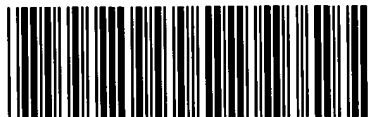


**J+S LIMITED**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2018**

WEDNESDAY



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30/01/2019  
COMPANIES HOUSE

Registered No. 03753462

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**For the year ended 30 April 2018**

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**J+S LIMITED**

**COMPANY INFORMATION**  
**For the year ended 30 April 2018**

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**DIRECTORS**

S J Hill  
A S Thomis  
S R Walther

**SECRETARY**

S Bilkhu

**REGISTERED OFFICE**

Riverside Road  
Pottington Business Park  
Barnstaple  
Devon  
EX31 1LY

**REGISTERED NUMBER**

03753462

**AUDITOR**

KPMG LLP  
Chartered Accountants  
66 Queen Square  
Bristol  
Avon  
BS1 4BE

**BUSINESS REVIEW**

The Company recorded an operating profit before exceptional items of £2.7m (2017: £2.6m) on turnover of £18.3m (2017: £16.9m).

Turnover for the year included export sales of £8.9m (2017: £7.1m).

***Defence***

Overall revenue in defence was £16.2m (2017: £15m). Weapons handling and launching equipment support activities continued at a stable level during the year. Torpedo Launch Systems (TLS) projects for both Malaysia and Thailand continued to progress during the year, and the Company continued to grow some of its other export activities in Low Profile Array. Overall order intake for defence was £11.2m (2017: £9.2m)

***Oil & Gas***

The Oil & Gas business faced challenging market conditions following the reduction in global oil prices, yet still achieved sales of £2.1m (2017: £1.9m).

***Future Developments***

On 1 July 2017, all of the employees of the Company were transferred to the parent company, Systems Engineering and Assessment Ltd, through TUPE arrangements. This was a key step in the process of integrating the two businesses, which was completed on 1 May 2018 when all the net assets of the company were transferred to its parent at net book value, along with the transfer or novation of all existing customer and supplier contracts. From this date, the Company has ceased to undertake any commercial activity and will not enter into any new contracts or agreements. (See Note 21 – Post Balance Sheet Event).

In respect of the underlying business, which continues as part of Systems Engineering and Assessment Limited, we believe that with a continuing strong order book of £18.6m (2017: £26.4m) and some key contracts currently in negotiation, we are well placed to continue our growth during the coming year. In addition there are significant complementary capabilities which will provide scope for offering a broader product and service offering to both UK and overseas customers.

**PRINCIPAL ACTIVITIES**

The Company's core business during the year was the design, manufacture and support of acoustic, electro-mechanical and data network systems for customers who require high integrity solutions for the maritime environment.

The Company provides bespoke engineered solutions, niche products and asset support services to the Naval Defence and Oil & Gas markets. These activities are expected to continue in the next financial year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Revenue**            The Company takes a prudent approach to the recognition of revenue. Any work done at risk (i.e. before contractual agreement) is minimal and controlled by management through authorisation at the appropriate level and regular review. The Company manages payment risk through informed choice of customer and effective control processes.

**Operations**        The primary operational risk is to maintain the appropriate level and skill of employees in order to deliver successfully to customers and maximise profitability. In order to do so, the level of utilisation of employees is reviewed regularly by management, both in terms of past performance and future tasks. The Company mitigates this risk by employing sub-contractors where appropriate in order that specific skills are contracted as needed; in order to maximise the effectiveness of this measure, the Company is active in maintaining a database of skilled sub-contractors. All sub-contractors are subject to checks both before and during delivery to ensure they are appropriately incorporated and delivering to a high standard.

The Company's contracts with customers are either priced based upon the level of resources expended or on a fixed-price basis. Both types of contracts are reviewed in detail on a regular basis; profit is taken in a prudent manner, reflecting risk and level of future costs expected.

**Treasury**           The Company takes a prudent approach to financial instruments, which is governed by Cohort plc group policy. During the year the Company held no financial instruments (2017: £nil).

With regard to cash flow, performance and future expectations are reviewed in detail on a regular basis to ensure that the business has maximised its working capital position and maintains adequate funds.

