

## **Nico Manufacturing Limited**

Report and Financial Statements

Year Ended

28 February 2020

Company Number 02826971



# **Nico Manufacturing Limited**

## **Report and financial statements for the year ended 28 February 2020**

---

### **Contents**

#### **Page:**

1	Directors' report
4	Directors' responsibilities statement
5	Independent auditor's report
8	Statement of comprehensive income
9	Statement of financial position
10	Statement of changes in equity
11	Notes forming part of the financial statements

---

### **Directors**

J S Houlihan  
A J McKinley  
G Hagger  
I Harrison

### **Secretary and registered office**

G Hagger, 109 Oxford Road, Clacton-on-Sea, Essex, CO15 3TJ

### **Company number**

02826971

### **Auditor**

BDO LLP, Two Snowhill, Birmingham, B4 6GA

# **Nico Manufacturing Limited**

## **Directors' report for the year ended 28 February 2020**

---

The directors present their report together with the audited financial statements for the year ended 28 February 2020.

### **Principal activities and review of business**

The principal activity of the company is the manufacture of hinges, brackets and associated hardware for the furniture, joinery and uPVC window markets.

### **Results and dividends**

The Statement of comprehensive income is set out on page 7. The profit for the year, after taxation, amounted to £395,225 (2019 - £470,964).

An interim dividend was paid in the year of £275,000 (2019 - £400,000). The directors do not recommend the payment of a final dividend (2019 - £ Nil).

### **Indemnity cover**

Third party indemnity cover for the directors was in force during the year.

### **Directors**

The directors of the company during the year and to the date of approval of these financial statements were:

J S Houlihan  
AJ McKinley  
G Hagger  
I Harrison

### **Future developments**

The company continues to review its product offering to stay ahead of the competition. New products are currently in development which will contribute to further growth.

### **Disclosure of information to auditor**

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

### **Auditor**

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

# Nico Manufacturing Limited

## Directors' report (continued) for the year ended 28 February 2020

---

### Going concern

At 28 February 2020 the Company had net assets of £2,806,260 (28 February 2019 - £2,686,035) including recorded cash at bank of £988,087 (28 February 2019 - £732,660).

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

In early 2020, the Covid-19 virus, which was discovered in Wuhan Province in China in 2019, spread and became a pandemic. In order to prevent further spread, authorities adopted a number of emergency measures from mid-March 2020 including lockdowns of varying degree (the most severe of which led to closure of large tracts of industry) as well as mandated social distancing. The situation and developments around the virus continue to change, sometimes daily and at short notice. The impact on society and the economy has been enormous with the long-term impact yet to be fully known and highly uncertain.

In order to mitigate the risks arising from these circumstances, the Company has taken the following measures:

- Deferring statutory payments in line with government policy including Value Added Tax;
- Using the government's furlough scheme to balance labour costs with sales revenues;
- Controlling discretionary capital expenditure; and
- Measures were put in place to protect staff such as rearranging office and factory layouts, personal protective equipment, hand sanitizers and restrictions on number of people allowed in welfare facilities as well as the restriction of external visitors to the premises

In making this assessment the Board of Directors has undertaken a thorough review of the Company's budgets and forecasts and has produced detailed and realistic cash flow forecasts (the "forecasts") to February 2023 (the "forecast period"). Various scenarios have been run on the continued potential impact of COVID-19, including the modelling of a worst-case scenario. In broad terms the worst-case scenario forecast assumes that revenue would remain the same as for the financial year to 28 February 2021 which has seen a direct impact from the pandemic on revenues achieved. The assumed reductions are worse than anticipated or currently being experienced in the 2022 financial year where the order books are very strong. In addition, the forecasts do not take account of further cost savings and working capital reductions that could be implemented to deal with the impact of COVID-19.

The Company meets its day to day working capital requirements through a combination of trading and utilisation of the inter-group banking arrangement. The JBS group also has access to an overdraft facility and the company is party to a group banking guarantee in respect of the inter-group banking arrangements as detailed in note 18. The group forecasts prepared demonstrate that there is no requirement for the combined group to make use of the bank overdraft facility, or any other loans, during the forecast period.

In addition, all group entities have provided assurance that they will not be seeking payment of the intercompany creditors for a minimum of at least 12 months from the date the financial statements are signed unless the Company has sufficient resources to settle these claims without affecting its ability to continue as a going concern for the forecast period.

