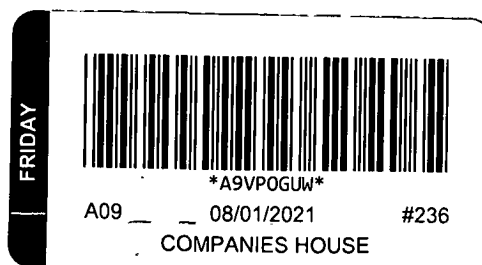


Registered number: 02682904

JIGSAW SYSTEMS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MAY 2020



**JIGSAW SYSTEMS LIMITED**

**COMPANY INFORMATION**

|                  |   |
|------------------|---|
| <b>Directors</b> | R K Whittle BA (Hons)<br>J R Hughes ACA<br>M J Farrow (appointed 25 September 2019, resigned 25 September 2020) |
|------------------|---|

|                          |                |
|--------------------------|----------------|
| <b>Company secretary</b> | J R Hughes ACA |
|--------------------------|----------------|

|                          |          |
|--------------------------|----------|
| <b>Registered number</b> | 02682904 |
|--------------------------|----------|

|                          |   |
|--------------------------|---|
| <b>Registered office</b> | Jigsaw24 The Old Mill<br>High Church Street<br>New Basford<br>Nottingham<br>NG7 7JA |
|--------------------------|---|

|                            |  |
|----------------------------|--|
| <b>Independent auditor</b> | Cooper Parry Group Limited<br>Chartered Accountants & Statutory Auditor<br>Sky View<br>Argosy Road<br>East Midlands Airport<br>Castle Donington<br>Derby<br>DE74 2SA |
|----------------------------|--|

**JIGSAW SYSTEMS LIMITED**

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## **JIGSAW SYSTEMS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2020**

#### **1. Business review**

##### **Directors' statement of compliance with duty to promote the success of the company (Section 172 (1) statement)**

The directors have acted in the way they consider, in good faith, promotes the success of the company for the benefit of its members as a whole, and in doing so have also given regard to the impact of their decisions upon other stakeholders such as employees, suppliers, customers and the communities in which we operate. Further detail is given in the sections below:

##### **1.1 Business strategy and objectives**

Jigsaw Systems Limited (trading as Jigsaw24) is the industry-leading Apple specialist cross-platform solutions and services provider. 28 successful years of trading combined with extensive experience of integrating Apple products into existing Apple estates, and expertise in how to successfully introduce Apple alongside legacy Microsoft systems afford the business a unique position in the industry. The business has deep expertise in delivering solutions to the media and broadcast sector, the education sector, the public sector, SMB and a wide range of corporate customers.

The Jigsaw24 business strategy is to maintain its leading position in delivering Apple solutions, whilst working closely with selected key partners to deliver integrated and bespoke solutions that are tailor-made to the needs of specific sectors and customers.

Key priorities for the business are to develop the company's customer relationships, services and solutions, industry partner relationships, sales channels and technical expertise.

##### **1.2 Business model**

Providing end point technology has always been central to the business, and through a combination of in-house capability and third-party distribution partners, the company's customers have access to a wide range of the latest technology. Product expertise has helped develop a loyal customer base, but delivering solutions through a combination of partners and in-house technical expertise is where the business adds most value to customers.

The relationship with Apple is the bedrock of the business, and strong relationships are maintained with other key partners, notably Adobe, Avid, Cisco, Microsoft, HP and Jamf. The business has over 100 technical experts and the highest number of manufacturer technical certifications in the UK.

The business is built on providing the highest levels of service to customers, resulting in longstanding relationships across the UK. Our teams have sector-specific experience and can provide industry insight, developing services and solutions that are specific to each of their needs. The business has intimate knowledge of the target customer sectors and is guided by core values and principles of "Delighting the Customer" and "Working Together".

