

**JIGSAW SYSTEMS LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MAY 2022**

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**JIGSAW SYSTEMS LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	R K Whittle J R Hughes D Dudman (appointed 16 June 2021) T J Bodill (appointed 16 June 2021) R F Hicking (appointed 16 June 2021)
<b>Company secretary</b>	J R Hughes
<b>Registered number</b>	02682904
<b>Registered office</b>	Jigsaw24 The Old Mill High Church Street New Basford Nottingham NG7 7JA
<b>Independent auditor</b>	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

**JIGSAW SYSTEMS LIMITED**

**CONTENTS**

	Page
<b>Strategic report</b>	<b>1 - 4</b>
<b>Directors' report</b>	<b>5 - 6</b>
<b>Independent auditor's report</b>	<b>7 - 10</b>
<b>Profit and loss account</b>	<b>11</b>
<b>Balance sheet</b>	<b>12</b>
<b>Notes to the financial statements</b>	<b>13 - 28</b>

## **JIGSAW SYSTEMS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2022**

#### **Introduction**

The principal activity of the company is that of an authorised reseller of IT solutions and services to the business, creative professional, education and public sector markets. There have not been any significant changes in the company's principal activities in the period under review and the directors are not aware, at the date of the report, of any likely major changes in the company's activities in the year ahead. The company trades as Jigsaw24.

#### **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. Business review**

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

The objective of Jigsaw Systems Limited (trading as Jigsaw24) is to be the go-to Workplace and Media and Entertainment (M&E) service and solutions provider in the UK. The business is the leading, Apple-specialist, cross-platform solutions and services provider, with 30 successful years of trading and extensive experience of integrating Apple products into existing Apple estates or alongside legacy Microsoft systems. Key priorities for the business are to:

- continue to grow our successful, value-added-reseller business, providing best-in class product and software solutions,
- rapidly develop our managed service business, providing specialist, professional service and managed services to corporate,
- leverage our expertise and position in the M&E sector, providing expert product and service solutions to the growing media production segment in the UK.

In each area Jigsaw24 will deliver world-class service and solutions within an agile and customer-focussed manner.

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

Providing end-point user technology has always been central to Jigsaw24, through a combination of in-house capability and third-party distribution partners. The company's customers are engaged through a highly-professional and customer-focussed account management and support team, with technical execution delivered by service and technology professionals.

A high level of agility and a deep understanding of customer needs allows Jigsaw24 to partner closely with customers, systems integrators and consultants to add real value to customer's deployment and use of end-user and workplace technology.

Jigsaw24 is passionate about providing the highest possible service levels to customers. This is delivered through combining a deep customer understanding with the collaboration of internal teams and partners to deliver professional service, managed service, technical support, delivery and logistics services that delight the customer.

Jigsaw24 has several strategic vendor and technology partnerships, with Apple a cornerstone proposition, benefitting from Authorised Enterprise Reseller, Apple Premium Service Provider and Authorised Education Specialist accreditations. Relationships and accreditations with other strategic partners include Adobe, Avid, Jamf, Microsoft, HP, and Cisco. The business has over 100 technical experts and a comprehensive number of manufacturer technical certifications.

## **JIGSAW SYSTEMS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022**

## **2. Business Environment and Performance**

### **2.1 Trends and factors**

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

- Apple is enjoying continued success and growth in the UK with increasing penetration of Apple technology in the workplace.
- Flexible and hybrid working patterns are driving demand for mobile and cloud-based or virtual solutions.
- Data security, privacy and compliance are high on the agenda of business users, who are increasingly looking for technology-based solutions. Apple products and our wider portfolio are well-placed to take advantage of this opportunity.
- Market volatility and pressure on cash budgets is driving demand for more flexible, consumption-based solutions, finance options and alternative ownership models for equipment and software solutions.
- Budget pressure and a desire for expertise and flexibility is increasingly driving business leaders to consider outsourced models for all aspects of technology provision.

