
**ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS
MANUFACTURING LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021



ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

COMPANY INFORMATION

Directors	S J Dabson (resigned 7 May 2021) S J Greaves C M Johnson (resigned 7 May 2021) C A Albin (appointed 7 May 2021)
Registered number	01780413
Registered office	Paragon House Wolseley Road Kempston Bedford MK42 7UP
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Bankers	Barclays Bank plc 111 High Street Bedford MK40 1NJ
Solicitors	Shoosmiths Witan Gate Witan Gate House 500-600 Witan Gate West Milton Keynes MK9 1BA

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ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

Introduction

The Directors present their strategic report for the 15 month period ended 31 December 2021.

On 6 May 2022 the Company changed its name to ESCATEC Mechatronics Ltd from JJS Manufacturing Limited.

Business review

The Company continues its focus as a Manufacturing Services partner providing OEMs with low risk, end to end, procurement, manufacturing and supply chain solutions including printed circuit board assembly through to the manufacture of complex, highly configurable, electro-mechanical products. The Company focuses on meeting or exceeding its customers' exacting requirements for quality, cost and OTIF delivery (on time in full) alongside the various ongoing initiatives to maximise efficiency.

The period to December 2021 showed a significant increase in sales, over the 15 month period to December 2021. With the on boarding of a large new customer complete and the extra capacity on stream, we were able to achieve the sales predicted in last year's Strategic Report. Sales continued strongly throughout the year in question, indeed as we move into FY 2022 the Directors are anticipating sales continuing to rise; however, as markets continue to experience a knock-on effect from the pandemic there is a higher level of uncertainty.

During the period, the pandemic had a material effect on both profitability and efficiency. The Group assessed the impact of the pandemic in the early weeks of lockdown 1 and took advantage of the governments furlough scheme in the UK, where a number of smaller UK customers were seeing a significant adverse effect on their sales and hence their orders on us. Ultimately, unfortunately it proved necessary to permanently adjust numbers in the UK to meet the new reality and there were some redundancies at the end of August 2020. As we look forward to FY 2022 we are continuing to plan as prudently as possible for all possible Brexit scenarios, as well as possible further lockdowns.

The Group continues to invest in a multi-site toll manufacturing strategy; JJS Manufacturing Limited with its UK sites offering local customer service support, plus engineering, NPI and specialist assembly services, is complemented by JJS Electronics s.r.o. in the Czech Republic as the main production centre for higher volume and complex electromechanical products. With these sites working closely together under a single operational management team, customers have the convenience of local support, combined with competitive on-going production costs. The Czech facility is ideally located for access to the key European markets, with several customers choosing to utilise its 'configure to order' and direct ship fulfilment services to take advantage of this.

The Company has an on-going commitment to provide services of the highest quality, and to meet or exceed our customers' exacting requirements for quality, cost and OTIF delivery. The support programme underpinning these objectives has again seen investment in new equipment, enhancements to the group wide business management software, an increase in the training and development of staff, together with the introduction of additional skills and expertise via the recruitment of new staff in key areas. The Company constantly seeks ways to improve and innovate, meaning that wherever appropriate, the company adopts leading edge business processes, quality management and problem solving techniques.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Principal risks and uncertainties

The Directors constantly review risks and uncertainties that face the business, key examples being the loss of a major customer and failure of a major supplier. The Company reduces these risks by endeavouring to ensure that individual customers represent no more than 35% of turnover and ensuring multiple sourcing from suppliers wherever possible.

The Directors recognise that cyber attacks are becoming more common place and the group has taken steps to enhance cyber security. As a result the business has been working towards and accredited to ISO 27001 (information security management standard) across all sites.

Volatility in the currency markets can lead to pressure on margins, but the Group reduces these through long term agreements with suppliers wherever possible. In addition, the companies look to forward buy currencies' where practical, together with building in cost flexibility in the Service Level Agreements we hold with customers. This helps to manage such risks within customer designated third party suppliers.