Further to the mitigating activities above, the Company maintains appropriate insurance cover in respect of legal actions against the directors as well as against material loss or claims against the Company and the adequacy of cover is reviewed regularly.

**KEY PERFORMANCE INDICATORS (KPIs)**

The Management Board of the Company monitors performance using the following KPIs.

<b>Indicator</b>	<b>Rationale</b>
Order Book	This is the level of contracted work not yet delivered to customers; therefore indicating future revenue. As commented above the order book was £18.6m at 30 April 2018 (2017: £26.4m). The reduction is due to delivery of some existing large export orders during the financial year. Current pipeline indicates some key opportunities to replenish the order book during the coming year.
Infill	The difference between the Order Book covering current year revenues and the budget/latest forecast. This allows management to assess the risk related to achieving planned results. This is an in-year tracking metric, which tends towards 100% as the year progresses.
Revenue	The level of work delivered to the customer from the Order Book. This is the key measure of operational activity in the business. Increase in revenue from £16.9m in 2017 to £18.3m in 2018 was largely due to growth in export defence contracts.
Gross margin	Revenue less those costs directly attributable to that activity, together with the resulting gross margin percentage. This measure enables management to assess the profitability of the business being delivered to customers. Gross margins reported at total company level were 32% (2017: 34%), broadly consistent year on year, with changes largely due to mix.
Utilisation	This measures the level to which employee activity is engaged in delivering work to customers. This allows management to manage employees in terms of both numbers and the skills held to optimise the Company's performance. Rolling utilisation recorded of 69% was in line with targets and consistent with prior years.

Approved by the Board of Directors on 24 January 2019 and signed by order of the Board.



S J Hill  
Director

## **J+S LIMITED**

### **REPORT OF THE DIRECTORS** **For the year ended 30 April 2018**

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The directors of J+S Limited (Registered Company Number 03753462) (the "Company") present their report and financial statements for the year ended 30 April 2018.

#### **RESULTS AND DIVIDENDS**

The profit before taxation for the year amounts to £2.7m (2017: £2.6m). There were no dividends paid during the year (2017: £nil).

#### **CONTRIBUTIONS**

During the year the Company made charitable donations of £148 (2017: £414). The Company made no political donations during the year (2017: £nil).

#### **EMPLOYEE INVOLVEMENT**

The Company organises staff communications through its intranets, in-house magazines, staff bulletins and presentations. In addition, regular staff meetings are held and notices are published containing information about matters of interest within Company.

Key persons within the business are incentivised by performance related bonuses, primarily based upon Company performance but also achievement of personal objectives.

#### **DISABLED PERSONS**

The policy of the Company is to offer the same opportunities to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out their required duties. Employees who become disabled will, wherever possible, be retained, rehabilitated and, where necessary, retrained.

#### **RESEARCH AND DEVELOPMENT**

During the year the Company incurred and expensed £0.3m research and development costs (2017: £0.5m).

#### **DIRECTORS**

The directors who have served during the year and since the year end are as follows:

S J Hill  
A S Thomis  
S R Walther

**REPORT OF THE DIRECTORS cont.  
For the year ended 30 April 2018**

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**STATEMENT IN RESPECT OF INFORMATION PROVIDED TO THE AUDITOR**

So far as each of the directors in office at the time this report is approved are aware:

- i. There is no relevant information of which the auditor is unaware; and
- ii. They have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**OTHER INFORMATION**

An indication of likely future developments in the business and particulars of significant events (if applicable) which have occurred since the end of the financial year have been included in the Strategic Report (pages 2-4).

**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors on 24 January 2019 and signed by order of the Board.



S J Hill  
Director

Riverside Road  
Pottington Business Park  
Barnstaple  
Devon  
EX31 1LY



**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**For the year ended 30 April 2018**

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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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J+S LIMITED**

### **For the year ended 30 April 2018**

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#### **Opinion**

We have audited the financial statements of J+S Limited for the year ended 30 April 2018 which comprise the profit and loss account, statement of financial position, statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2018 and of its profit for the year then ended,
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **The impact of uncertainties due to Britain exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such revenue recognition on fixed price contracts and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessment of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J+S LIMITED**  
**For the year ended 30 April 2018**

---

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

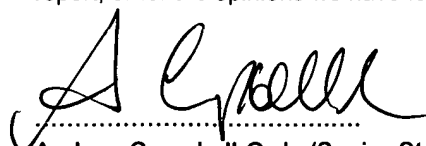
**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

- 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.



