

J&A (INTERNATIONAL) HOLDINGS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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J&A (INTERNATIONAL) HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

C J Fry
R Carr

SECRETARY:

P J Law

REGISTERED OFFICE:

Insignia House
Vale Road
Spilsby
Lincolnshire
PE23 5HE

REGISTERED NUMBER:

10593202 (England and Wales)

SENIOR STATUTORY AUDITOR:

Timothy Godson FCA

AUDITORS:

Duncan & Toplis Limited, Statutory Auditor
4 Henley Way
Doddington Road
Lincoln
Lincolnshire
LN6 3QR

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report of the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

Turnover in the principal subsidiary J&A (International) Limited has increased during the year. New business levels have been sustained by the company's reputation.

The group traded very well during the year, increasing sales by 3% compared to the previous trading year of 2018.

Administrative expenses increased by 2% compared to the previous year with staff numbers having increased to assist the group with its expansion and with overseas sales growth.

The group is committed to pursuing responsible and social practices as set out by its Environment & Quality report which highlights the group's efforts to meet the following criteria:

- Comply with legal requirements
- Continual improvement, development and review
- Minimise emissions, waste and use of raw materials and energy
- Ensure wherever possible, waste products are reusable or able to be disposed of in an environmentally responsible manner
- Prioritise health, safety and environmental measures.

Due to the world Covid 19 pandemic, the directors decided to close the group's offices and production from the 3rd April 2020 and they re-opened in accordance with government guidelines and with strict social distancing policies on 11th May 2020.

Trading had become increasingly difficult as supplies became restricted and the directors have a desire and duty to protect staff and their families and play their part in fighting this threat.

This decision was a difficult one to make, however, the directors believe it is the correct one and doing it in a sensible, controlled and managed way is the correct approach for all their customers and staff alike.

The Directors consider that the longer term effects of the pandemic are manageable for the business and that there are sufficient assets to maintain the business during an extended period of lockdown.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

The group is affected by a number of factors, the principal ones of which are:

- The group is exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact on the group's bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures in the customer or supplier base, or increases in financing costs, and in the cost of utilities, raw materials and finished products. Such developments might increase operating costs, reduce revenues, lower asset values or result in the business being unable to meet in full its strategic objectives.
- The group operates in a competitive market, and failure to compete effectively in terms of price, product specification or levels of service can have an adverse effect on demand and / or margins.

The group mitigates risk in several ways:

- The group has in place an organisational structure with clearly defined lines of responsibility and delegation of authority. There are established policies and procedures for the setting of corporate strategies; financial planning and budgeting for risk management; for information and reporting systems; for systems of operational and financial internal control; and for monitoring operations and performance.
- Management and staff at all levels work closely with customers and suppliers to operate as effectively and efficiently as possible, whilst maintaining long term working relationships, innovation and good lines of communication.
- The group operates a recruitment and selection process to ensure employees are experienced and competent in their work. The workforce is trained to be alert, responsive to customer needs, and to operate in line with the group corporate objectives.

FINANCIAL KEY PERFORMANCE INDICATORS

The key financial performance indicators used by the group are turnover, gross profit and operating profit. The primary balance sheet indicators are solvency and the working capital position.

FUTURE DEVELOPMENTS

The group is proactive and focuses on reinvesting in new, state of the art equipment to continue its growth and to hold its competitive advantage.

The group remains a responsive, innovative and flexible operator with a highly motivated and well trained workforce, and is operating successfully.

The directors continue to grow the group in the UK and overseas to ensure a robust and strong business, and look forward to the future growth of the group with optimism.

PENSIONS

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

RESEARCH & DEVELOPMENT

In-house research and development activity ensures the group remains at the forefront of printing technology.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

OVERSEAS OPERATIONS

The group actively develops relationships with customers to help grow export activity from within the UK. During the year it has focused greater attention and staff in this area.

ON BEHALF OF THE BOARD:

C J Fry - Director

27 May 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

DIVIDENDS

An interim dividend of £5.27777 per share on the Ordinary A 50p shares was paid on 10 April 2019. The directors recommend that no final dividend be paid on these shares.

An interim dividend of £5.27777 per share on the Ordinary B 50p shares was paid on 10 April 2019. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the period ended 31 December 2019 will be £950,000.