### **2.2 Performance and position**

2021/22 was another record financial year for Jigsaw24 with increased sales, profit and positive cash creation. A feature of the year was Covid-19 continuing to cause disruption:

- First, through continued volatility in investment working patterns and businesses plans, caused by lockdowns, changes in demand and market uncertainty,
- also, throughout the year, continued supply chain disruption as global supply struggled to emerge from the effects of the pandemic.

Despite those ongoing challenges, the business responded positively, with some notable successes:

- Strong performance of our value-added-reseller business, with particularly impressive growth in Apple products.
- Impressive growth in our Media & Entertainment, with the business taking advantage of ongoing investment into UK film, TV, and media.
- Continued progression of our professional and managed services, further enhancing our credentials as a service and solutions provider.

In a positive year overall, the business also generated cash, which was used to deliver further repayments of long-term debt within the group. A strong financial performance also allowed us to continue to invest in capacity and capability to continue to build a platform for future growth.

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

- Revenue of £170m, up 9% from £156m in FY 2021.
- Services revenue of £13.0m, up by 25% from £10.3m in FY 2021.
- Gross margin of £28.1m, up 23% from £22.9m in FY 2021.
- Services now represent 34% of total gross margin.
- EBITDA excluding exceptional items of £6.6m, up 13% from £5.9m FY 2021.

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

The company operates in a competitive market and can be impacted by changes in demand brought about by the broader economic environment. Market uncertainty is mitigated by Jigsaw24's proposition being suitable across a range of industry segments, including the public sector.

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.

## JIGSAW SYSTEMS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2022

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 worked closely for over 30 years. The company retains a close relationship and formal accreditations with this key vendor and long-term trends show a continued trend of increasing Apple adoption.

The company's financial model and working capital cycle is, in part, based upon strong business relationships with certain key suppliers and business partners who provide credit and product inventory availability. The directors monitor performance and manage these relationships closely, ensuring a strong partnership; delivering growth and opportunities for these product distribution partners.

The company's growth in professional and managed services will require a sustained investment in people to build capacity to deliver these services. The labour market for technology service professionals is extremely competitive, making resourcing and retention more difficult. The directors are committed to providing a positive work environment and development opportunities to all employees to maintain and build Jigsaw24's reputation as an employer of choice.

#### **2.5 Environment, social and governance**

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

##### *Shareholders and governance*

The directors work closely with the shareholders of the business, including board-representation of the majority shareholder. There is appropriate delegation of authority to ensure that the day-to-day decision-making within the business is managed at the appropriate level and the directors endeavour to ensure appropriate management is in place to run the business effectively and diligently.

##### *Business relationships*

The company maintains a close working relationship with key customers, suppliers, and product/software vendors to ensure objectives are aligned and business is conducted in a positive way. All suppliers and customers are treated fairly and respectfully, and the directors ensure responsibilities to third-party businesses and contractors are fulfilled in a timely and appropriate manner.

##### *People, health and well-being, diversity and inclusion*

The directors are committed to maintain and build a positive working environment for all employees in Jigsaw24, regardless of gender, race, sexual orientation, and disability. This includes providing development opportunities for all employees and recruiting according to business need, talent, and diversity. The directors endeavour to ensure the workplace is a positive environment, promoting and supporting the health and well-being of employees.

##### *Community and Charity*

The business supports employees through workplace giving and charity donation matching. The company also aligns charitable investment in line with its ESG priorities including the environment, is a supporter of The Woodland Trust and targets the local community, graduates, apprentices and trainees for recruitment.

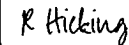
##### *Environment and sustainability*

Jigsaw24 is passionate about reducing the impact of the business on the environment and championing carbon reduction within the IT industry. The directors measure and take action to reduce the company's carbon footprint. In conjunction with the company's charitable investment via The Woodland Trust from June 2021, the business is endeavouring to achieve net zero carbon status for Scopes 1 and 2 for the next financial year.