Supplier payment policy

It is the Company's payment policy to negotiate the best commercial terms with its suppliers in all sectors, and to ensure that those suppliers clearly understand the terms on which payments will be made. In addition, the group looks to ensure that all procurement activities are conducted in a fair, objective, and transparent manner by using best practice in the application of ethical standards.

Key performance indicators

The Directors measure financial performance (sales, gross margin, stock turns, cash flow), and customer and employee satisfaction, as indicators of the success of the group. The internal systems and processes are aligned to these KPI's and enable the management team to monitor movement and progress against them.

Brexit

With the continuing uncertainty about Brexit and its implications the Directors believe the Company is well placed to accommodate and adjust to changes as they may happen. The Group's multi-site strategy, including sites based within the EU, enables the company to offer various options to both our customers and our suppliers. The Company has pro-actively discussed Brexit strategies with all its customers and suppliers and, where necessary, taken action up to, and including, putting reasonable buffer stocks in place.

COVID-19

In common with most other businesses, the Company has been impacted by COVID-19 but, due to the variety of markets our customers operate within, and the emphasis being on food distribution, medical and pharmaceutical industries the groups businesses have remained operating throughout the period. The mix of sales has changed but the business is still anticipating another strong year. The Directors and management are fully aware of the risks COVID-19 still presents and are following the relevant government advice, changing working practices where necessary to mitigate those risks, and ensure the safety of our employees and those associated with the business, whilst continuing to service our customers.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021

Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessments.

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



S J Greaves
Director

Date: 20/07/2022

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the 15 month period ended 31 December 2021.

The Company changed its accounting reference date from 30 September to 31 December to align with group companies. Therefore, these financial statements are prepared for a 15 month period and comparative amounts presented represent the year ended 30 September 2020 and are therefore not directly comparable.

Results and dividends

The profit for the period, after taxation, amounted to £2,469,849 (2020 - £1,082,440).

During the period, a dividend of £5,944,586 was paid (2020 - £Nil).

Directors

The Directors who served during the period were:

S J Dabson (resigned 7 May 2021)
S J Greaves
C M Johnson (resigned 7 May 2021)
C A Albin (appointed 7 May 2021)

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

Future developments

Sales are expected to increase during the next financial year and, along with the introduction of significant new customers, is likely to lead to a period of sustained growth. The Company's sales focus will continue to be on developing strong strategic partnerships with customers in key industrial electronics manufacturing sectors, with a specific emphasis on industrial automation, process control, test and measurement and laboratory technology.

The Company's sales and marketing focus has again been on developing the 'JJS Manufacturing' brand and the Directors are delighted with the resulting sales growth achieved during the year. They remain confident that the benefits of this consistent sales focus together with the ongoing investments and initiatives relating to quality and efficiency will mean that the Company will continue to capitalise on the breadth of its unique set of logistics and manufacturing capabilities.

Engagement with employees

The Company is committed to ensuring all its employees are fully engaged in the business. In addition to annual appraisals, all staff members have regular review meetings with their line manager (121's), plus a range of team meetings, supplemented by a number of more formal monthly business updates from both the Board and the Senior Leadership Team. Employees are actively encouraged to suggest improvements to the business and general environment through the Green Card system. It is an open system that actively rewards any suggestions which are then more formally considered by dedicated site review teams and, where appropriate, actioned with the involvement of the originator. During the year, each employee is given the opportunity to attend at least two 'listening days' with a main board director. These take place in a relaxed environment where they are encouraged to provide feedback, positive or negative, on their views of the business. A non attributable summary of these discussions is then shared across all heads of department to ensure lessons can be learned, and adjustments made where necessary, and that praise and other positive messages can be passed on. Unfortunately, these sessions had to be suspended due the pandemic, and will not resume until government advises it is safe to do so, or we can develop a suitable alternative forum.

