

REGISTERED NUMBER: 01567572 (England and Wales)

J & A (INTERNATIONAL) LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Page
Company Information	1
Strategic Report	2 to 4
Report of the Directors	5 to 6
Report of the Independent Auditors	7 to 8
Income Statement	9
Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15 to 23

J & A (INTERNATIONAL) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

DIRECTORS:

A P Apletree
R Carr
J Carr
C J Fry
S D Holderness
M D Kemp

SECRETARY:

P J Law

REGISTERED OFFICE:

Insignia House
Vale Road
Spilsby
Lincolnshire
PE23 5HE

REGISTERED NUMBER:

01567572 (England and Wales)

SENIOR STATUTORY AUDITOR:

Timothy Godson FCA

AUDITORS:

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

REVIEW OF BUSINESS

During 2017, the directors continued to commit to growing the business and to investing in new technology.

	2017	2016	Change
£	£	%	
Turnover	12,491,040	11,323,935	10
Gross profit	6,588,630	6,034,479	9
Administrative expenses	3,994,185	3,860,858	3
Profit after tax	<u>2,329,136</u>	<u>1,770,803</u>	32
Average number of employees	138	130	

The company traded very well during the year, increasing sales by 10% compared to the previous trading year of 2016.

Administrative expenses increased by 3% compared to the previous year with staff numbers having increased to assist the company with its expansion and with overseas sales growth.

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

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The company mitigates risk in several ways:

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

FINANCIAL KEY PERFORMANCE INDICATORS

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

FUTURE DEVELOPMENTS

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

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

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

PENSIONS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

RESEARCH & DEVELOPMENT

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

OVERSEAS OPERATIONS

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

ON BEHALF OF THE BOARD:

C J Fry - Director

27 July 2018

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture of garment decoration products for use in the industrial workwear and rental industries. The Company also provides a variety of products and services which complement the main activity.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2017 will be £ 2,650,000 .

RESEARCH AND DEVELOPMENT

The company is committed to a policy of continuing research and development. During the year research and development expenditure totalled £71,379 (2016: £63,434).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

A P Apletree
R Carr
J Carr
C J Fry
S D Holderness
M D Kemp

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:

C J Fry - Director

27 July 2018

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

Opinion

We have audited the financial statements of J & A (International) Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 Auditors' 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.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

In the 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 Report of the Directors.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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

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

Our responsibilities for the audit of the financial statements

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

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

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

1 August 2018

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
TURNOVER	3		12,491,040		11,323,935
Cost of sales			<u>5,902,410</u>		<u>5,289,456</u>
GROSS PROFIT			6,588,630		6,034,479
Administrative expenses			<u>3,994,185</u>		<u>3,860,858</u>
OPERATING PROFIT	5		2,594,445		2,173,621
Income from shares in group undertakings		216,773		-	
Interest receivable and similar income		<u>2,934</u>		<u>23,881</u>	
			219,707		23,881
PROFIT BEFORE TAXATION			2,814,152		2,197,502
Tax on profit	6		<u>485,016</u>		<u>426,699</u>
PROFIT FOR THE FINANCIAL YEAR			<u><u>2,329,136</u></u>		<u><u>1,770,803</u></u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		2,329,136	1,770,803
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,329,136</u>	<u>1,770,803</u>

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Tangible assets	8		2,491,865		2,519,823
Investments	9		<u>568,303</u>		<u>568,303</u>
			3,060,168		3,088,126
CURRENT ASSETS					
Stocks	10	921,928		943,441	
Debtors	11	2,032,090		2,042,762	
Cash at bank		<u>3,405,047</u>		<u>3,697,231</u>	
		6,359,065		6,683,434	
CREDITORS					
Amounts falling due within one year	12	<u>1,316,570</u>		<u>1,318,831</u>	
NET CURRENT ASSETS			<u>5,042,495</u>		<u>5,364,603</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,102,663</u>		<u>8,452,729</u>
PROVISIONS FOR LIABILITIES	14		<u>61,246</u>		<u>90,448</u>
NET ASSETS			<u>8,041,417</u>		<u>8,362,281</u>
CAPITAL AND RESERVES					
Called up share capital	15		90,000		90,000
Capital redemption reserve	16		10,000		10,000
Retained earnings	16		<u>7,941,417</u>		<u>8,262,281</u>
SHAREHOLDERS' FUNDS			<u>8,041,417</u>		<u>8,362,281</u>

