

**J&A (INTERNATIONAL) HOLDINGS LIMITED**  
**GROUP STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD**  
**31 JANUARY 2017 TO 31 DECEMBER 2017**

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FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

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**J&A (INTERNATIONAL) HOLDINGS LIMITED**

**COMPANY INFORMATION**

**FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**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 PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

The directors present their strategic report of the group for the year ended 31 December 2017.

**REVIEW OF BUSINESS**

The holding company was formed to act as a holding company and by way of a share-for-share exchange acquired the whole of the issued share capital of J&A (International) Limited on 28 February 2017. These accounts incorporate the results of the group since that date and represent the first period of trading for the group entity.

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 7% compared to the previous trading year of 2016.

Administrative expenses decreased 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.

**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.

**GROUP STRATEGIC REPORT  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**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 profit and loss account 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.

**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 July 2018

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

The directors present their report with the financial statements of the company and the group for the period 31 January 2017 to 31 December 2017.

**INCORPORATION**

The group was incorporated on 31 January 2017 .

**DIVIDENDS**

An interim dividend of £3.6111 per share on the Ordinary A 50p shares was paid on 10 April 2017. The directors recommend that no final dividend be paid on these shares.

An interim dividend of £3.6111 per share on the Ordinary B 50p shares was paid on 10 April 2017. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the period ended 31 December 2017 will be £650,000.

**RESEARCH AND DEVELOPMENT**

The group is committed to a policy of continuing research and development. During the year research and development expenditure totalled £71,379.

**DIRECTORS**

The directors who have held office during the period from 31 January 2017 to the date of this report are as follows:

C J Fry - appointed 31 January 2017

R Carr - appointed 31 January 2017

**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 PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**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 July 2018

## **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 period ended 31 December 2017 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).

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.

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 2017 and of the group's loss for the period 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 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, 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.

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

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

### **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 four, 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.

### **Our 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

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

1 August 2018

**CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

	Notes	£
<b>TURNOVER</b>	3	10,614,603
Cost of sales		<u>4,914,832</u>
<b>GROSS PROFIT</b>		5,699,771
Administrative expenses		<u>5,551,027</u>
<b>OPERATING PROFIT</b>	5	148,744
Interest receivable and similar income		<u>2,934</u>
<b>PROFIT BEFORE TAXATION</b>		151,678
Tax on profit	6	<u>485,016</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(333,338)</u>
Loss attributable to: Owners of the parent		<u>(333,338)</u>

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

	Notes	£
<b>LOSS FOR THE PERIOD</b>		(333,338)
<b>OTHER COMPREHENSIVE INCOME</b>		
Translation difference		22,826
Issue of ordinary share capital stated at fair value		29,555,000
Income tax relating to components of other comprehensive income		-
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX</b>		<u>29,577,826</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>29,244,488</u>
Total comprehensive income attributable to: Owners of the parent		<u>29,244,488</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2017**

	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9		18,748,130
Tangible assets	10		2,723,260
Investments	11		-
			<u>21,471,390</u>
<b>CURRENT ASSETS</b>			
Stocks	12	921,928	
Debtors	13	2,099,997	
Cash at bank		<u>5,695,106</u>	
		8,717,031	
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>1,442,687</u>	
<b>NET CURRENT ASSETS</b>			<u>7,274,344</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>28,745,734</u>
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>61,246</u>
<b>NET ASSETS</b>			<u>28,684,488</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17		90,000
Other reserves	18		29,555,000
Retained earnings	18		<u>(960,512)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>28,684,488</u>

The financial statements were approved by the Board of Directors on 27 July 2018 and were signed on its behalf by:

C J Fry - Director

**COMPANY STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2017**

	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9		-
Tangible assets	10		-
Investments	11		<u>29,645,000</u>
			29,645,000
<b>CURRENT ASSETS</b>			
Cash at bank		2,150,000	
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>150,000</u>	
<b>NET CURRENT ASSETS</b>			<u>2,000,000</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>31,645,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17		90,000
Other reserves			29,555,000
Retained earnings			<u>2,000,000</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>31,645,000</u>
Company's profit for the financial year			<u>2,650,000</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 27 July 2018 and were signed on its behalf by:

C J Fry - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
<b>Changes in equity</b>				
Issue of share capital	90,000	-	-	90,000
Dividends	-	(650,000)	-	(650,000)
Total comprehensive income	-	(310,512)	29,555,000	29,244,488
<b>Balance at 31 December 2017</b>	<b>90,000</b>	<b>(960,512)</b>	<b>29,555,000</b>	<b>28,684,488</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
<b>Changes in equity</b>				
Issue of share capital	90,000	-	-	90,000
Dividends	-	(650,000)	-	(650,000)
Total comprehensive income	-	2,650,000	29,555,000	32,205,000
<b>Balance at 31 December 2017</b>	<b>90,000</b>	<b>2,000,000</b>	<b>29,555,000</b>	<b>31,645,000</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

	Notes	£
<b>Cash flows from operating activities</b>		
Cash generated from operations	1	2,525,487
Tax paid		<u>(164,229)</u>
Net cash from operating activities		<u>2,361,258</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets		(658,303)
Purchase of tangible fixed assets		(295,102)
Sale of tangible fixed assets		40,198
Cash acquired on purchase of subsidiary		4,715,288
Interest received		<u>2,934</u>
Net cash from investing activities		<u>3,805,015</u>
<b>Cash flows from financing activities</b>		
Amount introduced by directors		384,944
Amount withdrawn by directors		(296,111)
Share issue		90,000
Equity dividends paid		<u>(650,000)</u>
Net cash from financing activities		<u>(471,167)</u>
<b>Increase in cash and cash equivalents</b>		<u>5,695,106</u>
<b>Cash and cash equivalents at beginning of period</b>	2	-
<b>Cash and cash equivalents at end of period</b>	2	<u><u>5,695,106</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

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

	£
Profit before taxation	151,678
Depreciation charges	2,545,499
Profit on disposal of fixed assets	(31,310)
Foreign exchange translation	14,517
Finance income	(2,934)
	<u>2,677,450</u>
Decrease in stocks	29,016
Decrease in trade and other debtors	152,073
Decrease in trade and other creditors	(333,052)
<b>Cash generated from operations</b>	<u><b>2,525,487</b></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:

**Period ended 31 December 2017**

	31.12.17	31.1.17
	£	£
Cash and cash equivalents	<u>5,695,106</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**3. ACQUISITION OF BUSINESS**

The shares in J&A (International) Limited were acquired by J&A (International) Holdings Limited on 28 February 2017. The fair value of the consideration paid was £29,645,000, and was paid via the issue of 90,000 50p A Ordinary shares and 90,000 50p B Ordinary Shares to the then shareholders of J&A (International) Limited.

The fair value of assets and liabilities acquired is considered by the directors to be the book value of assets and liabilities at that date as detailed below:

	£
Tangible fixed assets	2,954,254
Stock	950,944
Debtors	2,252,070
Cash at bank and in hand	4,715,288
Creditors	<u>(1,427,364)</u>
Net assets acquired	9,445,192
Fair value of consideration issued	<u>29,645,000</u>
Goodwill arising	<u>20,199,808</u>

Analysis of movement in cash and cash equivalents in respect of acquisition of subsidiary

	£
Cash acquired with subsidiary undertaking	4,715,288

Because the consideration for the acquisition comprised ordinary shares, no cash outflow arose as a result of the acquisition.

**4. MAJOR NON-CASH TRANSACTIONS**

As explained in the foregoing notes, in consideration for the acquisition of J&A (International) Limited, the company issued 90,000 50p A Ordinary shares and 90,000 50p B Ordinary Shares with an inferred fair value of £29,645,000 to the then shareholders of J&A (International) Limited. No cash was paid in consideration for this acquisition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**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 PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**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 10 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 12 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 13 for the net carrying amount of the debtors and associated impairment provision.