**Andrew Campbell-Orde (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE

29 January 2019

**J+S LIMITED****PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 April 2018**

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	Notes	2018 £000	2017 £000
<b>REVENUE</b>	2	<b>18,288</b>	16,898
Cost of sales		<u>(12,400)</u>	<u>(11,149)</u>
<b>GROSS PROFIT</b>		<b>5,888</b>	5,749
Administrative expenses		<u>(3,216)</u>	<u>(3,195)</u>
<b>OPERATING PROFIT</b>		<b>2,672</b>	2,554
Interest receivable		3	
Interest payable and similar expenses	6	<u>(2)</u>	<u>(2)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>2,673</b>	2,552
Tax on profit	7	<u>(425)</u>	<u>(231)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>2,248</b>	2,321

There was no other comprehensive income in either year

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

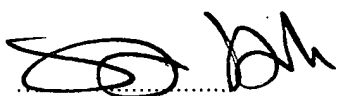
**J+S LIMITED****STATEMENT OF FINANCIAL POSITION**  
**For the year ended 30 April 2018**

	Notes	2018 £000	2017 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,136	1,018
Investments	9	-	-
<b>CURRENT ASSETS</b>			
Stocks	10	5,338	6,591
Debtors	11	7,205	7,145
Cash at bank and in hand		2,688	-
		<u>15,231</u>	<u>13,736</u>
<b>Creditors:</b> amounts falling due within one year	13	(9,600)	(10,231)
<b>NET CURRENT ASSETS</b>		<u>5,631</u>	<u>3,505</u>
<b>Total assets less current liabilities</b>		<b>6,767</b>	<b>4,523</b>
Creditors: amounts falling due after one year	14	-	(4)
<b>NET ASSETS</b>		<u><b>6,767</b></u>	<u><b>4,519</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	182	182
Share premium account	16	714	714
Capital redemption	16	236	236
Profit and loss account	16	5,635	3,387
<b>SHAREHOLDERS' FUNDS</b>		<u><b>6,767</b></u>	<u><b>4,519</b></u>

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

These financial statements were approved by the Board of Directors on 24 January 2019.

Signed on behalf of the Board of Directors



S J Hill  
Director  
(Company No. 03753462)

**J+S LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 April 2018**

	Called up share capital £000	Share premium account £000	Capital redemption £000	Profit and loss account £000	Total equity £000
At 1 May 2016	182	714	236	1,066	2,198
Total comprehensive income for the period	-	-	-	2,321	2,321
Transactions with owners, recorded directly in equity:					
Dividends paid	-	-	-	-	-
<b>At 1 May 2017</b>	<b>182</b>	<b>714</b>	<b>236</b>	<b>3,387</b>	<b>4,519</b>
Total comprehensive income for the period	-	-	-	2,248	2,248
Transactions with owners, recorded directly in equity:					
Dividends paid	-	-	-	-	-
<b>At 30 April 2018</b>	<b>182</b>	<b>714</b>	<b>236</b>	<b>5,635</b>	<b>6,767</b>

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

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

---

**1. ACCOUNTING POLICIES**

J+S Limited (the "Company") is a private company limited by shares registered, incorporated and domiciled in England in the UK. The company's registered address is:

Riverside Road  
Pottington Business Park  
Barnstaple  
Devon  
EX31 1LY

The Company is a wholly owned subsidiary of Cohort plc (the ultimate parent), incorporated in the United Kingdom. Under Section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements on the grounds that it is itself consolidated, together with its Group undertakings, into the financial statements of Cohort plc, which are publicly available (see below). These financial statements therefore present information about the Company as an individual undertaking and not as a Group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2016 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Cohort plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Cohort plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Cohort plc, 2 Waterside Drive, Arlington Business Park, Theale, Reading RG7 4SW.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

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**1. ACCOUNTING POLICIES (Cont'd)**

As the consolidated financial statements of Cohort plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

***Revenue recognition on fixed-price contracts***

The judgement applied in recognising revenue on a fixed-price contract is made by reference to the cost incurred, including contingency for risk and the demonstrable progress made on delivering key stages (often referred to as milestones) of the contract. The Company uses best estimates in applying this judgement and where uncertainty of progress on a stage exists, revenue is not recognised for that stage.