## JIGSAW SYSTEMS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

#### 2. Business Environment and Performance

##### 2.1 Trends and factors

The technology environment is always fast moving and current trends that provide opportunity to the business are:

- Business leaders are increasingly comfortable with and proponents of Apple technology.
- The popularity of Apple mobile technology has increased hugely in recent years, and today's modern, mobile workforce is increasingly attracted to and demanding Apple technology.
- The way organisations and their end-users work continues to evolve at pace – they require advice on the latest industry trends together with access to the right equipment, software and services.
- Demand for remote working solutions has been a growing trend across the UK and has been accelerated by Covid-19 with associated requirements for cloud based virtual solutions.
- Increasing reliance on technology solutions requires organisations to have the right support infrastructure, not only to stay operational, but also to grow and thrive.
- The range of cloud solutions is continually evolving – organisations need advice on potential solutions and access to products and services to enable them to reap the rewards.
- Customer concerns regarding data security, privacy, compliance with changing regulation require guidance.
- Demand for increased productivity requires the development of innovative solutions.
- Pressure on customers budgets is driving demand for finance solutions.

##### 2.2 Performance and position

2019/20 was an excellent financial year for Jigsaw24. The final quarter (March-May 2020) was impacted by Covid-19. Despite the impact of the pandemic, the company generated excellent Financial KPIs, see below.

Although Covid-19 caused some disruption to the business, it also presented opportunities. For our customers we introduced an enhanced range of remote working and learning solutions that not only allowed them to keep operating, but also enabled many of them to dramatically re-engineer their operating models. Within Jigsaw24 we have used the opportunity to make our business more flexible, ensuring our employees can work effectively wherever they are based.

Highlights in the year included large solutions deployment wins from major Enterprise multinational customers across a diverse range of sectors including the public sector. Our relationship with key industry channel partners underpins our business and during the year we significantly extended our relationship with all of our major partners. During the year we became the only UK organisation to hold all three key Apple accreditations - Apple Authorised Enterprise Reseller, Apple Authorised Education Specialist and Apple Premium Service Provider. In addition, we continued to invest in industry leading expertise across sales and services, increased our presence on public sector framework agreements while developing wider relationships with sales channel partners.

Underlying core revenues (after adjusting for one off non-core low margin discontinued business) grew with the quality of revenue improving thanks to increased sales of services and creative solutions. There was significant growth in corporate business and strong progress in public sector, with continued increase in gross margin and Services grew for the fourth year running.

Working capital continues to be well managed and the business ended the year with a healthy cash balance leaving the business great flexibility to develop and exploit further growth opportunities in its chosen marketplace.

## **JIGSAW SYSTEMS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020**

#### **2.3 Key performance indicators**

- Revenue of £131m, up 11% from £118m in FY 2019.
- Services revenue of £8.9m, up 9% from £8.2m in FY 2019.
- Gross margin of £21.0m, up 6% from £19.9m in FY 2019.
- Services now represent 30% of total gross margin.
- EBITDA of £5,247k, up from £5,056k FY 2019.
- Net Cash Balance after CID Borrowings of £6,577k, up from £2,259k FY2019.
- Net current assets of £10.3m up from £7.3m in FY 2019.

#### **2.4 Principal risks and uncertainties**

The company operates in a competitive market and so is at risk from the pressures of such a market. There is a continued focus on cost control, whilst at the same time supporting the company's employees to allow them to deliver the excellent customer service, which has always been central to the way that the company works.

The company is reliant on its principal vendors to develop innovative new products and to maintain their reputation in the marketplace. There is a continual challenge to manage stock availability, which enables the company to offer a wide range of products and provide a fast, reliable product delivery service. The directors have put in place controls to monitor and manage these systems closely.

The company is heavily focused around Apple products and there is therefore not only a dependency on the continued adoption of Apple products by customers, but also upon the commercial relationship with Apple with whom management has liaised closely for over 25 years.

