

Registered number: 01780413

JJS MANUFACTURING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



JJS MANUFACTURING LIMITED

COMPANY INFORMATION

Directors	S J Dabson S J Greaves C M Johnson
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

JJS MANUFACTURING LIMITED

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JJS MANUFACTURING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

The directors present their strategic report for the year ended 30 September 2020.

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 on going initiatives to maximise efficiency.

The year to September 2020 showed a significant increase in sales, rising by 24% over the year to September 2019. 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 years Strategic Report. Sales continued strongly throughout the year in question, indeed as we move into FY 2021 the directors are anticipating sales continuing to rise with revenues in excess of £60M expected in the year to September 2021.

However, 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 2021 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 the 'JJS Manufacturing' multi site 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 electro mechanical 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.

JJS MANUFACTURING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 represents no more than 35% of turnover and ensuring multiple sourcing from suppliers wherever possible. The Company has continued to invest significantly in information technology to streamline and manage the increasingly complex demands of customers. The failure of these systems would significantly hamper the operation of the business. Therefore, the Company has an array of dual redundancy and warm backup solutions for critical hardware and software, to ensure that the integrity of data is, as far as is technically feasible, never compromised.

The Directors recognise that cyber attacks are becoming more common place and the group are placing significantly more emphasis on cyber security with the appointment of a Security and Compliance Manager to audit, maintain and enhance our cyber security systems.

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 Groups 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.

JJS MANUFACTURING LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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



C/M Johnson
Director

Date: 5th May 2021

JJS MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors present their report and the financial statements for the year ended 30 September 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,082,440 (2019 - £688,837).

During the year, a dividend of £Nil was paid (2019 - £350,000).

Directors

The Directors who served during the year were:

S J Dabson
S J Greaves
C M Johnson

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; and
- 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.

JJS MANUFACTURING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 on going 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.

Research and development activities

Product development and innovation is a continuing process. The Company is committed to the development of new products to enhance the organic growth of the business. During the year £Nil (2019 £Nil) was written off to the profit and loss account.

Employee involvement

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.

JJS MANUFACTURING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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.



E M Johnson
Director

Date: 5th May 2021

JJS MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JJS MANUFACTURING LIMITED

Opinion

We have audited the financial statements of JJS Manufacturing Limited (the 'Company') for the year ended 30 September 2020 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 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Company'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.

JJS MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JJS MANUFACTURING LIMITED

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

JJS MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 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 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.

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 (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: 5 May 2021

JJS MANUFACTURING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	49,754,481	39,859,524
Cost of sales		(43,974,548)	(34,883,612)
Gross profit		<u>5,779,933</u>	<u>4,975,912</u>
Administrative expenses		(4,522,645)	(4,030,772)
Operating profit	5	1,257,288	945,140
Interest payable and expenses	9	(152,420)	(158,787)
Profit before tax		<u>1,104,868</u>	<u>786,353</u>
Tax on profit	10	(22,428)	(97,516)
Profit for the financial year		<u><u>1,082,440</u></u>	<u><u>688,837</u></u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,082,440</u></u>	<u><u>688,837</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 29 form part of these financial statements.

JJS MANUFACTURING LIMITED
REGISTERED NUMBER: 01780413

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	1,030,448	1,043,017
		<u>1,030,448</u>	<u>1,043,017</u>
Current assets			
Stocks	13	6,241,644	5,827,615
Debtors: amounts falling due within one year	14	10,405,377	10,000,088
Cash at bank and in hand	15	381,625	101,538
		<u>17,028,646</u>	<u>15,929,241</u>
Creditors: amounts falling due within one year	16	(13,161,583)	(13,220,646)
Net current assets		<u>3,867,063</u>	<u>2,708,595</u>
Total assets less current liabilities		<u>4,897,511</u>	<u>3,751,612</u>
Creditors: amounts falling due after more than one year	17	(289,102)	(267,611)
Provisions for liabilities			
Deferred tax	19	(75,068)	(33,100)
		<u>(75,068)</u>	<u>(33,100)</u>
Net assets		<u><u>4,533,341</u></u>	<u><u>3,450,901</u></u>
Capital and reserves			
Called up share capital	20	9,762	9,762
Share premium account	21	89,516	89,516
Profit and loss account	21	4,434,063	3,351,623
		<u>4,533,341</u>	<u>3,450,901</u>

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

S J Dabson
 Director

Date:

5th May 2021

The notes on pages 13 to 29 form part of these financial statements.