***Cost contingency on fixed-price contracts***

In addition to the judgement applied to revenue recognition, the cost of delivering a contract to a particular stage represents the actual costs incurred and committed, plus an estimate of cost contingency for risk still present in the contract at that stage. This cost contingency takes account of the stage that the contract has reached and any judgement and uncertainty remaining to deliver the remainder of the contract. It is usual for these cost contingencies to reduce as the contract progresses and risk and uncertainty reduces.

***Provisions***

The Group makes estimates of provisions for existing commitments arising from past events. In estimating these provisions, the Group makes judgements as to the quantity and likelihood of the liability arising. Certain provisions require more judgement than others. In particular, warranty provisions and contract loss provisions have to take account of future outcomes arising from past deliveries of products and services. In estimating these provisions, the Group makes use of management experience, precedents and specific contract and customer issues



**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

---

**1. ACCOUNTING POLICIES (Cont'd)**

**Measurement convention**

The financial statements are prepared on the historical cost basis.

**Going concern**

On the basis of the banking facilities available to the Company and its ultimate parent company, Cohort plc, the directors consider that the Company has adequate resources to continue in existence for the foreseeable future. This takes into account the £19.8m of net funds of the consolidated Cohort plc Group as disclosed in the Group Financial Statements, as well as the £3.0m overdraft facility and other ancillary financing facilities which are available should it be required. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

**Revenue**

Revenue is recognised at the fair value of the consideration received or receivable for the provision of goods and services, excluding discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

The Company applies either IAS 11 'Construction Contracts' or IAS 18 'Revenue' to account for revenue depending on the nature of the arrangement with the customer. The Company's arrangements fall into three main categories:

**1. Time hire**

Revenue is recognised in accordance with IAS 18 when the services are provided, i.e. when the employees undertake the work.

**2. Managed services**

In managed services, revenue is generally a fixed price for the provision of specific ongoing defined services (not the construction of an asset) over an agreed period. These services include the provision of technical engineering support, maintaining help desks and consultancy. Where the services comprise an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the period that the services are provided. Where the services comprise one or more significant acts, revenue is recognised as each act is completed.

**3. System design and delivery**

These contracts are typically for assisting in building complex custom designed assets or services which are usually components for use in larger customer owned assets or service provisions. These contracts are accounted for under IAS 11. The Company's contracts of this nature are generally fixed-price and without "stand alone" values for each element as the contracts are negotiated and ultimately delivered/accepted as a single package.

In these contracts the revenue is recognised using the "percentage of completion" method in IAS 11.

In almost all cases the percentage of completion is based on input measures (i.e. costs incurred as a proportion of estimated total costs). In some cases, an output measure based on surveys of work performed may be used where these are available and measure reliably the work performed.

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

---

**1. ACCOUNTING POLICIES (Cont'd)**

Costs are expensed as incurred in respect of all contracts unless they relate to goods yet to be delivered, services related to a significant act that has yet to be completed or future activities on a contract accounted for under IAS 11 in which case they are recorded as an asset (either inventory or amounts recoverable on contract).

In some cases, Company contracts can be divided into multiple elements with stand alone values using either the principle in IAS 18.13 or the following criteria based on IAS 11.7–10:

- separate proposal for each element;
- each element was subject to separate negotiations; and
- costs and revenues for each element can be identified.

Where separate elements are identified, each is treated as one of the four revenue types described above.

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Leasehold land and buildings	: 3 -10 years
Plant and machinery	: 3 -10 years
Motor vehicles	: 4 years
Fixtures and fittings	: 3 -10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**Stocks (including work in progress)**

Stock is valued at the lower of cost and net realisable value.