These forecasts when considered in conjunction with the company's existing available facilities demonstrate that the company has sufficient working capital for the foreseeable future, being a period of at least 12 months from this date of approval. In light of the assessment and sensitivities prepared, the Directors remain of the view that the forecasts are achievable (despite external factors such as COVID-19) and that the headroom within the forecasts is sufficient to enable the company to operate and meet its liabilities as they fall due for payment during the period.

# Nico Manufacturing Limited

## Directors' report (continued) for the year ended 28 February 2020

### Going concern (continued)

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to February 2023 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Directors have a reasonable expectation that the Company's current liquidity and the further mitigation actions available would enable the Company to respond to such circumstances.

As such, the Directors acknowledge that uncertainty exists but do not consider this to be a material uncertainty that would cast doubt on the Company's ability to continue as a going concern.

At the date of approval of these financial statements and having taken into consideration all of the aforementioned comments, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of these accounts. Therefore the Directors consider it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

### Post Balance Sheet Events

#### *Covid-19 pandemic*

In January 2020, an outbreak of a coronavirus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020 The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the World undertook drastic steps which included compulsory closure of various businesses, shops and schools and also heavily restricting the movement of people by enforcing nationwide lock downs and social distancing. These measures have had varying degrees of impact on the various sectors of the society and the economy.

In 2021 the Group expects a loss of revenue compared to 2020. In April and May 2020 revenues fell considerably as the full effect of the lockdown took effect. In the rest of the year, revenues returned to normal and exceeded the previous year mitigating much of the loss of revenue and the group remains very busy into the financial year ending in 2022.

Furthermore, consolidating the cash position continues to be a key objective of the Group's financial policy and the Group has remained cash positive throughout the pandemic.

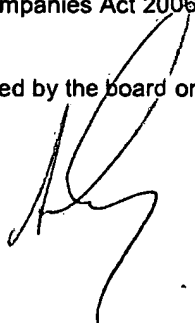
As of June 2021 the Government had begun to lift restrictions in place to control the spread of the pandemic. Many of the markets serviced by the group continue to be buoyant and the group will benefit from this situation.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 12/7/21 and signed on its behalf.

A J McKinley  
Director



# **Nico Manufacturing Limited**

## **Directors' responsibilities statement for the year ended 28 February 2020**

---

The directors are responsible for preparing 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). Under company law the directors must not approve the financial statements unless 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; 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 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.

# Nico Manufacturing Limited

## Independent auditor's report

---

### TO THE MEMBERS OF NICO MANUFACTURING LIMITED

#### Opinion

We have audited the financial statements of Nico Manufacturing Limited ("the Company") for the year ended 28 February 2020 which comprise the Statement of comprehensive income, the Statement of financial position, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 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.

# **Nico Manufacturing Limited**

## **Independent auditor's report (continued)**

---

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.



# Nico Manufacturing Limited

## Independent auditor's report (continued)

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 determines 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 either 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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.

DocuSigned by:  
  
FC88A145C4F04E5...

**Samantha Lifford** (Senior Statutory Auditor)  
*For and on behalf of BDO LLP, statutory auditor*  
*Birmingham*  
*United Kingdom*

Date: 13 July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Nico Manufacturing Limited

## Statement of comprehensive income for the year ended 28 February 2020

	Note	2020 £	2019 £
<b>Turnover</b>	3	<b>8,199,844</b>	<b>8,071,454</b>
Cost of sales		<u>(6,707,115)</u>	<u>(6,531,868)</u>
<b>Gross profit</b>		<b>1,492,729</b>	<b>1,539,586</b>
Administrative expenses		<u>(1,008,819)</u>	<u>(991,861)</u>
<b>Operating profit</b>	6	<b>483,910</b>	<b>547,725</b>
Interest receivable and similar income	7	<u>1,773</u>	<u>2,142</u>
<b>Profit before taxation</b>		<b>485,683</b>	<b>549,867</b>
Taxation	8	<u>(90,458)</u>	<u>(78,903)</u>
<b>Profit for the year</b>		<b>395,225</b>	<b>470,964</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>395,225</u></b>	<b><u>470,964</u></b>

All amounts relate to the continuing activities of the company.

The notes on pages 11 to 26 form part of these financial statements.