JJS MANUFACTURING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2018	9,762	89,516	3,012,786	3,112,064
Comprehensive income for the year				
Profit for the year	-	-	688,837	688,837
Total comprehensive income for the year	-	-	688,837	688,837
Dividends paid	-	-	(350,000)	(350,000)
Total transactions with owners	-	-	(350,000)	(350,000)
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
Total comprehensive income for the year	-	-	1,082,440	1,082,440
At 30 September 2020	9,762	89,516	4,434,063	4,533,341

The notes on pages 13 to 29 form part of these financial statements.

JJS MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

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 £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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:

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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 Alcaeus Holdings Limited as at 30 September 2020 and these financial statements may be obtained from Paragon House, Wolseley Road, Kempston, Bedford, MK42 7UP.

JJS MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

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.

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.

JJS MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 the Statement of Comprehensive Income.

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.

JJS MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instruments 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 non-puttable 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

JJS MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.11 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.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.13 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.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.15 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 the Statement of Comprehensive Income 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.

2.16 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.

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income 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 affects 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.

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. Turnover

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

	2020 £	2019 £
Total turnover derived from its principal activity	49,754,481	39,859,524

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	33,863,965	23,584,767
Rest of the world	15,890,516	16,274,757
	49,754,481	39,859,524

5. Operating profit

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

	2020 £	2019 £
Depreciation of tangible fixed assets	380,854	285,065
Exchange differences	15,149	4,442
Other operating lease rentals	187,176	187,532
Profit on sale of fixed assets	(12,317)	(30,336)

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	39,746	34,588
Fees payable to the Company's auditor in respect of:		
All other services	6,490	6,445

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. Employees

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

	2020	2019
	£	£
Wages and salaries	4,447,074	3,930,216
Social security costs	410,397	349,880
Cost of defined contribution scheme	204,103	172,124
	<u>5,061,574</u>	<u>4,452,220</u>

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

	2020	2019
	No.	No.
Office and management	54	46
Production	100	94
	<u>154</u>	<u>140</u>

8. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	151,541	152,875
Company contributions to defined contribution pension schemes	10,404	10,404
	<u>161,945</u>	<u>163,279</u>

During the year retirement benefits were accruing to 1 Directors (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,541 (2019 - £152,875).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,404 (2019 - £10,404).

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Interest payable and similar charges

	2020	2019
	£	£
Bank interest payable	131,418	141,134
Finance leases and hire purchase contracts	21,002	17,653
	<u>152,420</u>	<u>158,787</u>

10. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	154,187	92,869
Adjustments in respect of previous periods	1,650	(14)
R&D credits	(175,377)	-
Total current tax	<u>(19,540)</u>	<u>92,855</u>
Deferred tax		
Origination and reversal of timing differences	41,968	4,661
Total deferred tax	<u>41,968</u>	<u>4,661</u>
Taxation on profit on ordinary activities	<u>22,428</u>	<u>97,516</u>

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before tax	<u>1,104,869</u>	<u>786,353</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	209,925	149,407
Effects of:		
Fixed asset differences	-	5,660
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,017	175
Adjustments to tax charge in respect of prior periods	1,650	(14)
R&D credits	(175,377)	-
Adjust closing deferred tax to average rate	3,894	(3,563)
Other timing differences	1,228	(25,644)
Group relief	<u>(20,909)</u>	<u>(28,505)</u>
Total tax charge for the year	<u>22,428</u>	<u>97,516</u>

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2020 enacted legislation to maintain the current rate of corporation tax at 19% up until at least the tax year ended April 2022.