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between reported turnover and related costs for that contract. This accords with the Group policy of adhering to IAS 11 'Construction Contracts' and IAS 18 'Revenue'.

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

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**1. ACCOUNTING POLICIES (Cont'd)**

Full provision is made for losses on all contracts in the period in which the loss is first foreseen.

**Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Revenue is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which revenue exceeds payments on account is classified as "amounts recoverable on contracts" and included within trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included as an advance receipt within trade and other payables. The amount of long-term contracts, at cost net of amounts transferred to cost of sales, costs incurred plus recognised profits, less provision for foreseeable losses and payments on account not matched with revenue, is included within trade and other receivables as "amounts recoverable on contracts".

**Trade and other creditors**

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Investments in debt and equity securities**

Investments in subsidiaries are carried at cost less impairment.

**Derivative financial instruments**

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

**Impairment excluding stocks and deferred tax assets**

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

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**1. ACCOUNTING POLICIES (Cont'd)**

*Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. In respect of specific types of provisions the policy is as follows:

***Warranty***

***Other contract related provisions including contract loss provisions***

These include the following:

The Company undertakes a number of contracts where contractual and/or third-party obligations arise as a result of delivering the contract. This provision includes amounts for losses on contracts which are recognised in full immediately that it is probable that total contracts costs will exceed total contract revenue. In some cases, after a product has been delivered and revenue has been recognised, the Company receives claims from customers in respect of work done. Where the amount required to settle the claim is uncertain or the

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

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Company disputes the amount of the claim, provision is made for the best estimate of the amount that will be required to settle the claim.

Where the expected cost at completion of a current contract exceeds the sum of the contracted revenue and any probable revenue, then the amount of that excess (the estimated contract loss) is immediately provided for in full. Such contract loss provisions are reviewed on a regular basis to determine whether the provision is still adequate or excessive. Contract loss provisions and subsequent adjustments to them are charged as cost of sales in the income statement.

Where such an obligation relates to a discontinued operation then the charge will be disclosed as an exceptional item.

**Foreign currencies**

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency), which is currently sterling.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**Expenses**

*Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

*Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

*Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018****1. ACCOUNTING POLICIES (Cont'd)****Research and development**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

*Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

**2. Revenue**

The Company is located in the UK. The revenue by geographical location of the customer is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>9,354</b>	9,751
USA	<b>1,209</b>	565
Europe and rest of the world	<b>7,725</b>	6,582
	<b>18,288</b>	16,898

Turnover, which is stated net of value added tax, represents the value of work undertaken on contracts and projects. Turnover is attributable to one continuing activity, the design, manufacture and support of acoustic, electro-mechanical and data network systems.

**3. Employee information**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>916</b>	5,625
Social security costs	<b>94</b>	589
Other pension costs	<b>44</b>	259
	<b>1,054</b>	6,473

**J+S LIMITED****NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

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

By activity	<b>2018</b> <b>Number</b>	<b>2017</b> <b>Number</b>
Production staff	<b>18</b>	48
Administration staff	<b>8</b>	105
	<b>26</b>	<b>153</b>

As explained in note 21, with effect from 1 July 2017, all employees were transferred to the Company's immediate parent, Systems Engineering & Assessment Limited through TUPE arrangements.

**4. Directors' remuneration**

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Directors' remuneration	<b>43</b>	41
	<b>43</b>	<b>41</b>

The above directors' remuneration was borne by another entity within the Group.

**NOTES TO THE ACCOUNTS**

**For the year ended 30 April 2018**

**5. Expenses and auditors remuneration**

Included in profit are the following:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Operating lease rentals	<b>514</b>	498
Depreciation – owned assets	<b>317</b>	364
Depreciation – leased assets	-	3
Research and development	<b>264</b>	505
<i>Auditor's remuneration:</i>		
Audit of these financial statements	<b>35</b>	29

**6. Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Finance charges payable under finance lease and hire purchase arrangements	<b>2</b>	2
	<b>2</b>	2