(iiii) 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 20 for the disclosures relating to the defined benefit 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 PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**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	- 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 period 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 period 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 PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**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 PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**4. EMPLOYEES AND DIRECTORS**

	£
Wages and salaries	2,941,926
Social security costs	280,367
Other pension costs	182,066
	<u>3,404,359</u>

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

Manufacturing	83
Administration	49
Sales and distribution	6

The average number of employees by undertakings that were proportionately consolidated during the period was 1.

	£
Directors' remuneration	468,364
Directors' pension contributions to money purchase schemes	<u>52,034</u>

Information regarding the highest paid director is as follows:

	£
Emoluments etc	88,138
Pension contributions to money purchase schemes	<u>11,352</u>

**5. OPERATING PROFIT**

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

	£
Depreciation - owned assets	525,517
Profit on disposal of fixed assets	(31,310)
Goodwill amortisation	2,019,981
Auditors' remuneration	10,000
Foreign exchange differences	6,984
Research and development	<u>71,379</u>

**6. TAXATION**

**Analysis of the tax charge**

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

	£
Current tax:	
UK corporation tax	514,218
Deferred tax	(29,202)
Tax on profit	<u>485,016</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**6. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

	£
Profit before tax	<u>151,678</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20.724%	31,434
Effects of:	
Expenses not deductible for tax purposes	510,206
Income not taxable for tax purposes	(41,721)
Depreciation in excess of capital allowances	35,855
Research and development	(17,859)
Timing adjustment for pension contribution	(3,697)
Movement in deferred tax	<u>(29,202)</u>
Total tax charge	<u>485,016</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	Tax £	Net £
Translation difference	22,826	-	22,826
Issue of ordinary share capital stated at fair value	<u>29,555,000</u>	-	<u>29,555,000</u>
	<u>29,577,826</u>	-	<u>29,577,826</u>

**7. 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.

**8. DIVIDENDS**

	£
Ordinary A shares of 50p each	
Interim	<u>650,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017

## 9. INTANGIBLE FIXED ASSETS

## Group

	Goodwill £	Patents and licences £	Totals £
<b>COST</b>			
At 31 January 2017	(7,500)	-	(7,500)
Additions	20,775,611	6,359	20,781,970
At 31 December 2017	20,768,111	6,359	20,774,470
<b>AMORTISATION</b>			
At 31 January 2017	(7,500)	-	(7,500)
Amortisation for period	2,019,981	-	2,019,981
Depreciation on acquired subsidiary assets	7,500	6,359	13,859
At 31 December 2017	2,019,981	6,359	2,026,340
<b>NET BOOK VALUE</b>			
At 31 December 2017	18,748,130	-	18,748,130
At 30 January 2017	-	-	-

## 10. TANGIBLE FIXED ASSETS

## Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
Additions	1,821,329	3,148,549	1,479,104	418,520	6,867,502
Disposals	-	(10,605)	(22,239)	(99,969)	(132,813)
Exchange differences	6,614	-	14,626	1,221	22,461
At 31 December 2017	1,827,943	3,137,944	1,471,491	319,772	6,757,150
<b>DEPRECIATION</b>					
Charge for period	28,221	290,574	131,601	75,121	525,517
Eliminated on disposal	-	(8,854)	(21,791)	(93,280)	(123,925)
Exchange differences	911	11,684	1,557	-	14,152
Depreciation on acquired subsidiary assets	292,625	1,906,295	1,201,290	217,936	3,618,146
At 31 December 2017	321,757	2,199,699	1,312,657	199,777	4,033,890
<b>NET BOOK VALUE</b>					
At 31 December 2017	1,506,186	938,245	158,834	119,995	2,723,260

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**11. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
Additions	29,645,000
At 31 December 2017	<u>29,645,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>29,645,000</u>

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

	% holding	2017 £
Class of shares:		
A Ordinary	100.00	
B Ordinary	100.00	
Aggregate capital and reserves		8,041,417
Profit for the period		<u>2,329,136</u>

The shares in J&A (International) Limited were acquired by J&A (International) Holdings Limited on 28 February 2017. The fair value of the consideration paid was £29,645,000, and was paid via the issue of 90,000 50p A Ordinary shares and 90,000 50p B Ordinary shares to the then shareholders of J&A (International) Limited.