**JIGSAW SYSTEMS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2022**

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

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**R F Hicking**  
Director

Date: 24 November 2022

## **JIGSAW SYSTEMS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2022**

The directors present their report and the financial statements for the year ended 31 May 2022.

#### **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 £4,348,000 (2021: £3,538,000).

Dividends of £3,000,000 (2021: £Nil) were paid during the year.

#### **Directors**

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

#### **Strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

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

Information regarding SECR can be found in the consolidated financial statements prepared by the ultimate parent company as detailed in note 24.



**JIGSAW SYSTEMS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2022**

**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.

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*R F Hicking*

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**R F Hicking**

Director

Date: 24 November 2022

## **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 2022, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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**

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.

## **JIGSAW SYSTEMS LIMITED**

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

#### **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.

#### **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.

#### **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.

## JIGSAW SYSTEMS LIMITED

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

#### 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 specific procedures for this engagement and the extent to which our procedures are capable of detecting irregularities, including fraud are detailed below.

Our assessment focused on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation. We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our experience of working with other clients in the same sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- reviewed and analysed discussion points within board meeting minutes.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias, in particular in relation to the carrying value of stocks and the recoverability of trade debtors;
- investigated the rationale behind significant or unusual transactions;
- reviewed management's basis for provisions including doubtful debt; and
- reviewed certain nominal codes for indication of any management override.

## JIGSAW SYSTEMS LIMITED

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and associated parties


Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 2022

## JIGSAW SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2022

	Note	2022 £000	2021 £000
<b>Turnover</b>	1.4,3	170,492	155,779
Cost of sales		(142,383)	(132,851)
<b>Gross profit</b>		28,109	22,928
Administrative expenses		(22,176)	(17,821)
Exceptional administrative expenses	4	(400)	(541)
<b>Total administrative expenses</b>	5	(22,576)	(18,362)
<b>Total operating profit</b>	5	5,533	4,566
Interest payable and similar expenses		(159)	(196)
<b>Profit on ordinary activities before taxation</b>		5,374	4,370
Taxation on profit on ordinary activities	9	(1,026)	(832)
<b>Profit for the financial year</b>		4,348	3,538
Retained earnings at the beginning of the year		14,314	10,776
Profit for the year		4,348	3,538
Dividends declared and paid		(3,000)	-
<b>Retained earnings at the end of the year</b>		15,662	14,314

There were no recognised gains and losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 13 to 28 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 MAY 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	11	476	485
Tangible assets	12	1,002	770
Investments	13	1	1
		<u>1,479</u>	<u>1,256</u>
<b>Current assets</b>			
Stocks	14	4,796	2,244
Debtors	15	44,033	47,338
Cash at bank and in hand		4,502	5,612
		<u>53,331</u>	<u>55,194</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(38,237)</u>	<u>(41,321)</u>
<b>Net current assets</b>		<u>15,094</u>	<u>13,873</u>
<b>Total assets less current liabilities</b>		<u>16,573</u>	<u>15,129</u>
<b>Provisions for liabilities</b>			
Deferred tax	17	<u>(161)</u>	<u>(65)</u>
<b>Net assets</b>		<u><u>16,412</u></u>	<u><u>15,064</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	750	750
Profit and loss account		15,662	14,314
<b>Shareholders' funds</b>		<u><u>16,412</u></u>	<u><u>15,064</u></u>

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

DocuSigned by:

*R Hicking*

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**R F Hicking**  
 Director

Date: 24 November 2022

The notes on pages 13 to 28 form part of these financial statements.

## **JIGSAW SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022**

#### **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 2022 (2021: year ended 31 May 2021).

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 Going concern**

The company is the principal trading entity of the Insanely Great Company Limited group. The company has reported another strong year of trading performance with EBITDA before exceptional items in excess of £6.6m (2021: £5.8m) and at the balance sheet date had Shareholders Funds in excess of £16.4m (2021: £15m). The company has continued to trade profitably after the year end.