Jigsaw Systems Limited is a part of the Insanely Great Company Limited Group. The group's financial model and working capital cycle is, in part, based upon very close business relationships with certain key suppliers and business partners who in return for the high levels of business placed with them by the group provide significant lines of credit and also ensure that there is a constant flow of product available to the group which allows it to minimise its own physical stock holdings. The business model therefore requires consistent levels of turnover to optimise its financial facilities which can be sensitive to sharp movements in activity levels. The directors therefore monitor performance very closely, focus on providing excellent customer service to ensure that the group maintains its position in the sector, and work extremely closely with key members of its supply chain.

A resurgence of Covid-19 is a risk to on-going business performance. The Directors have taken action to mitigate the impact on business operations to ensure the highest quality of service and customer experience can be maintained. The solutions portfolio has also been extended to ensure that it is relevant to the likely challenges our customers may face. However there remains a risk to both sales and product supply.

**JIGSAW SYSTEMS LIMITED**

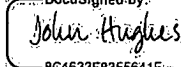
**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2020**

**2.5 Employee, environment and social factors**

During the year we have championed two major initiatives that further develop the way we work, raising the awareness of inclusivity and diversity, ensuring we have an environment that encourages inclusivity and provides equal opportunities for everyone and ensuring support is provided to individuals from underrepresented demographics to advance their abilities. We have also focused on the well-being of our employees to support them feeling positive and living healthily and safely. Both initiatives are guided by a multi-functional employee group and will continue to be areas of focus in the coming years.

We also heavily focus on the environment and social impact of everything we do and systematically focus on using less, recycling more and adopting efficient technology. Our responsibility goes beyond our own business, working with our customers to assess and minimise environmental impact of our solutions. This is enthusiastically championed by our Directors.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
8C4633F8355641E  
**J R Hughes ACA**  
Director

Date: 23 November 2020

## **JIGSAW SYSTEMS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2020**

The directors present their report and the financial statements for the year ended 31 May 2020.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,950,000 (2019: £3,117,000).

Dividends of £nil (2019: £5,200,000) were paid during the year.

#### **Directors**

The directors who served during the year are as stated on the company information page.

#### **Streamlined Energy and Carbon Reporting (SECR)**

Information regarding SECR can be found in the group accounts which is noted in note 21.

#### **Coronavirus**

The company continued to trade throughout the lockdown period caused by the coronavirus pandemic, albeit at reduced activity levels in April and May 2020. Trading however remained positive at an EBITDA level and management's forecasts for the year ended 31 May 2021 show a continuation of the company's strong record of EBITDA generation. See note 1.2 for further details.



**JIGSAW SYSTEMS LIMITED**

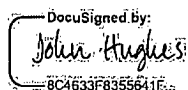
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2020**

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

DocuSigned By:  
  
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**J R Hughes ACA**  
Director

Date: 23 November 2020

## **JIGSAW SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JIGSAW SYSTEMS LIMITED**

#### **Opinion**

We have audited the financial statements of Jigsaw Systems Limited (the 'company') for the year ended 31 May 2020, which comprise the profit and loss account, the balance sheet and the related notes, 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 31 May 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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

## **JIGSAW SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JIGSAW SYSTEMS LIMITED (CONTINUED)**

#### **Other information**

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

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

We have nothing to report in this regard.

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

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

In the light of the knowledge and understanding of the 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**JIGSAW SYSTEMS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JIGSAW SYSTEMS LIMITED (CONTINUED)**

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

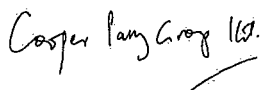
**Auditor's responsibilities for the audit of the financial statements**

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

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



Peter Sterling (Senior statutory auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 24 November 2020