Going concern

The Directors have considered the budgets and cashflow forecasts for the Company and Group for a period of at least 12 months from the Balance Sheet date and are able to confirm that these documents show that the Company is comfortably able to meet its liabilities as they fall due. The Company maintains rolling 12 month forecasts to aid with planning for labour, resources and facilities which continue to show the group trading at or above budgets at the date of signing these accounts. The directors ensure the Group companies only supply customers who are financially sound and only purchase stock and enter into commitments with suppliers where these are backed up by orders or Service Level Agreements with those customers. As such the financial statements have been prepared on a going concern basis. The Directors have commented on the impact of COVID 19 in the Strategic Report, and whilst its impact has been significant, it has not had a material effect on the ongoing viability of the business.

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report instead. These matters relate to business review, principle risks and uncertainties, supplier payment policy and key performance indicators.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021

Disclosure of information to auditor

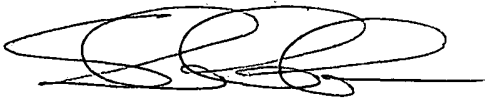
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



S J Greaves
Director

Date: 20/07/2022

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

Opinion

We have audited the financial statements of ESCATEC Mechatronic Ltd (formerly known as JJS Manufacturing Limited) (the 'Company') for the period ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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:

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCATEC MECHATRONICS LTD
(FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)**

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCATEC MECHATRONICS LTD
(FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)**

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements; employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCATEC MECHATRONICS LTD
(FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)**

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue cut-off, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.



Stephen Brown (Jul 21, 2022 14:40 GMT+1)

Stephen Brown (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: Jul 21, 2022

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Turnover	4	76,514,197	49,754,481
Cost of sales		(66,872,497)	(43,974,548)
Gross profit		<u>9,641,700</u>	<u>5,779,933</u>
Administrative expenses		(6,533,774)	(4,522,645)
Operating profit	5	<u>3,107,926</u>	<u>1,257,288</u>
Interest payable and expenses	9	(183,287)	(152,420)
Profit before tax		<u>2,924,639</u>	<u>1,104,868</u>
Tax on profit	10	(454,790)	(22,428)
Profit for the financial period		<u>2,469,849</u>	<u>1,082,440</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>2,469,849</u>	<u>1,082,440</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

The notes on pages 14 to 32 form part of these financial statements.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)
REGISTERED NUMBER: 01780413

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £	30 September 2020 £
Fixed assets			
Tangible assets	12	717,432	1,030,448
		<u>717,432</u>	<u>1,030,448</u>
Current assets			
Stocks	13	11,877,303	6,241,644
Debtors: amounts falling due within one year	14	5,972,405	10,405,377
Cash at bank and in hand	15	1,008,752	381,625
		<u>18,858,460</u>	<u>17,028,646</u>
Creditors: amounts falling due within one year	16	(16,146,963)	(13,161,583)
Net current assets		<u>2,711,497</u>	<u>3,867,063</u>
Total assets less current liabilities		<u>3,428,929</u>	<u>4,897,511</u>
Creditors: amounts falling due after more than one year	17	(150,001)	(289,102)
Provisions for liabilities			
Deferred tax	19	-	(75,068)
		<u>-</u>	<u>(75,068)</u>
Net assets		<u><u>3,278,928</u></u>	<u><u>4,533,341</u></u>
Capital and reserves			
Called up share capital	20	2,230,086	9,762
Share premium account	21	89,516	89,516
Profit and loss account	21	959,326	4,434,063
		<u><u>3,278,928</u></u>	<u><u>4,533,341</u></u>

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



S J Greaves
Director

Date: 20/07/2022

The notes on pages 14 to 32 form part of these financial statements.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	9,762	89,516	3,351,623	3,450,901
Comprehensive income for the year				
Profit for the year	-	-	1,082,440	1,082,440
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,082,440	1,082,440
Total transactions with owners	-	-	-	-
At 1 October 2020	9,762	89,516	4,434,063	4,533,341
Comprehensive income for the period				
Profit for the period	-	-	2,469,849	2,469,849
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,469,849	2,469,849
Dividends paid	-	-	(5,944,586)	(5,944,586)
Shares issued during the period	2,220,324	-	-	2,220,324
Total transactions with owners	2,220,324	-	(5,944,586)	(3,724,262)
At 31 December 2021	2,230,086	89,516	959,326	3,278,928

The notes on pages 14 to 32 form part of these financial statements.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1. General information

ESCATEC Mechatronics Ltd (formerly known as JJS Manufacturing Limited) (the "Company") is a private company limited by shares, incorporated in England and Wales. The address of its registered office and principal place of business is Paragon House, Wolseley Road, Kempston, Bedford, MK42 7UP.