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

C J Fry - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2016	90,000	6,931,478	10,000	7,031,478
Changes in equity				
Dividends	-	(440,000)	-	(440,000)
Total comprehensive income	-	1,770,803	-	1,770,803
Balance at 31 December 2016	90,000	8,262,281	10,000	8,362,281
Changes in equity				
Dividends	-	(2,650,000)	-	(2,650,000)
Total comprehensive income	-	2,329,136	-	2,329,136
Balance at 31 December 2017	90,000	7,941,417	10,000	8,041,417

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	3,249,693	2,717,550
Tax paid		<u>(499,856)</u>	<u>(371,666)</u>
Net cash from operating activities		<u>2,749,837</u>	<u>2,345,884</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(584,769)	(408,345)
Sale of tangible fixed assets		40,198	37,119
Sale of fixed asset investments		-	12,722
Interest received		2,934	23,881
Dividends received		<u>216,773</u>	<u>-</u>
Net cash from investing activities		<u>(324,864)</u>	<u>(334,623)</u>
Cash flows from financing activities			
Amount introduced by directors		-	10,388
Amount withdrawn by directors		(101,540)	-
Amounts owed to group undertakings		34,383	147,604
Equity dividends paid		<u>(2,650,000)</u>	<u>(440,000)</u>
Net cash from financing activities		<u>(2,717,157)</u>	<u>(282,008)</u>
(Decrease)/increase in cash and cash equivalents		<u>(292,184)</u>	<u>1,729,253</u>
Cash and cash equivalents at beginning of year	2	3,697,231	1,967,978
Cash and cash equivalents at end of year	2	<u>3,405,047</u>	<u>3,697,231</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	2017	2016
	£	£
Profit before taxation	2,814,152	2,197,502
Depreciation charges	603,839	583,920
(Profit)/loss on disposal of fixed assets	(31,310)	20,475
Finance income	(219,707)	(23,881)
	<u>3,166,974</u>	<u>2,778,016</u>
Decrease/(increase) in stocks	21,513	(30,922)
Decrease/(increase) in trade and other debtors	10,672	(100,732)
Increase in trade and other creditors	50,534	71,188
Cash generated from operations	<u>3,249,693</u>	<u>2,717,550</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>3,405,047</u>	<u>3,697,231</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>3,697,231</u>	<u>1,967,978</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. STATUTORY INFORMATION

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

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Significant judgements and estimates

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Turnover

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

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

Tangible fixed assets

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

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

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

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

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

Financial instruments

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Research and development

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

Foreign currencies

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

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

All differences are taken to the income statement.

Employee benefits

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

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

Provisions

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

3. TURNOVER

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	3,408,724	3,168,939
Social security costs	273,883	250,544
Other pension costs	182,066	175,161
	<u>3,864,673</u>	<u>3,594,644</u>

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

	2017	2016
Manufacturing	83	77
Administration	49	46
Sales and distribution	6	7
	<u>138</u>	<u>130</u>

	2017	2016
	£	£
Directors' remuneration	468,364	548,235
Directors' pension contributions to money purchase schemes	<u>52,034</u>	<u>46,099</u>

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

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	162,374	165,479
Pension contributions to money purchase schemes	<u>15,375</u>	<u>5,036</u>

5. OPERATING PROFIT

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

	2017	2016
	£	£
Depreciation - owned assets	603,839	583,920
(Profit)/loss on disposal of fixed assets	(31,310)	20,475
Auditors' remuneration	10,000	10,000
Research and development	<u>71,379</u>	<u>63,434</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

6. TAXATION

Analysis of the tax charge

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

	2017 £	2016 £
Current tax:		
UK corporation tax	514,218	469,856
Deferred tax	(29,202)	(43,157)
Tax on profit	<u>485,016</u>	<u>426,699</u>

Reconciliation of total tax charge included in profit and loss

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

	2017 £	2016 £
Profit before tax	<u>2,814,152</u>	<u>2,197,502</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.247% (2016 - 20%)	541,640	439,500
Effects of:		
Expenses not deductible for tax purposes	-	6,811
Income not taxable for tax purposes	(41,721)	-
Depreciation in excess of capital allowances	35,855	-
Research and development enhancement	(17,859)	(16,699)
Timing adjustment for pension contributions	(3,697)	(2,913)
Movement in deferred tax	(29,202)	-
Total tax charge	<u>485,016</u>	<u>426,699</u>

