022		62,247
Charge to profit or loss		13,392
Effect of change in tax rate - profit or loss		3,735
Liability at 30 June 2023		79,374

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

20 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	171,534	53,964

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.

21 Share capital

	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	120	120	120	120

22 Operating lease commitments

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:

	2023	2022
	£	£
Within one year	335,000	339,625
Between two and five years	1,217,875	933,375
	1,552,875	1,273,000

23 Related party transactions

The company has an investment in Yorkshire Packaging Partnership LLP, an entity in which the members include four of the company directors. Yorkshire Packaging Systems Ltd is not a controlling partner. The members interests at 30 June 2023 were £1,481,273 with £5,885 loss for the year.

YORKSHIRE PACKAGING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

24	Cash generated from operations	2023	2022	
		£	£	
	Profit for the year after tax	678,432	726,193	
	Adjustments for:			
	Taxation charged	229,545	144,303	
	Finance costs	152,220	73,782	
	Interest received	(18,734)	(1,775)	
	(Profit)/Loss from investment	4,708	(23,510)	
	Gain on disposal of tangible fixed assets	(18,975)	(2,693)	
	Amortisation and impairment of intangible assets	-	391,111	
	Depreciation and impairment of tangible fixed assets	149,658	143,803	
	Movements in working capital:			
	Decrease/(increase) in stocks	386,628	(1,789,624)	
	Decrease/(increase) in debtors	819,596	(1,942,312)	
	(Decrease)/increase in creditors	(1,054,532)	2,382,577	
	Cash generated from operations	1,328,546	101,855	
		<u><u> </u></u>	<u><u> </u></u>	
25	Analysis of changes in net funds	1 July 2022	Cash flows	30 June 2023
		£	£	£
	Cash at bank and in hand	1,804,543	536,463	2,341,006
	Borrowings excluding overdrafts	(112,305)	103,387	(8,918)
	Obligations under finance leases	(443,577)	(20,729)	(464,306)
		<u> </u>	<u> </u>	<u> </u>
		1,248,661	619,121	1,867,782
		<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

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