The directors prepare detailed profit and cashflow forecasts for the company and wider group on a regular basis and are in regular dialogue with the group's private equity funders who have provided significant debt facilities to one of the company's parent entities. The forecasts show a continued ability for the company and wider group to meet its obligations as they fall due for a period of at least 12 months from the date of approving these financial statements.

On this basis the financial statements have been prepared on a going concern basis.

##### **1.3 Disclosure exemptions**

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a statement of cashflows and aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the group accounts of Insanely Great Company Limited. The group accounts of Insanely Great Company Limited are available to the public and can be obtained as set out in note 21.

The company has taken advantage of the FRS 102 Section 33.1A exemption from disclosing transactions with wholly owned group companies.



## JIGSAW SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

#### 1. Accounting policies (continued)

##### 1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and 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.

##### 1.5 Intangible assets

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

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

The estimated useful lives range as follows:

Software development	-	3	years
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## JIGSAW SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

#### 1. Accounting policies (continued)

##### 1.6 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.

##### 1.7 Operating leases

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

##### 1.8 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.

##### 1.9 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 2022**

#### **1. Accounting policies (continued)**

##### **1.10 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot rate of exchange at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in the period in which they arise.

##### **1.11 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a 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.

##### **1.12 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.

##### **1.13 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.

##### **1.14 Dividends**

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

## **JIGSAW SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022**

#### **1. Accounting policies (continued)**

##### **1.15 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.

##### **1.16 Current and deferred taxation**

The tax charge for the year is comprised 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.

##### **1.17 Research and development**

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

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

## **JIGSAW SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022**

#### **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 2022****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>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Sale of goods	157,645	145,462
Supply of services	12,847	10,317
	<u>170,492</u>	<u>155,779</u>

Analysis of turnover by country of destination:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	167,398	149,862
Rest of Europe	2,335	5,182
Rest of the world	759	735
	<u>170,492</u>	<u>155,779</u>

## JIGSAW SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**4. Exceptional items**

	2022 £000	2021 £000
Staff and redundancy costs	251	409
Legal and professional fees	64	39
Other	85	93
	<u>400</u>	<u>541</u>

**5. Operating profit**

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

	2022 £000	2021 £000
Depreciation of tangible fixed assets owned by the company	464	544
Amortisation of intangible assets	256	183
Profit on sale of tangible fixed assets	(75)	(12)
Operating lease rentals	546	452
Management fee payable to ultimate holding company	600	600
Foreign exchange differences	30	(79)
	<u>          </u>	<u>          </u>

**6. Auditor's remuneration**

	2022 £000	2021 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	28	26
Auditors' remuneration - non audit	6	5
	<u>          </u>	<u>          </u>

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022****7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	15,045	12,098
Social security costs	1,704	1,351
Cost of defined contribution scheme	473	424
	<u>17,222</u>	<u>13,873</u>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Selling and distribution	248	219
Administration	73	73
	<u>321</u>	<u>292</u>

**8. Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	411	-
Directors' pension costs	8	-
	<u>419</u>	<u>-</u>

During the year retirement benefits were accruing to 2 directors (2021: NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £205,000 (2021: £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000 (2021: £NIL).



## JIGSAW SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

## 9. Taxation

	2022 £000	2021 £000
<b>Corporation tax</b>		
Current tax on profits for the year	789	627
Adjustments in respect of previous periods	(5)	(14)
Group taxation relief	146	197
<b>Total current tax</b>	<u>930</u>	<u>810</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	118	35
Adjustment in respect of prior periods	(22)	(20)
Effect of tax rate change on opening balance	-	7
<b>Taxation on profit on ordinary activities</b>	<u>1,026</u>	<u>832</u>

## Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	<u>5,374</u>	<u>4,370</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	1,021	830
<b>Effects of:</b>		
Fixed asset differences	(30)	3
Expenses not deductible for tax purposes	14	13
Adjustments to tax charge in respect of prior periods	(5)	(14)
Adjustments to deferred tax charge in respect of prior periods	(22)	(20)
Adjustments to deferred tax rate	48	16
Other movements	-	4
<b>Total tax charge for the year</b>	<u>1,026</u>	<u>832</u>

## Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. The rate increase was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 May 2022 is 25% and deferred tax has been calculated using this rate.