11. Dividends

	2020	2019
	£	£
Dividends paid £nil per share (2019: £0.36 per share)	-	350,000

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. Tangible fixed assets

	Freehold property £	Production and other equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 October 2019	508,508	3,482,310	614,448	590,706	5,195,972
Additions	-	253,423	51,319	65,625	370,367
Disposals	-	(131,444)	(42,495)	-	(173,939)
At 30 September 2020	508,508	3,604,289	623,272	656,331	5,392,400
Depreciation					
At 1 October 2019	508,508	3,060,905	202,185	381,357	4,152,955
Charge for the year on owned assets	-	80,251	10,109	90,892	181,252
Charge for the year on financed assets	-	65,713	133,889	-	199,602
Disposals	-	(131,444)	(40,413)	-	(171,857)
At 30 September 2020	508,508	3,075,425	305,770	472,249	4,361,952
Net book value					
At 30 September 2020	-	528,864	317,502	184,082	1,030,448
At 30 September 2019	-	421,405	412,263	209,349	1,043,017

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Motor vehicles	292,966	379,489
Production and other equipment	182,090	207,803
	<u>475,056</u>	<u>587,292</u>

13. Stocks

	2020 £	2019 £
Raw materials and consumables	2,861,353	2,990,549
Work in progress (goods to be sold)	1,600,903	1,792,996
Finished goods and goods for resale	1,779,388	1,044,070
	<u>6,241,644</u>	<u>5,827,615</u>

Stocks recognised as an expense in the period were £34,384,771 (2019 - £28,140,727).

The amount of stock written off in the year was £89,627 (2019 - £173,924).

14. Debtors

	2020 £	2019 £
Trade debtors	6,485,107	6,385,812
Amounts owed by group undertakings	3,343,410	3,442,974
Other debtors	57,769	10,973
Prepayments and accrued income	519,091	160,329
	<u>10,405,377</u>	<u>10,000,088</u>

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

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	381,625	101,538
Less: bank overdrafts	(1,594,339)	(2,503,923)
	<u>(1,212,714)</u>	<u>(2,402,385)</u>

16. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank overdrafts	1,594,339	2,503,923
Trade creditors	6,998,132	6,049,722
Amounts owed to group undertakings	1,817,493	2,523,592
Corporation tax	117,709	44,824
Other taxation and social security	1,878,092	1,131,524
Obligations under finance lease and hire purchase contracts	198,624	239,957
Other creditors	55,380	100,570
Accruals and deferred income	501,814	626,534
	<u>13,161,583</u>	<u>13,220,646</u>

Included within bank overdrafts are advances in respect of financed debtors of £1,594,339 (2019 - £2,503,923) 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

	2020	2019
	£	£
Net obligations under finance leases and hire purchase contracts	<u>289,102</u>	<u>267,611</u>

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	198,625	239,957
Between 1-5 years	289,102	267,611
	<u>487,727</u>	<u>507,568</u>

19. Deferred taxation

	2020 £
At beginning of year	(33,100)
Charged to profit or loss	(41,968)
At end of year	<u>(75,068)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(81,061)	(52,024)
Other timing differences	5,993	18,924
	<u>(75,068)</u>	<u>(33,100)</u>

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

20. Share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
976,175 Ordinary shares of £0.01 each	9,762	9,762
	<u>9,762</u>	<u>9,762</u>

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.

22. 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.

23. 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 £204,103 (2019 - £172,124). There were outstanding contributions at the year end amounting to £31,542 (2019 - £32,317).

24. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	181,832	194,791
Between 2-5 years	44,415	226,358
	<u>226,247</u>	<u>421,149</u>

JJS MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

25. Other financial commitments

At the year 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 year end the fair value of this contract amounts to a loss of £3,193.

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

26. 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.

27. Controlling party

Paragon Electronics Limited is the immediate parent company and Alcaeus Holdings Limited is the ultimate parent company of JJS Manufacturing Limited, both companies are incorporated in England and Wales.

At 30 September 2020, C M Johnson was considered the ultimate controlling party of Alcaeus Holdings Limited by virtue of his shareholdings.

The largest group in which the results of the Company are consolidated is that headed by Alcaeus Holdings Limited. The consolidated accounts of Alcaeus Holdings Limited are available to the public and may be obtained from the registered address at Paragon House, Wolseley Road, Kempston, Bedford, MK42 7UP.