## JIGSAW SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2020

|  | Note  | 2020<br>£000 | 2019<br>£000 |
|--|-------|--------------|--------------|
| <b>Turnover</b>                                      | 1,3,3 | 131,183      | 118,415      |
| Cost of sales  |       | (110,149)    | (98,535)     |
| <b>Gross profit</b>                                  |       | 21,034       | 19,880       |
| Administrative expenses                              |       | (16,554)     | (15,566)     |
| Exceptional administrative expenses                  | 5     | (682)        | (453)        |
| Total administrative expenses                        |       | (17,236)     | (16,019)     |
| <b>Operating profit</b>                              | 4     | 3,798        | 3,861        |
| Interest receivable and similar income               |       | 1            | -            |
| Interest payable and expenses                        |       | (120)        | (109)        |
| <b>Profit on ordinary activities before taxation</b> |       | 3,679        | 3,752        |
| Taxation on profit on ordinary activities            | 8     | (729)        | (635)        |
| <b>Profit for the financial year</b>                 |       | 2,950        | 3,117        |
| Retained earnings at the beginning of the year       |       | 7,826        | 9,909        |
| Profit for the year                                  |       | 2,950        | 3,117        |
| Dividends  | 9     | -            | (5,200)      |
| <b>Retained earnings at the end of the year</b>      |       | 10,776       | 7,826        |

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

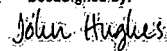
The notes on pages 12 to 26 form part of these financial statements.

**JIGSAW SYSTEMS LIMITED**  
**REGISTERED NUMBER: 02682904**

**BALANCE SHEET**  
**AS AT 31 MAY 2020**

|   | Note | 2020<br>£000         | 2019<br>£000        |
|---|------|----------------------|---------------------|
| <b>Fixed assets</b>                                   |      |                      |                     |
| Tangible assets                                       | 10   | 1,300                | 1,240               |
| Investments   | 11   | 1                    | 1                   |
|   |      | <u>1,301</u>         | <u>1,241</u>        |
| <b>Current assets</b>                                 |      |                      |                     |
| Stocks  | 12   | 3,533                | 3,467               |
| Debtors   | 13   | 35,356               | 32,151              |
| Cash at bank and in hand                              |      | 7,989                | 2,259               |
|   |      | <u>46,878</u>        | <u>37,877</u>       |
| <b>Creditors: amounts falling due within one year</b> | 14   | (36,610)             | (30,542)            |
| <b>Net current assets</b>                             |      | <u>10,268</u>        | <u>7,335</u>        |
| <b>Total assets less current liabilities</b>          |      | <u>11,569</u>        | <u>8,576</u>        |
| <b>Provisions for liabilities</b>                     |      |                      |                     |
| Deferred tax  | 15   | (43)                 | -                   |
| <b>Net assets</b>                                     |      | <u><u>11,526</u></u> | <u><u>8,576</u></u> |
| <b>Capital and reserves</b>                           |      |                      |                     |
| Called up share capital                               | 16   | 750                  | 750                 |
| Profit and loss account                               |      | 10,776               | 7,826               |
| <b>Shareholders' funds</b>                            |      | <u><u>11,526</u></u> | <u><u>8,576</u></u> |

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

DocuSigned by:  
  
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**J R Hughes ACA**  
 Director

Date: 23 November 2020

The notes on pages 12 to 26 form part of these financial statements.

## **JIGSAW SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

Jigsaw Systems Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company and are for the year ended 31 May 2020 (2019: year ended 31 May 2019).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following accounting policies have been applied:

##### **1.2 Coronavirus and going concern**

At the balance sheet date the company had a significant cash balance and a strong net current asset position. Trading since the year end has been satisfactory, and detailed financial forecasts for a period of at least 12 months from the date of the approval of these financial statements show continued profitable trading and an ability to operate well within the funding facilities available to the company and the wider group of which it is a part.

On that basis, the directors have prepared these financial statements on a going concern basis.

**JIGSAW SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

**1. Accounting policies (continued)**

**1.3 Turnover**

Turnover is recognised to the extent that it is probable that economic benefits will flow to the company and that the turnover can be reliably measured. Turnover 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 turnover is recognised:

**Sale of goods**

Turnover 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 turnover 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.