The fair value of assets and liabilities acquired is considered by the directors to be the book value of assets and liabilities at that date as detailed in the notes to cash flow:

**J&A Europe Limited**

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

Nature of business: Dormant company

	% holding	2017 £
Class of shares:		
Ordinary	100.00	
Aggregate capital and reserves		<u>30,111</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**11. FIXED ASSET INVESTMENTS - continued**

**J&A (International) SARL T/A Imatel**

Registered office: France

Nature of business: Wholesale of garment decoration

Class of shares:	%
Ordinary	holding 100.00

	2017
	£
Aggregate capital and reserves	433,133
Profit for the period	<u>21,297</u>

**12. STOCKS**

	<b>Group</b>
	£
Raw materials	521,867
Finished goods	<u>400,061</u>
	<u>921,928</u>

Stocks recognised as an expense in the period were (£21,513).

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>
	£
Trade debtors	1,933,502
Other debtors	30,020
Prepayments	<u>136,475</u>
	<u>2,099,997</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	<b>Company</b>
	£	£
Trade creditors	600,234	-
Taxation	259,541	-
Other taxes and social security	293,514	-
Other creditors	119,088	61,167
Directors' current accounts	88,833	88,833
Accrued expenses	<u>81,477</u>	<u>-</u>
	<u>1,442,687</u>	<u>150,000</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**15. FINANCIAL INSTRUMENTS**

The group has the following financial instruments:

	<b>2017</b>
<b>Financial assets that are debt instruments measured at amortised cost</b>	
Trade debtors	1,933,502
Other debtors	30,020
<b>Financial liabilities measured at amortised cost</b>	
Trade creditors	600,234
Other creditors	119,088
Directors loan account	88,833

The total interest income for financial assets and financial liabilities that are not measured at fair value through the income statement is £2,934.

**16. PROVISIONS FOR LIABILITIES**

	<b>Group £</b>
Deferred tax	
Accelerated capital allowances	<u>61,246</u>
<b>Group</b>	
	<b>Deferred tax £</b>
Provided during period	<u>61,246</u>
Balance at 31 December 2017	<u>61,246</u>

**17. CALLED UP SHARE CAPITAL**

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

The following shares were allotted and fully paid for cash at par during the period:

90,000 Ordinary A shares of 50p each  
90,000 Ordinary B shares of 50p each

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 31 JANUARY 2017 TO 31 DECEMBER 2017**

**17. CALLED UP SHARE CAPITAL - continued**

During the year, the company issued 90,000 50p A Ordinary shares and 90,000 50p B Ordinary Shares which were exchanged for ordinary shares in J&A (International) Limited. The fair value of that company, and hence the fair value of consideration received, was £29,645,000.

Under the provisions of section 612 of the Companies Act 2006, the premium on issue of these shares has been transferred to a merger reserve.

**18. RESERVES**

**Group**

	Retained earnings £	Other reserves £	Totals £
Deficit for the period	(333,338)		(333,338)
Dividends	(650,000)		(650,000)
Foreign exchange	22,826	-	22,826
Merger reserve	-	29,555,000	29,555,000
At 31 December 2017	<u>(960,512)</u>	<u>29,555,000</u>	<u>28,594,488</u>

**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 £52,034.

**20. CAPITAL COMMITMENTS**

	£
Contracted but not provided for in the financial statements	<u>903,184</u>

**21. 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**

	£
Sales	377,821
Purchases	4,236
Amount due from related party	<u>168,179</u>

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.