**7. Taxation**

Recognised in the profit and loss account:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>UK corporation tax:</b>		
Current tax on income for the period	<b>447</b>	528
Adjustments in respect of prior periods	<b>(55)</b>	(277)
Total current tax	<b>392</b>	251
<b>Deferred tax (see note 12)</b>		
Origination and reversal of temporary differences	<b>33</b>	(20)
Total deferred tax	<b>33</b>	(20)
Tax on profit	<b>425</b>	231



**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

**7. Taxation (Cont'd)**

Reconciliation of effective tax rate:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Profit for the year	<b>2,248</b>	2,321
Total tax charge	<b>425</b>	231
Profit before taxation	<b>2,673</b>	2,552
Tax using the UK corporation tax rate of 19.0% (2017: 19.92%)	<b>508</b>	508
Effect of Capital Allowances in excess of depreciation	<b>(29)</b>	(7)
Effect of other short term timing differences	<b>(5)</b>	4
Effect of disallowed items for tax purposes	<b>6</b>	3
Adjustments in respect of prior periods	<b>(55)</b>	(277)
Total tax expense	<b>425</b>	231

The actual tax charge is at an effective tax rate of 15.9% (2017: 9.1%) of profit before tax.

The rate of UK corporation tax from 1 April 2016 was 20%. This rate has fallen to 19% from 1 April 2017 and will fall to 17% from 1 April 2020.

The deferred tax asset at 30 April 2018 has been calculated based on the rates highlighted above as applicable to the specific item underlying the deferred tax asset or liability. These rates have been substantively enacted as at 30 April 2018.

**J+S LIMITED**
**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**
**8. Tangible fixed assets**

	<b>Assets under construction £000</b>	<b>Leasehold land &amp; buildings £000</b>	<b>Plant &amp; machinery £000</b>	<b>Motor vehicles £000</b>	<b>Fixtures &amp; fittings £000</b>	<b>Total £000</b>
<b>COST</b>						
At 30 April 2017	29	1,827	975	123	1,812	4,766
Additions	-	-	439	-	-	439
Disposals	-	-	-	(40)	-	(40)
<b>At 30 April 2018</b>	<b>29</b>	<b>1,827</b>	<b>1,414</b>	<b>83</b>	<b>1,812</b>	<b>5,165</b>
<b>DEPRECIATION</b>						
At 1 May 2017	-	1,105	905	104	1,634	3,748
Charge for the year	-	122	40	9	147	318
Disposals	-	-	-	(37)	-	(37)
<b>At 30 April 2018</b>	<b>-</b>	<b>1,227</b>	<b>945</b>	<b>76</b>	<b>1,781</b>	<b>4,029</b>
<b>NET BOOK VALUE</b>						
<b>At 30 April 2018</b>	<b>29</b>	<b>600</b>	<b>469</b>	<b>7</b>	<b>31</b>	<b>1,136</b>
At 10 April 2017	29	722	70	19	178	1,018

Included within fixed assets is net book value of £1,000 (2017: £9,000) relating to assets held under finance leases.

**9. Investments**

The Company has the following investments in subsidiaries and jointly controlled entities:

	<b>Registered office address</b>	<b>Class of shares held</b>	<b>Ownership 2018 %</b>	<b>2017 %</b>
8963665 Canada Inc	2500-1100 René- Lévesque Blvd., West Montréal QC H3B 5C9, Canada	Ordinary	100	100
JSK Naval Support Inc*	193 Brunswick Boulevard, Pointe- Claire QC H9R 5N2, Canada	Ordinary	50	50

\* indirect holding via 8963665 Canada Inc

**J+S LIMITED****NOTES TO THE ACCOUNTS****For the year ended 30 April 2018****10. Stocks**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Raw materials	<b>4,150</b>	2,719
Work in progress	<b>1,188</b>	3,872
	<b>5,338</b>	6,591

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

The stock value is net of provisions of £439,000 (2017: £687,000).

The total expense recognised in the profit and loss account in the year in respect of stock was £3,720,000 (2017: £3,345,000).