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.



## JIGSAW SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

#### 1. Accounting policies (continued)

##### 1.4 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 straight-line method.

Depreciation is provided on the following basis:

|                               |                              |
|-------------------------------|------------------------------|
| Short-term leasehold property | - over the life of the lease |
| Motor vehicles                | - 25% per annum              |
| Fixtures and fittings         | - 20% - 25% per annum        |
| Computer equipment            | - 25% - 33% per annum        |

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 the profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense immediately.

##### 1.5 Operating leases

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

##### 1.6 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

##### 1.7 Valuation of investments

Investments in subsidiaries are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

## JIGSAW SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

#### 1. Accounting policies (continued)

##### 1.8 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 weighted average basis.

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

##### 1.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

##### 1.10 Dividends

Equity dividends are recognised when they become legally payable.

##### 1.11 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 the profit and loss account 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 against the provision carried in the balance sheet.

##### 1.12 Pensions

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 payments obligations.

The contributions are recognised as an expense in the profit and loss account 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.

**JIGSAW SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

**1. Accounting policies (continued)**

**1.13 Current and deferred taxation**

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

## **JIGSAW SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020**

#### **2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

##### **Impairment of non-current assets**

The company assesses the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

##### **Carrying value of stocks**

Management review the market value of and demand for the company's stocks on a regular basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

##### **Recoverability of trade debtors**

Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020****2. Judgements in applying accounting policies (continued)****Taxation**

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due, after taking appropriate professional advice.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

**Leases**

The company determine whether leases entered into are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and a liability to be recognised in the balance sheet.

**Provisions**

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. The company does not maintain a dilapidation provision in respect of occupied leasehold properties, as the directors do not believe any such liability would be material to the financial statements.

**3. Turnover**

An analysis of turnover by class of business is as follows:

|                    | <b>2020</b>    | <b>2019</b>    |
|--------------------|----------------|----------------|
|                    | <b>£000</b>    | <b>£000</b>    |
| Sale of goods      | 122,286        | 110,192        |
| Supply of services | 8,897          | 8,223          |
|                    | <u>131,183</u> | <u>118,415</u> |

Analysis of turnover by country of destination:

|                   | <b>2020</b>    | <b>2019</b>    |
|-------------------|----------------|----------------|
|                   | <b>£000</b>    | <b>£000</b>    |
| United Kingdom    | 125,113        | 115,695        |
| Rest of Europe    | 4,064          | 1,989          |
| Rest of the world | 2,006          | 731            |
|                   | <u>131,183</u> | <u>118,415</u> |

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020****4. Operating profit**

The operating profit is stated after charging:

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Depreciation of tangible fixed assets owned by the company | 725          | 689          |
| Profit on sale of tangible fixed assets                    | (19)         | (9)          |
| Operating lease rentals - other                            | 5            | 6            |
| Operating lease rentals - land and buildings               | 337          | 354          |
| Management fee payable to ultimate holding company         | 600          | 600          |
|  | <u>600</u>   | <u>600</u>   |

**5. Exceptional items**

|                             | 2020<br>£000 | 2019<br>£000 |
|-----------------------------|--------------|--------------|
| Staff and redundancy costs  | 361          | 346          |
| Legal and professional fees | 140          | 44           |
| Other                       | 181          | 63           |
|                             | <u>682</u>   | <u>453</u>   |

**6. Auditor's remuneration**

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Fees payable to the company's auditor for the audit of the company's annual financial statements | 25           | 24           |
| Auditors' remuneration - non audit   | 5            | 5            |
|  | <u>5</u>     | <u>5</u>     |