# Nico Manufacturing Limited

## Statement of financial position as at 28 February 2020

<b>Company number 02826971</b>	<b>Note</b>	<b>2020 £</b>	<b>2020 £</b>	<b>2019 £</b>	<b>2019 £</b>
<b>Fixed assets</b>					
Tangible assets	10		1,550,851		1,460,795
<b>Current assets</b>					
Stocks	11	1,058,370		1,091,331	
Debtors	12	1,324,172		1,360,889	
Cash at bank and in hand	13	988,087		732,660	
		<u>3,370,629</u>		<u>3,184,880</u>	
<b>Creditors: amounts falling due within one year</b>	14	<b>(2,030,645)</b>		<b>(1,907,620)</b>	
<b>Net current assets</b>			<b>1,339,984</b>		<b>1,277,260</b>
<b>Total assets less current liabilities</b>			<b>2,890,835</b>		<b>2,738,055</b>
<b>Provisions for liabilities</b>					
Deferred tax	15		(84,575)		(52,020)
<b>Net assets</b>			<b>2,806,260</b>		<b>2,686,035</b>
<b>Capital and reserves</b>					
Called up share capital	16		2		2
Profit and loss account	17		2,806,258		2,686,033
<b>Shareholders' funds</b>			<b>2,806,260</b>		<b>2,686,035</b>

The Company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 12 July 2021

A J McKinley  
Director

The notes on pages 11 to 26 form part of these financial statements.

## Nico Manufacturing Limited

### Statement of changes in equity for the year ended 28 February 2020

	Share capital £	Retained earnings £	Total equity £
<b>At 1 March 2019</b>	<b>2</b>	<b>2,686,033</b>	<b>2,686,035</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	395,225	395,225
<b>Total comprehensive income for the year</b>	-	395,225	395,225
<b>Contributions by and distributions to owners</b>			
Dividends paid (note 9)	-	(275,000)	(275,000)
<b>Total transactions with owners</b>	-	(275,000)	(275,000)
<b>At 28 February 2020</b>	<b>2</b>	<b>2,806,258</b>	<b>2,806,260</b>

### Statement of changes in equity for the year ended 28 February 2019

	Share capital £	Retained earnings £	Total equity £
<b>At 1 March 2018</b>	<b>2</b>	<b>2,615,069</b>	<b>2,615,071</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	470,964	470,964
<b>Total comprehensive income for the year</b>	-	470,964	470,964
<b>Contributions by and distributions to owners</b>			
Dividends paid (note 9)	-	(400,000)	(400,000)
<b>Total transactions with owners</b>	-	(400,000)	(400,000)
<b>At 28 February 2019</b>	<b>2</b>	<b>2,686,033</b>	<b>2,686,035</b>

The notes on pages 11 to 26 form part of these financial statements.

# Nico Manufacturing Limited

## Notes forming part of the financial statements for the year ended 28 February 2020

### 1 Accounting policies

#### *Company Information*

Nico Manufacturing Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are the manufacture of hinges, brackets and associated hardware for the furniture, joinery and UPVC window markets.

#### *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 United Kingdom and the Republic of Ireland and the Companies Act 2006.

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 2).

The accounts have been prepared in the company's functional currency, pounds sterling.

The following principal accounting policies have been applied consistently:

#### *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 paragraph 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of JBS Industries Limited as at 28 February 2020 and these financial statements may be obtained from Companies House.

#### *Going concern*

At 28 February 2020 the Company had net assets of £2,806,260 (28 February 2019 - £2,686,035) including recorded cash at bank of £988,087 (28 February 2019 - £732,660).

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

# Nico Manufacturing Limited

## Notes forming part of the financial statements for the year ended 28 February 2020 (continued)

### 1 Accounting policies (continued)

#### *Going concern (continued)*

In early 2020, the Covid-19 virus, which was discovered in Wuhan Province in China in 2019, spread and became a pandemic. In order to prevent further spread, authorities adopted a number of emergency measures from mid-March 2020 including lockdowns of varying degree (the most severe of which led to closure of large tracts of industry) as well as mandated social distancing. The situation and developments around the virus continue to change, sometimes daily and at short notice. The impact on society and the economy has been enormous with the long-term impact yet to be fully known and highly uncertain.