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022****10. Dividends**

	<b>2022 £000</b>	<b>2021 £000</b>
Dividends paid	3,000	-

**11. Intangible assets**

	<b>Software Development £000</b>
<b>Cost</b>	
At 1 June 2021	1,273
Additions	247
At 31 May 2022	1,520
<b>Amortisation</b>	
At 1 June 2021	788
Charge for the year	256
At 31 May 2022	1,044
<b>Net book value</b>	
At 31 May 2022	476
At 31 May 2021	485

Intangible assets relate to capitalised software development expenditure, and are amortised on a straight line basis over their estimated useful life of 3 years.

## JIGSAW SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

## 12. Tangible fixed assets

	Short-term leasehold improvements £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 June 2021	1,175	249	498	1,437	3,359
Additions	179	-	87	458	724
Disposals	-	(177)	(17)	(58)	(252)
At 31 May 2022	1,354	72	568	1,837	3,831
<b>Depreciation</b>					
At 1 June 2021	873	182	451	1,083	2,589
Charge for the year	112	25	44	283	464
Disposals	-	(143)	(34)	(47)	(224)
At 31 May 2022	985	64	461	1,319	2,829
<b>Net book value</b>					
At 31 May 2022	369	8	107	518	1,002
At 31 May 2021	302	67	47	354	770

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022****13. Fixed asset investments**

**Investments in  
subsidiary  
companies  
£000**

**Cost and net book value**

At 1 June 2021 and 31 May 2022

1

**Subsidiary undertaking**

The following was a subsidiary undertaking of the company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Jigsaw24 Limited	United Kingdom	Dormant	Ordinary	100%

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

**14. Stocks**

	<b>2022 £000</b>	<b>2021 £000</b>
Finished goods and goods for resale	<u>4,796</u>	<u>2,244</u>

An impairment loss of £179,000 (2021: £106,000) 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 2022

## 15. Debtors

	2022 £000	2021 £000
Trade debtors	18,861	17,258
Amounts owed by group undertakings	23,113	28,511
Other debtors	2,059	1,569
	<u>44,033</u>	<u>47,338</u>

An impairment loss of £36,000 (2021: £36,000) was recognised in administrative expenses against trade debtors.

## 16. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Invoice discounting	-	783
Trade creditors	29,221	24,430
Amounts owed to group undertakings	-	5,927
Corporation tax	282	241
Other taxation and social security	1,742	2,765
Other creditors	47	79
Accruals and deferred income	6,945	7,096
	<u>38,237</u>	<u>41,321</u>

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

## 17. Deferred taxation

	2022 £000
At beginning of year	65
Charged to profit or loss	96
<b>At end of year</b>	<u><u>161</u></u>

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Origination and reversal of timing differences	<u>161</u>	<u>65</u>

**JIGSAW SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022****18. Share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
750,000 Ordinary shares of £1 each	750	750
	<u>750</u>	<u>750</u>

**19. 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 £2,106,000 (2021: £2,881,000).

**20. 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 £473,000 (2021: £424,000). Contributions totalling £76,000 (2021: £67,000) were payable to the fund at the balance sheet date and are included within creditors.

**21. Commitments under operating leases**

At 31 May 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	746	363
Later than 1 year and not later than 5 years	977	629
	<u>1,723</u>	<u>992</u>

**22. Related party transactions**

During the period the group paid a market rate rent and insurance to a company with common directors of £65,000 (2021: £65,000). These payments relate to property rental.

**23. Post balance sheet events**

Since the year end the company has suffered a bad debt of £720,000. The debt related to sales made after the year and therefore has no impact upon these financial statements. The appropriate provision will therefore be made within the 2023 accounts.

**JIGSAW SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

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

The immediate parent undertaking is Insanely Great 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.