RESEARCH AND DEVELOPMENT

The group is committed to a policy of continuing research and development. During the year research and development expenditure totalled £95,496 (2018: £96,178).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

C J Fry
R Carr

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

C J Fry - Director

27 May 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF J&A (INTERNATIONAL) HOLDINGS LIMITED

Opinion

We have audited the financial statements of J&A (International) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, 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 group's and of the parent company affairs as at 31 December 2019 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF J&A (INTERNATIONAL) HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Timothy Godson FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
4 Henley Way
Doddington Road
Lincoln
Lincolnshire
LN6 3QR

27 May 2020

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
TURNOVER	3	13,662,406	13,297,985
Cost of sales		<u>5,955,632</u>	<u>5,779,238</u>
GROSS PROFIT		7,706,774	7,518,747
Administrative expenses		<u>7,085,193</u>	<u>7,066,622</u>
		621,581	452,125
Other operating income		<u>-</u>	<u>20,400</u>
OPERATING PROFIT	5	621,581	472,525
Profit/loss on sale of tangible fixed assets	6	<u>-</u>	<u>64,497</u>
		621,581	537,022
Interest receivable and similar income		<u>11,777</u>	<u>9,818</u>
PROFIT BEFORE TAXATION		633,358	546,840
Tax on profit	7	<u>503,566</u>	<u>469,037</u>
PROFIT FOR THE FINANCIAL YEAR		<u>129,792</u>	<u>77,803</u>
Profit attributable to:			
Owners of the parent		<u>129,792</u>	<u>77,803</u>

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		129,792	77,803
OTHER COMPREHENSIVE INCOME			
Translation difference		(11,619)	(9,083)
Issue of ordinary share capital stated at fair value			
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(11,619)</u>	<u>(9,083)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>118,173</u>	<u>68,720</u>
Total comprehensive income attributable to: Owners of the parent		<u>118,173</u>	<u>68,720</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	10		14,348,546		16,398,338
Tangible assets	11		4,025,144		3,861,954
Investments	12		-		-
			<u>18,373,690</u>		<u>20,260,292</u>
CURRENT ASSETS					
Stocks	13	1,251,783		1,190,952	
Debtors	14	1,844,949		1,829,397	
Cash at bank		<u>7,019,425</u>		<u>6,000,293</u>	
		10,116,157		9,020,642	
CREDITORS					
Amounts falling due within one year	15	<u>1,427,451</u>		<u>1,443,389</u>	
NET CURRENT ASSETS			8,688,706		7,577,253
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>27,062,396</u>		<u>27,837,545</u>
PROVISIONS FOR LIABILITIES	16		101,015		44,337
NET ASSETS			<u>26,961,381</u>		<u>27,793,208</u>
CAPITAL AND RESERVES					
Called up share capital	17		90,000		90,000
Other reserves	18		29,555,000		29,555,000
Retained earnings	18		<u>(2,683,619)</u>		<u>(1,851,792)</u>
SHAREHOLDERS' FUNDS			<u>26,961,381</u>		<u>27,793,208</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 27 May 2020 and were signed on its behalf by:

C J Fry - Director

**COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		29,645,000		29,645,000
			<u>29,645,000</u>		<u>29,645,000</u>
CURRENT ASSETS					
Cash at bank		2,309,231		1,215,385	
CREDITORS					
Amounts falling due within one year	15	<u>219,231</u>		<u>175,385</u>	
NET CURRENT ASSETS			<u>2,090,000</u>		<u>1,040,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>31,735,000</u></u>		<u><u>30,685,000</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		90,000		90,000
Other reserves			29,555,000		29,555,000
Retained earnings			<u>2,090,000</u>		<u>1,040,000</u>
SHAREHOLDERS' FUNDS			<u><u>31,735,000</u></u>		<u><u>30,685,000</u></u>
Company's profit for the financial year			<u><u>2,000,000</u></u>		<u><u>-</u></u>

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

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 27 May 2020 and were signed on its behalf by:

C J Fry - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 January 2018	90,000	(960,512)	29,555,000	28,684,488
Changes in equity				
Dividends	-	(960,000)	-	(960,000)
Total comprehensive income	-	68,720	-	68,720
Balance at 31 December 2018	90,000	(1,851,792)	29,555,000	27,793,208
Changes in equity				
Dividends	-	(950,000)	-	(950,000)
Total comprehensive income	-	118,173	-	118,173
Balance at 31 December 2019	90,000	(2,683,619)	29,555,000	26,961,381