Company number is 01780413.

The principal activity of the Company is the provision of electro-mechanical and electronics manufacturing services (EMS).

These financial statements have been presented in Pound Sterling (£) as this is the currency of the primary economic environment in which the Company operates.

Monetary amounts in these financial statements have been rounded to the nearest £.

On 30 April 2021, the group was sold to Escatec Holdings Limited. The Company changed its accounting reference date from 30 September to 31 December to align with other group companies. Therefore these financial statements are prepared for a 15 month period and comparative amounts presented represent the year ended 30 September 2020 and are therefore not directly comparable.

On 6 May 2022 the Company changed its name from JJS Manufacturing Limited to ESCATEC Mechatronics Ltd.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company is itself a parent company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a) (iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ESACTEC Group Sdn Bhd at 31 December 2021 and these financial statements may be obtained from the Malaysian's company register.

2.3 Going concern

The Directors have considered the budgets and cashflow forecasts for the Company and confirmed that the Company will be able to meet its liabilities as they fall due and so the financial statements have been prepared on a going concern basis, having considered the impact of COVID-19 as disclosed in the Strategic Report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has despatched goods;
- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- Period to the first break clause in the lease
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line
Production and other equipment	- 10 to 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Foreign currency translation

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

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

2.15 Operating leases: the Company as lessee

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

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Bad debts are provided for on a specific basis, based on management's best estimate of the recoverable amounts.

Stock is provided for using stock movement calculations, with consideration given to expected future movements on specific items.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

4. Turnover

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

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Total turnover derived from its principal activity	<u>76,514,197</u>	<u>49,754,481</u>

Analysis of turnover by country of destination:

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
United Kingdom	52,885,723	33,863,965
Rest of the world	23,628,474	15,890,516
	<u>76,514,197</u>	<u>49,754,481</u>

5. Operating profit

The operating profit is stated after charging:

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Depreciation of tangible fixed assets	509,925	380,854
Exchange differences	(76,924)	15,149
Other operating lease rentals	248,450	187,176
Profit on sale of fixed assets	(4,940)	(12,317)

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

6. Auditor's remuneration

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	55,000	39,746
Fees payable to the Company's auditor in respect of:		
All other services	8,450	6,490

7. Employees

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

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Wages and salaries	5,867,307	4,447,074
Social security costs	561,161	410,397
Cost of defined contribution scheme	267,883	204,103
	6,696,351	5,061,574

The average monthly number of employees, including the Directors, during the period was as follows:

	15 months ended 31 December 2021 No.	Year ended 30 September 2020 No.
Office and management	54	54
Production	93	100
	147	154

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

8. Directors' remuneration

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Directors' emoluments	188,069	151,541
Company contributions to defined contribution pension schemes	13,349	10,404
	<u>201,418</u>	<u>161,945</u>

During the period retirement benefits were accruing to 1 Directors (2020 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £188,069 (2020 - £151,541).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,349 (2020 - £10,404).