**11. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	<b>1,995</b>	3,790
Deferred tax (note 12)	<b>45</b>	78
Corporation tax	<b>55</b>	330
Prepayments and other debtors	<b>5110</b>	2,947
	<b>7,205</b>	7,145

**12. Deferred tax**

	Tangible fixed assets £000	Other £000	Total £000
At 30 April 2016	54	4	58
Recognised in income	24	(4)	20
Recognised in equity	-	-	-
At 30 April 2017	78	-	78
Recognised in income	(38)	5	(33)
Recognised in equity	-	-	-
At 30 April 2018	40	5	45

Certain deferred tax assets and liabilities have been offset where the Company has a legally enforceable right to do so. The following is the analysis of deferred tax balances (after offset) for financial reporting purposes:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Deferred tax asset	<b>45</b>	78
Deferred tax liability	-	-
	<b>45</b>	78

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

**13. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>1,388</b>	3,245
Amounts owed to fellow subsidiary undertakings	<b>155</b>	3,155
Other taxation and social security cost	<b>381</b>	338
Corporation tax	<b>247</b>	-
Finance leases	<b>6</b>	5
Bank overdraft	-	2,801
Provisions for liabilities	<b>162</b>	230
Accruals and deferred income	<b>7,261</b>	457
	<b>9,600</b>	10,231

**14. Creditors: amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Finance leases	-	4

**15. Called up share capital**

	Number	Class	Nominal	<b>2018</b>	<b>2017</b>
				<b>£000</b>	<b>£000</b>
Allotted, issued and fully paid	128,748	A	£1	<b>129</b>	129
		ordinary			
Allotted, issued and fully paid	53,500	C	£1	<b>53</b>	53
		ordinary			
				<b>182</b>	182

The 'C' ordinary shares do not carry voting rights but otherwise rank pari passu with the 'A' ordinary shares.

**16. Reserves**

Below is a description of the nature and purpose of the individual reserves:

- Share capital represents the nominal value of shares issued.
- Share premium account includes the amounts over the nominal value in respect of share issues. In addition, costs in respect of share issues are debited to this account.
- Capital redemption reserve relates to a redemption of capital.
- Profit and loss account is the returned earnings of the Company from realised gains and losses.

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

**17. Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Land and buildings:		
- less than one year	<b>489</b>	490
- between one and five years	<b>961</b>	1,474
- more than five years	-	-
	<b>1,450</b>	<b>1,964</b>

**18. Contingent liabilities and guarantees**

The Company, as part of Cohort plc's group banking and offset arrangements, is also a guarantor for £27,838,000 (2017: £23,520,000) of bank borrowings and overdraft drawn by its parent, along with a further £1,920,000 (2017: £420,000) in respect of bank guarantees drawn by fellow subsidiary undertakings.

As at the balance sheet date the Company is also a guarantor of £1,874,000 (2017: £117,000) in respect of bank guarantees expiring during 2017/18.

**19. Employee benefits***Defined contribution plans*

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £44,000 (2017: £259,000).

**20. Provisions**

Provisions have been calculated based on known circumstance and it is anticipated that all provisioning will be consumed in full within one accounting year.

	Bad Debt Provision	Project Loss Provision	Total
	£000	£000	£000
At 30 April 2017	7	230	237
Provisions made during the year	30	162	192
Provisions used during the year	-	(230)	(230)
<b>At 30 April 2018</b>	<b>37</b>	<b>162</b>	<b>199</b>

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 April 2018**

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**21. Post Balance Sheet Event**

As commented in the Strategic Report above, on 1 May 2018, the commercial activities and assets of J+S Limited were transferred to its immediate parent, Systems Engineering & Assessment Ltd. This included the transfer of the employees of the Company to its parent through TUPE arrangements.

**22. Ultimate parent company**

The Company is a subsidiary of Systems Engineering and Assessment Ltd, whose registered office address is Beckington Castle, 17 Castle Corner, Beckington, Frome, BA11 6TA. The ultimate parent company is Cohort plc. The registered office address of Cohort plc is 1 Waterside Drive, Arlington Business Park, Theale, Reading, RG7 4SW.

The largest and smallest group in which the results of the Company are consolidated is that headed by Cohort plc. The consolidated financial statements of the group are available to the public and may be obtained from the address above.