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 January 2018	90,000	2,000,000	29,555,000	31,645,000
Changes in equity				
Dividends	-	(960,000)	-	(960,000)
Balance at 31 December 2018	90,000	1,040,000	29,555,000	30,685,000
Changes in equity				
Dividends	-	(950,000)	-	(950,000)
Total comprehensive income	-	2,000,000	-	2,000,000
Balance at 31 December 2019	90,000	2,090,000	29,555,000	31,735,000

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	3,350,641	3,290,616
Tax paid		<u>(554,245)</u>	<u>(582,012)</u>
Net cash from operating activities		<u>2,796,396</u>	<u>2,708,604</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(915,890)	(2,039,393)
Sale of tangible fixed assets		50,883	250,724
Grant income		-	20,400
Impairment of goodwill		-	300,000
Interest received		<u>11,777</u>	<u>9,818</u>
Net cash from investing activities		<u>(853,230)</u>	<u>(1,458,451)</u>
Cash flows from financing activities			
Amount introduced by directors		588,577	450,089
Amount withdrawn by directors		(562,611)	(435,055)
Equity dividends paid		<u>(950,000)</u>	<u>(960,000)</u>
Net cash from financing activities		<u>(924,034)</u>	<u>(944,966)</u>
Increase in cash and cash equivalents		<u>1,019,132</u>	<u>305,187</u>
Cash and cash equivalents at beginning of year	2	6,000,293	5,695,106
Cash and cash equivalents at end of year	2	<u>7,019,425</u>	<u>6,000,293</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit before taxation	633,358	546,840
Depreciation charges	2,792,464	2,729,478
Profit on disposal of fixed assets	(40,855)	(28,535)
Foreign exchange translation	(11,619)	(10,259)
Government grants	-	(20,400)
Finance income	(11,777)	(9,818)
	<u>3,361,571</u>	<u>3,207,306</u>
Increase in stocks	(60,831)	(269,024)
(Increase)/decrease in trade and other debtors	(15,552)	270,600
Increase in trade and other creditors	65,453	81,734
Cash generated from operations	<u><u>3,350,641</u></u>	<u><u>3,290,616</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31.12.19 £	1.1.19 £
Cash and cash equivalents	<u>7,019,425</u>	<u>6,000,293</u>

Year ended 31 December 2018

	31.12.18 £	1.1.18 £
Cash and cash equivalents	<u>6,000,293</u>	<u>5,695,106</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank	<u>6,000,293</u>	<u>1,019,132</u>	<u>7,019,425</u>
	<u>6,000,293</u>	<u>1,019,132</u>	<u>7,019,425</u>
Total	<u><u>6,000,293</u></u>	<u><u>1,019,132</u></u>	<u><u>7,019,425</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATUTORY INFORMATION

J&A (International) Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of J&A (International) Holdings Limited and the entities it controls (its subsidiaries) drawn up to 31 December each year. Control comprises the power to govern the financial and operating policies of the investee via control of the issued share capital of those companies.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries acquired during the year are consolidated under the acquisition method of accounting, whereby underlying assets and liabilities, and the consideration paid, are recorded at their fair values. The premium of the fair value of consideration paid over the fair value of net assets acquired is presented as consolidation goodwill.

Intercompany balances and transactions, including unrealised profits arising from intragroup transactions, have been eliminated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and are covered within the accounting policies:

(i) The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and accounting policy note for the usual economic lives of each class of assets.

(ii) When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the stock and associated provision.

(iii) The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

(iv) The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note nineteen for the disclosures relating to the defined contribution pension scheme.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects.

Turnover

Turnover represents amounts charged to customers for goods and services provided during the year, excluding value added tax and trade discounts. Sales are recognised upon delivery to the customer, or upon collection by the customer.

In the opinion of the directors the United Kingdom and European markets do not differ substantially from each other and have therefore been treated as one.

Goodwill

Previously acquired goodwill has now been fully amortised.

Goodwill arising on consolidation has been capitalised and amortised over a period of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of nil years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- at varying rates on cost
Plant and machinery	- at varying rates on cost
Fixtures and fittings	- 33% on cost, 25% on cost and 20% on cost
Motor vehicles	- 40% on cost and 25% on cost

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each financial position date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the income statement unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Transactions expressed in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the period end reporting date.