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020****7. Employees**

Staff costs were as follows:

|                                     | <b>2020</b>   | <b>2019</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£000</b>   | <b>£000</b>   |
| Wages and salaries                  | 10,298        | 9,591         |
| Social security costs               | 1,100         | 1,090         |
| Cost of defined contribution scheme | 369           | 319           |
|                                     | <u>11,767</u> | <u>11,000</u> |

The average monthly number of employees, including the directors, during the year was as follows:

|                          | <b>2020</b> | <b>2019</b> |
|--------------------------|-------------|-------------|
|                          | <b>No.</b>  | <b>No.</b>  |
| Selling and distribution | 215         | 204         |
| Administration           | 57          | 45          |
|                          | <u>272</u>  | <u>249</u>  |

The directors of Jigsaw Systems Limited are remunerated via a parent company, Insanely Great Holdings Limited.

**8. Taxation**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| <b>Corporation tax</b>                           |             |             |
| Current tax on profits for the year              | 460         | 510         |
| Adjustments in respect of previous periods       | (4)         | (93)        |
| Group taxation relief                            | 230         | 218         |
| <b>Total current tax</b>                         | <u>686</u>  | <u>635</u>  |
| <b>Deferred tax</b>                              |             |             |
| Origination and reversal of timing differences   | 43          | -           |
| <b>Taxation on profit on ordinary activities</b> | <u>729</u>  | <u>635</u>  |

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020****8. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax  | 3,679        | 3,752        |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | 699          | 713          |
| <b>Effects of:</b>  |              |              |
| Fixed asset differences   | 14           | 13           |
| Expenses not deductible for tax purposes  | 27           | 19           |
| Adjustments to tax charge in respect of prior periods   | (4)          | (93)         |
| Adjustments to deferred tax charge in respect of prior periods  | (4)          | (15)         |
| Adjustments to deferred tax rate  | (3)          | (2)          |
| <b>Total tax charge for the year</b>  | <b>729</b>   | <b>635</b>   |

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**9. Dividends**

|                                  | 2020<br>£000 | 2019<br>£000 |
|----------------------------------|--------------|--------------|
| Dividends paid on equity capital | -            | 5,200        |



## JIGSAW SYSTEMS LIMITED

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

## 10. Tangible fixed assets

|  | Short-term<br>leasehold<br>improvements<br>£000 | Motor<br>vehicles<br>£000 | Fixtures and<br>fittings<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|--|---|---------------------------|----------------------------------|-------------------------------|---------------|
| <b>Cost or valuation</b>               |   |                           |                                  |                               |               |
| At 1 June 2019                         | 905   | 316                       | 701                              | 2,612                         | 4,534         |
| Additions                              | 215   | 46                        | 62                               | 470                           | 793           |
| Disposals                              | -   | (62)                      | (21)                             | (282)                         | (365)         |
| At 31 May 2020                         | 1,120   | 300                       | 742                              | 2,800                         | 4,962         |
| <b>Depreciation</b>                    |   |                           |                                  |                               |               |
| At 1 June 2019                         | 550   | 158                       | 592                              | 1,994                         | 3,294         |
| Charge for the year on<br>owned assets | 146   | 68                        | 67                               | 444                           | 725           |
| Disposals                              | -   | (56)                      | (21)                             | (280)                         | (357)         |
| At 31 May 2020                         | 696   | 170                       | 638                              | 2,158                         | 3,662         |
| <b>Net book value</b>                  |   |                           |                                  |                               |               |
| At 31 May 2020                         | 424   | 130                       | 104                              | 642                           | 1,300         |
| At 31 May 2019                         | 355   | 158                       | 109                              | 618                           | 1,240         |

## JIGSAW SYSTEMS LIMITED

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

## 11. Fixed asset investments

|                                | Investments<br>in<br>subsidiary<br>companies<br>£000 |
|--------------------------------|--|
| <b>Cost or valuation</b>       |  |
| At 1 June 2019 and 31 May 2020 | 1  |

**Subsidiary undertaking**

The following was a subsidiary undertaking of the company:

| Name             | Principal activity | Class of<br>shares | Holding |
|------------------|--------------------|--------------------|---------|
| Jigsaw24 Limited | Dormant            | Ordinary           | 100%    |

The registered office of Jigsaw24 Limited is 40 High Church Street, New Basford, Nottingham, NG7 2SA.