7. DIVIDENDS

	2017 £	2016 £
A Ordinary shares of 50p each		
Interim	1,325,000	220,000
B Ordinary shares of 50p each		
Interim	<u>1,325,000</u>	<u>220,000</u>
	<u>2,650,000</u>	<u>440,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2017	1,390,147	2,883,396	1,374,996	302,236	5,950,775
Additions	156,616	265,153	79,786	83,214	584,769
Disposals	-	(10,605)	(22,239)	(99,969)	(132,813)
At 31 December 2017	<u>1,546,763</u>	<u>3,137,944</u>	<u>1,432,543</u>	<u>285,481</u>	<u>6,402,731</u>
DEPRECIATION					
At 1 January 2017	235,735	1,865,448	1,141,413	188,356	3,430,952
Charge for year	25,739	343,105	154,674	80,321	603,839
Eliminated on disposal	-	(8,854)	(21,791)	(93,280)	(123,925)
At 31 December 2017	<u>261,474</u>	<u>2,199,699</u>	<u>1,274,296</u>	<u>175,397</u>	<u>3,910,866</u>
NET BOOK VALUE					
At 31 December 2017	<u>1,285,289</u>	<u>938,245</u>	<u>158,247</u>	<u>110,084</u>	<u>2,491,865</u>
At 31 December 2016	<u>1,154,412</u>	<u>1,017,948</u>	<u>233,583</u>	<u>113,880</u>	<u>2,519,823</u>

Included in cost of land and buildings is freehold land of £ 353,457 (2016 - £ 353,457) which is not depreciated.

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2017 and 31 December 2017	<u>568,303</u>
NET BOOK VALUE	
At 31 December 2017	<u>568,303</u>
At 31 December 2016	<u>568,303</u>

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

J&A Europe Limited

Registered office:

Nature of business: Dormant Company

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>30,111</u>	<u>30,111</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. FIXED ASSET INVESTMENTS - continued

J&A (International) SARL T/A Imatel

Registered office:

Nature of business: Wholesale of garment decoration in Europe

Class of shares:	%
Ordinary	holding 100.00

	2017	2016
	£	£
Aggregate capital and reserves	433,133	610,872
Profit/(loss) for the year	<u>21,297</u>	<u>(52,074)</u>

10. STOCKS

	2017	2016
	£	£
Raw materials	521,867	551,492
Finished goods	<u>400,061</u>	<u>391,949</u>
	<u>921,928</u>	<u>943,441</u>

Stock recognised as an expense in the period were £21,513 (2016: (£30,922)).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	1,891,496	1,935,502
Other debtors	4,119	4,658
Prepayments	<u>136,475</u>	<u>102,602</u>
	<u>2,032,090</u>	<u>2,042,762</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	599,948	510,204
Amounts owed to group undertakings	48,915	14,532
Taxation	234,796	220,434
Other taxes and social security	293,514	312,365
Other creditors	57,920	74,171
Directors' current accounts	-	101,540
Accrued expenses	<u>81,477</u>	<u>85,585</u>
	<u>1,316,570</u>	<u>1,318,831</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

13. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2017	2016
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	1,891,496	1,935,502
Amounts owed by group undertakings	-	-
Other Debtors	4,119	4,658
Financial liabilities measured at amortised cost		
Trade creditors	599,948	510,204
Other creditors	57,920	74,171
Amounts owed to group undertakings	48,915	14,532

The total interest income for financial assets and financial liabilities that are not measured at fair value through the income statement is £2,934 (2016: £23,881).

14. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax		
Accelerated capital allowances	<u>61,246</u>	<u>90,448</u>
		Deferred tax
		£
Balance at 1 January 2017		90,448
Credit to Income Statement during year		(29,202)
Capital allowances		
Balance at 31 December 2017		<u>61,246</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		£	£
90,000	A Ordinary	50p	45,000	45,000
90,000	B Ordinary	50p	<u>45,000</u>	<u>45,000</u>
			<u>90,000</u>	<u>90,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

16. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2017	8,262,281	10,000	8,272,281
Profit for the year	2,329,136		2,329,136
Dividends	(2,650,000)		(2,650,000)
At 31 December 2017	<u>7,941,417</u>	<u>10,000</u>	<u>7,951,417</u>

17. PENSION COMMITMENTS

The company pays into a defined contribution scheme for eligible employees. The assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounts to £52,034 (2016: £46,099).

18. CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted but not provided for in the financial statements	<u>903,184</u>	<u>-</u>

19. RELATED PARTY DISCLOSURES

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

Key management personnel of the entity or its parent (in the aggregate)

	2017 £	2016 £
Amount due to related party	<u>-</u>	<u>101,540</u>

Other related parties

	2017 £	2016 £
Sales	377,821	289,451
Purchases	4,236	-
Amount due from related party	<u>168,179</u>	<u>68,818</u>

During the year, a total of key management personnel compensation of £ 468,364 (2016 - £ 548,235) was paid.

The ultimate controlling party is J&A (International) Holdings Limited.

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