All differences are taken to the income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The group operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Provisions

Provisions are recognised when the group has an obligation at the financial position date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Financial instruments

The group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitute a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3. TURNOVER

In the opinion of the directors the United Kingdom and European markets do not differ substantially from each other and have therefore been treated as one.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

4. EMPLOYEES AND DIRECTORS

	2019	2018
£		
Wages and salaries	3,532,967	3,511,587
Social security costs	286,702	281,293
Other pension costs	<u>176,344</u>	<u>177,671</u>
	<u>3,996,013</u>	<u>3,970,551</u>

The average number of employees during the period was as follows:

Manufacturing	93	91
Administration	48	47
Sales and distribution	<u>5</u>	<u>5</u>
	<u>146</u>	<u>143</u>

	2019	2018
£		
Directors' remuneration	478,444	473,031
Directors' pension contributions to money purchase schemes	<u>39,116</u>	<u>51,213</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2019	2018
£		
Emoluments etc	91,620	90,948
Pension contributions to money purchase schemes	<u>11,561</u>	<u>11,380</u>

5. OPERATING PROFIT

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

	2019	2018
£		
Depreciation - owned assets	742,672	679,686
Profit on disposal of fixed assets	(40,855)	(28,535)
Goodwill amortisation	2,049,792	2,049,792
Auditors' remuneration	15,000	17,935
Foreign exchange differences	6,212	1,864
Research and development	<u>95,496</u>	<u>96,178</u>

6. EXCEPTIONAL ITEMS

	2019	2018
£		
Profit/loss on sale of tangible fixed assets	<u>-</u>	<u>64,497</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	446,388	532,766
Adjustment re previous years	500	(46,820)
Total current tax	<u>446,888</u>	<u>485,946</u>
Deferred tax	56,678	(16,909)
Tax on profit	<u>503,566</u>	<u>469,037</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>633,358</u>	<u>546,840</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	120,338	103,900
Effects of:		
Expenses not deductible for tax purposes	426,033	475,153
Income not taxable for tax purposes	(33,991)	(51,012)
Capital allowances in excess of depreciation	(35,051)	-
Depreciation in excess of capital allowances	-	27,735
Adjustments to tax charge in respect of previous periods	500	(46,820)
Research and development	(23,588)	(23,756)
Timing adjustment for pension contribution	(7,353)	746
Movement in deferred tax	56,678	(16,909)
Total tax charge	<u>503,566</u>	<u>469,037</u>

Tax effects relating to effects of other comprehensive income

	2019 Gross £	2019 Tax £	Net £
Translation difference	(11,619)	-	(11,619)
Issue of ordinary share capital stated at fair value	<u>(11,619)</u>	<u>-</u>	<u>(11,619)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION - continued

	Gross £	2018 Tax £	Net £
Translation difference	(9,083)	-	(9,083)
Issue of ordinary share capital stated at fair value	<u>(9,083)</u>	<u>-</u>	<u>(9,083)</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2019 £	2018 £
Ordinary A shares of 50p each Interim	<u>950,000</u>	<u>960,000</u>

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 January 2019 and 31 December 2019	20,468,111	6,359	20,474,470
AMORTISATION			
At 1 January 2019	4,069,773	6,359	4,076,132
Amortisation for year	2,049,792	-	2,049,792
At 31 December 2019	6,119,565	6,359	6,125,924
NET BOOK VALUE			
At 31 December 2019	14,348,546	-	14,348,546
At 31 December 2018	16,398,338	-	16,398,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2019	2,710,445	3,577,087	1,755,810	322,475	8,365,817
Additions	91,641	632,968	66,332	124,949	915,890
Disposals	-	(357,897)	(160,355)	(104,497)	(622,749)
At 31 December 2019	<u>2,802,086</u>	<u>3,852,158</u>	<u>1,661,787</u>	<u>342,927</u>	<u>8,658,958</u>
DEPRECIATION					
At 1 January 2019	308,853	2,565,096	1,427,588	202,326	4,503,863
Charge for year	95,077	433,836	140,120	73,639	742,672
Eliminated on disposal	-	(350,909)	(159,460)	(102,352)	(612,721)
At 31 December 2019	<u>403,930</u>	<u>2,648,023</u>	<u>1,408,248</u>	<u>173,613</u>	<u>4,633,814</u>
NET BOOK VALUE					
At 31 December 2019	<u>2,398,156</u>	<u>1,204,135</u>	<u>253,539</u>	<u>169,314</u>	<u>4,025,144</u>
At 31 December 2018	<u>2,401,592</u>	<u>1,011,991</u>	<u>328,222</u>	<u>120,149</u>	<u>3,861,954</u>

Included in cost of land and buildings is freehold land of £404,807 (2018 - £404,807) which is not depreciated.