## 12. Stocks

|                                     | 2020<br>£000 | 2019<br>£000 |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | 3,533        | 3,467        |

Stock recognised in cost of sales during the year as an expense was £109,430,000 (2019: £97,737,000).

An impairment loss of £221,000 (2019: £250,000) was recognised in cost of sales against stock during the year.

## JIGSAW SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**13. Debtors**

|                                    | 2020<br>£000  | 2019<br>£000  |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 10,790        | 12,417        |
| Amounts owed by group undertakings | 22,556        | 17,583        |
| Other debtors                      | 2,010         | 2,151         |
|                                    | <u>35,356</u> | <u>32,151</u> |

An impairment loss of £66,000 (2019: £36,000) was recognised in administrative expenses against trade debtors.

**14. Creditors: Amounts falling due within one year**

|                                    | 2020<br>£000  | 2019<br>£000  |
|------------------------------------|---------------|---------------|
| Invoice discounting                | 1,412         | -             |
| Trade creditors                    | 20,129        | 19,904        |
| Amounts owed to group undertakings | 5,927         | 5,602         |
| Corporation tax                    | 101           | 59            |
| Other taxation and social security | 3,445         | 1,046         |
| Other creditors                    | 71            | 53            |
| Accruals and deferred income       | 5,525         | 3,878         |
|                                    | <u>36,610</u> | <u>30,542</u> |

Invoice discounting amounts are secured by a fixed and floating charge over the company's assets present and future.

**15. Deferred taxation**

|                           | 2020<br>£000 |
|---------------------------|--------------|
| At beginning of year      | -            |
| Charged to profit or loss | (43)         |
| <b>At end of year</b>     | <u>(43)</u>  |

## JIGSAW SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**15. Deferred taxation (continued)**

The deferred taxation balance is made up as follows:

|  | 2020<br>£000      | 2019<br>£000      |
|--|-------------------|-------------------|
| Origination and reversal of timing differences | 43                | -                 |
|  | (43)              | -                 |
|  | <u>          </u> | <u>          </u> |

**16. Share capital**

|   | 2020<br>£000      | 2019<br>£000      |
|---|-------------------|-------------------|
| <b>Allotted, called up and fully paid</b> |                   |                   |
| 750,000 Ordinary shares of £1 each        | 750               | 750               |
|   | <u>          </u> | <u>          </u> |

**17. Contingent liabilities**

A debenture including a fixed and floating charge over all assets of the group has been registered in relation to the bank borrowings of the group totalling £4,676,000 (2019: £3,934,000).

**18. Pension commitments**

The company operates a defined contribution 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 £369,000 (2019: £319,000). Contributions totalling £60,000 (2019: £54,000) were payable to the fund at the balance sheet date and are included within creditors.

**19. Commitments under operating leases**

At 31 May 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Not later than 1 year                        | 396          | 341          |
| Later than 1 year and not later than 5 years | 1,007        | 936          |
| Later than 5 years                           | -            | 121          |
|  | <u>1,403</u> | <u>1,398</u> |

**JIGSAW SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

**20. Related party transactions**

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publically available, the company has taken advantage of the FRS 102 Section 33.1A exemption from disclosing transactions with group undertakings.

During the period the group paid a market rate rent and insurance to a company with common directors of £65,000 (2019: £64,700).

**21. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Jigsaw Holdings Limited, and the ultimate parent undertaking is Insanely Great Company Limited. Both companies are registered in England and Wales. The ultimate controlling party is Alcuin GP IV LLP as a result of its majority shareholding in the group.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Insanely Great Company Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.