9. Interest payable and similar expenses

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Bank interest payable	162,090	131,418
Finance leases and hire purchase contracts	21,197	21,002
	<u>183,287</u>	<u>152,420</u>

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

10. Taxation

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Corporation tax		
Current tax on profits for the year	519,659	154,187
Adjustments in respect of previous periods	-	1,650
R&D credits	(789)	(175,377)
Total current tax	<u>518,870</u>	<u>(19,540)</u>
Deferred tax		
Origination and reversal of timing differences	(64,080)	41,968
Total deferred tax	<u>(64,080)</u>	<u>41,968</u>
Taxation on profit on ordinary activities	<u>454,790</u>	<u>22,428</u>

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Profit on ordinary activities before tax	2,924,639	1,104,868
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	555,681	209,925
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,569	2,017
Fixed asset timing differences	(9,986)	-
Adjustments to tax charge in respect of prior periods	-	1,650
R&D credits	-	(175,377)
Adjust closing deferred tax to average rate	(2,890)	3,894
Other timing differences	1,260	1,228
Group relief	(97,844)	(20,909)
Total tax charge for the period/year	454,790	22,428

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

11. Dividends

	15 months ended 31 December 2021 £	Year ended 30 September 2020 £
Dividends paid £9.95 per share (2020 - £Nil per share)	5,944,586	-

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

12. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
1 October 2020	508,508	3,604,289	623,272	656,331	5,392,400
Additions	-	78,015	36,714	62,358	177,087
Transfers intra group	-	745,565	53,159	601,161	1,399,885
Disposals	-	(6,350)	(142,443)	-	(148,793)
At 31 December 2021	<u>508,508</u>	<u>4,421,519</u>	<u>570,702</u>	<u>1,319,850</u>	<u>6,820,579</u>
Depreciation					
1 October 2020	508,508	3,075,425	305,770	472,249	4,361,952
Charge for the period on owned assets	-	226,996	164,746	118,183	509,925
Transfers intra group	-	719,007	53,158	571,569	1,343,734
Disposals	-	(6,350)	(106,114)	-	(112,464)
At 31 December 2021	<u>508,508</u>	<u>4,015,078</u>	<u>417,560</u>	<u>1,162,001</u>	<u>6,103,147</u>
Net book value					
At 31 December 2021	<u>-</u>	<u>406,441</u>	<u>153,142</u>	<u>157,849</u>	<u>717,432</u>
At 30 September 2020	<u>-</u>	<u>528,864</u>	<u>317,502</u>	<u>184,082</u>	<u>1,030,448</u>

13. Stocks

	31 December 2021 £	30 September 2020 £
Raw materials and consumables	8,399,768	2,861,353
Work in progress (goods to be sold)	2,020,393	1,600,903
Finished goods and goods for resale	1,457,142	1,779,388
	<u>11,877,303</u>	<u>6,241,644</u>

Stocks recognised as an expense in the period were £53,230,046 (2020 - £34,384,771).

The amount of stock written off in the period was £70,114 (2020 - £89,627).

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

14. Debtors

	31 December 2021 £	30 September 2020 £
Trade debtors	5,264,000	6,485,107
Amounts owed by group undertakings	-	3,343,410
Other debtors	569,291	57,769
Prepayments and accrued income	131,517	519,091
Deferred taxation	7,597	-
	<u>5,972,405</u>	<u>10,405,377</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

15. Cash and cash equivalents

	31 December 2021 £	30 September 2020 £
Cash at bank and in hand	1,008,752	381,625
Less: bank overdrafts	(3,794,437)	(1,594,339)
	<u>(2,785,685)</u>	<u>(1,212,714)</u>

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

16. Creditors: Amounts falling due within one year

	31 December 2021 £	30 September 2020 £
Bank overdrafts	3,794,437	1,594,339
Trade creditors	9,421,704	6,998,132
Amounts owed to group undertakings	1,491,542	1,817,493
Corporation tax	-	117,709
Other taxation and social security	154,946	1,878,092
Obligations under finance lease and hire purchase contracts	125,180	198,624
Other creditors	193,202	55,380
Accruals and deferred income	965,952	501,814
	<u>16,146,963</u>	<u>13,161,583</u>

Included within bank overdrafts are advances in respect of financed debtors of £2,887,642 (2020 - £1,594,339) which are secured against the Company's debtors ledger.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17. Creditors: Amounts falling due after more than one year