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2019 and 31 December 2019	<u>29,645,000</u>
NET BOOK VALUE	
At 31 December 2019	<u>29,645,000</u>
At 31 December 2018	<u>29,645,000</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

J&A (International) Limited

Registered office: Insignia House, Vale Road, Spilsby, Lincolnshire, PE23 5HE

Nature of business: manufacture of garment decoration products

	%
Class of shares:	holding
A Ordinary	100.00
B Ordinary	100.00

	2019	2018
	£	£
Aggregate capital and reserves	10,659,882	10,320,028
Profit for the year	<u>2,339,854</u>	<u>2,278,611</u>

J&A Europe Limited

Registered office: Insignia House, Vale Road, Spilsby, Lincolnshire, PE23 5HE

Nature of business: Dormant company

	%
Class of shares:	holding
Ordinary	100.00

	2019	2018
	£	£
Aggregate capital and reserves	<u>30,111</u>	<u>30,111</u>

J&A (International) SARL T/A Imatel

Registered office: France

Nature of business: Wholesale of garment decoration

	%
Class of shares:	holding
Ordinary	100.00

	2019	2018
	£	£
Aggregate capital and reserves	101,146	273,035
Profit for the year	<u>17,372</u>	<u>119,766</u>

13. STOCKS

	Group	
	2019	2018
	£	£
Raw materials	799,494	742,506
Finished goods	<u>452,289</u>	<u>448,446</u>
	<u>1,251,783</u>	<u>1,190,952</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2019	2018
	£	£
Trade debtors	1,692,675	1,736,994
Other debtors	22,455	26,992
Prepayments	129,819	65,411
	<u>1,844,949</u>	<u>1,829,397</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	447,270	572,385	-	-
Taxation	56,118	163,475	-	-
Other taxes and social security	450,763	315,400	-	-
Other creditors	177,431	107,334	89,398	71,518
Directors' current accounts	129,833	103,867	129,833	103,867
Accrued expenses	166,036	180,928	-	-
	<u>1,427,451</u>	<u>1,443,389</u>	<u>219,231</u>	<u>175,385</u>

16. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	<u>101,015</u>	<u>44,337</u>
Group		
		Deferred tax
		£
Balance at 1 January 2019		44,337
Charge to Income Statement during year		<u>56,678</u>
Balance at 31 December 2019		<u>101,015</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
90,000	Ordinary A	50p	45,000	45,000
90,000	Ordinary B	50p	45,000	45,000
			<u>90,000</u>	<u>90,000</u>

18. RESERVES

Group

	Retained earnings £	Other reserves £	Totals £
At 1 January 2019	(1,851,792)	29,555,000	27,703,208
Profit for the year	129,792		129,792
Dividends	(950,000)		(950,000)
Foreign exchange	(11,619)	-	(11,619)
At 31 December 2019	<u>(2,683,619)</u>	<u>29,555,000</u>	<u>26,871,381</u>

The retained earnings reserve represents cumulative profits and losses, net of dividends and other adjustments.

Other reserves represents the merger reserve as a result of the purchase of the share of J&A (International) Limited, a wholly owned subsidiary, in the year ended 31 December 2017.

19. PENSION COMMITMENTS

The group pays into a defined contribution scheme for eligible employees. The assets are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounts to £176,344 (2018: £177,671).

20. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Other related parties

	2019 £	2018 £
Sales	112,607	260,338
Purchases	2,846	8,503
Amount due from related party	<u>42,757</u>	<u>98,323</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. POST BALANCE SHEET EVENTS

Since the year end, the United Kingdom entered a period of lockdown due to the Covid19 Pandemic. This resulted in the group closing the offices and production from the 3rd April until 11th May 2020. As a result of this closure, there has been an impact on financial performance of the group, however it is not possible to estimate the extent of this impact at present.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.