	31 December 2021 £	30 September 2020 £
Net obligations under finance leases and hire purchase contracts	<u>150,001</u>	<u>289,102</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	31 December 2021 £	30 September 2020 £
Within one year	125,180	198,625
Between 1-5 years	150,001	289,102
	<u>275,181</u>	<u>487,727</u>

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

19. Deferred taxation

	2021 £
At beginning of period	(75,068)
Charged to profit or loss	64,068
Transfer from other group company	18,597
At end of period	7,597

The deferred taxation balance is made up as follows:

	31 December 2021 £	30 September 2020 £
Accelerated capital allowances	(8,341)	(81,061)
Other timing differences	15,938	5,993
	7,597	(75,068)

20. Share capital

	31 December 2021 £	30 September 2020 £
Allotted, called up and fully paid		
223,008,575 (2020 - 976,175) Ordinary shares of £0.01 each	2,230,086	9,762

On 23 December 2021, the Company issued 222,032,400 Ordinary shares at a par value of £0.01.

The Company has one class of ordinary shares which carry voting rights but no rights to fixed income.

21. Reserves

Share premium account

Share premium represents the difference between the nominal value of shares and the amount paid on issue.

Profit & loss account

This reserve represents the cumulative profits and losses of the Company after the payment of dividends.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

22. Transfer of trade and assets

On 30 November 2021, the trade and assets of JJS Manufacturing Bedford, were transferred to JJS Manufacturing Limited.

The assets were transferred at book value.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Fixed Assets		
Tangible	56,150	56,150
	<u>56,150</u>	<u>56,150</u>
Current Assets		
Stocks	2,653,289	2,653,289
Debtors	1,479,803	1,479,803
Cash at bank and in hand	33,626	33,626
Total Assets	<u>4,222,868</u>	<u>4,222,868</u>
Creditors		
Due within one year	(2,317,538)	(2,317,538)
Total identifiable net assets	<u><u>1,905,330</u></u>	<u><u>1,905,330</u></u>
Consideration		
		£
Intercompany loan		<u><u>1,905,330</u></u>

23. Contingent liabilities

There is a cross guarantee and debenture held between Alcaeus Holdings Limited, Baxcol Limited, JJS Manufacturing Limited and Paragon Electronics Limited which is dated 13 October 2016.

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £267,883 (2020 - £204,103). There were outstanding contributions at the period end amounting to £81,522 (2020 - £31,542).

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

25. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2021 £	30 September 2020 £
Not later than 1 year	193,000	181,832
Between 2-5 years	772,000	44,415
Later than 5 years	193,000	-
	<u>1,158,000</u>	<u>226,247</u>

26. Other financial commitments

At the period end the Company was not committed to the purchase of any forward contracts.

At the prior period end the Company was committed to the purchase of Czech Koruna (CZK) forward contracts at 7 October 2020 of CZK 8,000,000. At the prior period end the fair value of this contract amounted to a loss of £3,193.

Also at the prior period end the Company was committed to the purchase of CZK forward contracts at 6 October 2020 of CZK 7,000,000. At the prior period end the fair value of this contract amounts to a loss of £2,680.

27. Related party transactions

The Company has taken advantage of the exemption available in accordance within Section 33 'Related party disclosure' of FRS 102 not to disclose transactions entered into between two or more members of a group that are wholly owned.

28. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessments.

ESCATEC MECHATRONICS LTD (FORMERLY KNOWN AS JJS MANUFACTURING LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

29. Controlling party

Escatec Sweden AB is the immediate parent company, a company registered in Sweden.

The ultimate parent company of JJS Manufacturing Limited is Escatec Holdings Limited, a company incorporated in Malaysia.

At 31 December 2021, C Albin was considered to be the ultimate controlling party of Escatec Holdings Limited, by virtue of his shareholdings.

The largest group in which the results of the Company are consolidated is that headed by ESCATEC Group Sdn Bhd. The consolidated accounts of ESCATEC Group Sdn Bhd are available to the public and may be obtained from the Malaysian's company register.