In order to mitigate the risks arising from these circumstances, the Company has taken the following measures:

- Deferring statutory payments in line with government policy including Value Added Tax;
- Using the government's furlough scheme to balance labour costs with sales revenues;
- Controlling discretionary capital expenditure; and
- Measures were put in place to protect staff such as rearranging office and factory layouts, personal protective equipment, hand sanitizers and restrictions on number of people allowed in welfare facilities as well as the restriction of external visitors to the premises

In making this assessment the Board of Directors has undertaken a thorough review of the Company's budgets and forecasts and has produced detailed and realistic cash flow forecasts (the "forecasts") to February 2023 (the "forecast period"). Various scenarios have been run on the continued potential impact of COVID-19, including the modelling of a worst-case scenario. In broad terms the worst-case scenario forecast assumes that revenue would remain the same as for the financial year to 28 February 2021 which has seen a direct impact from the pandemic on revenues achieved. The assumed reductions are worse than anticipated or currently being experienced in the 2022 financial year where the order books are very strong. In addition, the forecasts do not take account of further cost savings and working capital reductions that could be implemented to deal with the impact of COVID-19.

The Company meets its day to day working capital requirements through a combination of trading and utilisation of the inter-group banking arrangement. The JBS group also has access to an overdraft facility and the company is party to a group banking guarantee in respect of the inter-group banking arrangements as detailed in note 18. The group forecasts prepared demonstrate that there is no requirement for the combined group to make use of the bank overdraft facility, or any other loans, during the forecast period.

In addition, all group entities have provided assurance that they will not be seeking payment of the intercompany creditors for a minimum of at least 12 months from the date the financial statements are signed unless the Company has sufficient resources to settle these claims without affecting its ability to continue as a going concern for the forecast period.

These forecasts when considered in conjunction with the company's existing available facilities demonstrate that the company has sufficient working capital for the foreseeable future, being a period of at least 12 months from this date of approval. In light of the assessment and sensitivities prepared, the Directors remain of the view that the forecasts are achievable (despite external factors such as COVID-19) and that the headroom within the forecasts is sufficient to enable the company to operate and meet its liabilities as they fall due for payment during the period.

# Nico Manufacturing Limited

## Notes forming part of the financial statements for the year ended 28 February 2020 (continued)

---

### 1 Accounting policies (continued)

#### *Going concern (continued)*

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to February 2023 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Directors have a reasonable expectation that the Company's current liquidity and the further mitigation actions available would enable the Company to respond to such circumstances.

As such, the Directors acknowledge that uncertainty exists but do not consider this to be a material uncertainty that would cast doubt on the Company's ability to continue as a going concern.

At the date of approval of these financial statements and having taken into consideration all of the aforementioned comments, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of these accounts. Therefore the Directors consider it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

#### *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 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.

#### *Operating leases: Lessee*

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

# Nico Manufacturing Limited

## Notes forming part of the financial statements for the year ended 28 February 2020 (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets*

Tangible fixed assets 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.

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. The estimated useful lives range as follows:

Freehold property	-	0.69% straight line
Plant and machinery	-	10% to 35% straight line
Fixtures, fittings and equipment	-	10% to 35% 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 within administrative expenses in the Statement of Comprehensive Income.

#### *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.

#### *Debtors*

Short term debtors are measured at transaction price, less any impairment.

#### *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.



# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 (*continued*)

---

## 1 Accounting policies (*continued*)

### *Financial instruments*

#### Basic Financial Instruments

##### Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and any subsequent impairment is recognised in profit or loss.

##### Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

##### Financial liabilities

Financial liabilities comprise other loans and overdrafts, trade creditors, amounts owed to group undertakings, other creditors and accruals; these are initially recorded at cost on the date they originate and are subsequently carried at amortised cost under the effective interest rate method.

##### 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.

##### *Holiday pay accrual*

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

# Nico Manufacturing Limited

## Notes forming part of the financial statements for the year ended 28 February 2020 (continued)

---

### 1 Accounting policies (continued)

#### *Foreign currency translation*

#### *Functional and presentation currency*

The company's functional and presentational currency is GBP.

#### *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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

#### *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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### *Pensions*

Contributions to the company's defined contribution pension scheme are charged to the Statement of Comprehensive income in the year in which they become payable.

The company participates in a defined benefit pension scheme which is operated by the parent undertaking, JBS Industries Limited. There is no stated policy for charging the net defined benefit scheme between the group companies that are party to the scheme and hence no proportion of the defined scheme assets, liabilities, income and costs are recognised in the individual group companies in accordance with that policy.

# Nico Manufacturing Limited

## Notes forming part of the financial statements for the year ended 28 February 2020 (continued)

---

### 1 Accounting policies (continued)

#### *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 Statement of Financial Position 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 Statement of Financial Position.

#### *Current and deferred taxation*

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Related party transactions*

The Company is a wholly owned subsidiary of JBS Industries Limited and has taken advantage of the exemption covered by section 33.1 A of FRS 102 not to disclose transactions with JBS Industries Limited or other wholly owned subsidiaries within the group.

# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 (continued)

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

The company makes certain estimates and assumptions regarding the future. These judgements and estimates affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements, the directors have had to make the following judgements and estimates:

### *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking in account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### *Trade debtors*

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

### *Stock*

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

## 3 Turnover

	2020 £	2019 £
Analysis by geographical market:		
United Kingdom	7,178,621	6,955,618
Europe	946,574	1,028,671
North America	9,556	4,985
Rest of the world	65,093	82,180
	<hr/>	<hr/>
	8,199,844	8,071,454
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 (continued)

## 4 Employees

	2020 £	2019 £
Staff costs consist of:		
Wages and salaries	2,989,369	2,874,971
Social security costs	260,100	246,726
Other pension costs	118,429	97,505
	<u>3,367,898</u>	<u>3,219,202</u>

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

	Number	Number
Production	125	127
Sales	8	8
Administration	4	4
	<u>137</u>	<u>139</u>

## 5 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	135,437	131,883
Company contributions to money purchase pension schemes	18,691	15,041
	<u>154,128</u>	<u>146,924</u>

There was 1 director in the company's defined benefit pension scheme (2019 - 1) and 1 director in the company's defined contribution pension scheme (2019 - 1) during the year.

Emoluments represent amounts paid to 2 directors. The remaining directors are remunerated by the parent company, JBS Industries Limited.

## 6 Operating profit

	2020 £	2019 £
This has been arrived at after charging:		
Research and development	11,490	2,297
Depreciation of tangible fixed assets	135,949	127,985
Fees payable to the company's auditor for the auditing of the company's annual accounts	10,750	10,000
Defined contribution pension cost	88,720	55,317
Defined benefit pension cost	29,709	42,188
Hire of plant and machinery - operating leases	752	752
Hire of other assets - operating leases	35,788	34,280
Cost of inventories expensed	<u>2,841,664</u>	<u>2,882,258</u>

# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 (*continued*)

## 7 Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	1,773	2,142

## 8 Taxation

	2020 £	2019 £
<i>Corporation tax</i>		
Current tax on profits for the year	81,986	82,956
Adjustment in respect of previous periods	(24,083)	6,893
Total current tax	57,903	89,849
<i>Deferred tax</i>		
Origination and reversal of timing differences	24,561	(4,877)
Adjustment in respect of previous periods	7,994	(6,069)
Total deferred tax	32,555	(10,946)
Taxation on profit	90,458	78,903

# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 (continued)

## 8 Taxation (continued)

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £	2019 £
Profit before tax	485,683	549,867
Profit at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	92,280	104,475
Effects of:		
Expenses not deductible for tax purposes	2,979	593
Fixed asset differences	14,177	-
Adjustment to tax charge in respect of previous periods	(16,089)	824
Adjustment of deferred tax balance	(2,889)	
Other differences	-	(21,156)
Taxation on profit	90,458	78,903

### Factors that may affect future tax charges

The Corporation tax is calculated at 19% (2019 – 19%) of the estimated assessable profit for the year. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the Statement of Financial Position date have been measured using these enacted rates and reflected in these financial statements. The UK Government announced on 3 March 2021 that the Government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the Statement of Financial Position date it has not been used to calculate the deferred tax balances.

## 9 Dividends

	2020 £	2019 £
Ordinary shares		
Interim paid of £137,500 (2019 - £200,000) per share	275,000	400,000

# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 *(continued)*

## 10 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 March 2019	1,421,284	2,609,515	173,670	4,204,469
Additions	61,138	157,603	7,264	226,005
Disposals	-	(11,240)	-	(11,240)
	<u>1,482,422</u>	<u>2,755,878</u>	<u>180,934</u>	<u>4,419,234</u>
<i>Depreciation</i>				
At 1 March 2019	380,954	2,241,425	121,295	2,743,674
Charge for the year	30,451	79,796	25,702	135,949
Disposals	-	(11,240)	-	(11,240)
	<u>411,405</u>	<u>2,309,981</u>	<u>146,997</u>	<u>2,868,383</u>
<i>Net book value</i>				
At 28 February 2020	<u>1,071,017</u>	<u>445,897</u>	<u>33,937</u>	<u>1,550,851</u>
At 28 February 2019	<u>1,040,330</u>	<u>368,090</u>	<u>52,375</u>	<u>1,460,795</u>

## 11 Stocks

	2020 £	2019 £
Raw materials and consumables	46,948	39,473
Work in progress	407,120	335,411
Finished goods and goods for resale	604,302	716,447
	<u>1,058,370</u>	<u>1,091,331</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

An impairment charge of £10,000 (2019 – charge £14,045) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.



# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 (continued)

## 12 Debtors

	2020 £	2019 £
Trade debtors	1,222,779	1,223,017
Amounts owed by group undertakings	86,828	102,870
Corporation tax	-	21,168
Prepayments and accrued income	14,565	13,834
	<u>1,324,172</u>	<u>1,360,889</u>

All amounts shown under debtors fall due for payment within one year.

The impairment loss recognised in the statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £2,965 (2019 - £Nil).

## 13 Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	988,087	732,660
	<u>988,087</u>	<u>732,660</u>

## 14 Creditors: amounts falling due within one year

	2020 £	2019 £
Other loans	38,396	25,524
Trade creditors	819,105	792,804
Amounts owed to group undertakings	900,549	855,518
Other taxation and social security	178,998	155,497
Accruals and deferred income	93,597	78,277
	<u>2,030,645</u>	<u>1,907,620</u>

The amounts included within other loans are secured against the trading debts of the company.

Although amounts owed to group companies are technically due for repayment in less than one year, the directors do not expect to make a substantial repayment within 12 months of the date of approval of the financial statements.

# Nico Manufacturing Limited

Notes forming part of the financial statements  
for the year ended 28 February 2020 (continued)

<b>15 Deferred taxation</b>		<b>£</b>
At 1 March 2019		52,020
Charged to the Statement of comprehensive income		32,555
		<hr/>
At 28 February 2020		<b>84,575</b>
		<hr/>
The provision for deferred taxation is made up as follows:		
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fixed asset timing differences	85,331	56,897
Short term timing differences	(756)	(4,877)
	<hr/>	<hr/>
	<b>84,575</b>	<b>52,020</b>
	<hr/>	<hr/>
<b>16 Share capital</b>		
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

## 17 Reserves

The company's capital and reserves are as follows:

### Share capital

Called up share capital represents the nominal value of the shares issued.

### Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

## 18 Contingent liabilities

At 28 February 2020 there was a composite guarantee and debenture between group undertakings to the Royal Bank of Scotland plc. The total gross amount guaranteed by the company at 28 February 2020 amounted to £1,595,246 (2019 - £1,006,764).

The company is a member of the JBS Industries Limited VAT registration scheme and is therefore jointly and severally liable for all liabilities of other group companies within this scheme. As at 28 February 2020 the total group liability was £75,885 (2019 - £101,708).

The directors do not believe that the company will be called upon under the guarantee to repay these amounts. Further information regarding the overall group performance can be found in the JBS Industries Limited consolidated financial statements.

# Nico Manufacturing Limited

## Notes forming part of the financial statements for the year ended 28 February 2020 (continued)

### 19 Capital commitments

	2020 £	2019 £
Contracted but not provided for	10,000	21,312

### 20 Pension commitments

The company is a member of the JBS Industries Limited defined contribution and defined benefit pension schemes.

#### Defined contribution scheme

The assets of the defined contribution scheme are held separately in an independently administered fund. The total pension charge during the period includes contributions payable by the company to the fund and amounted to £88,720 (2019 - £55,317). At 28 February 2020 there was an accrual of £2,512 (2019 - £1,938) which is included within creditors.

#### Defined benefit scheme

It is not possible to identify the company's share of the underlying assets and liabilities in respect of the defined benefit scheme on a consistent and reasonable basis. Contributions to the scheme by the company are based on professional and independent actuarial advice. During the period the contributions payable by the company to the fund amounted to £29,709 (2019 - £42,188). At 28 February 2020 there was an accrual of £1,938 (2019 - £1,938) which is included within creditors. The last valuation was performed at 31 March 2016 and updated on 28 February 2020 by a qualified actuary in accordance with FRS 102, and shows a deficit on the scheme of £3,711,000 (2019 - £2,833,000). Further details of the scheme are contained in the financial statements of JBS Industries Limited.

### 21 Commitments under operating leases

As at 28 February 2020, the company had future minimum lease payments under non-cancellable operating leases as set out below:

	2020 £	2019 £
Not later than 1 year	33,097	20,875
Later than 1 year and not later than 5 years	24,412	19,045
	<u>57,509</u>	<u>39,920</u>

# **Nico Manufacturing Limited**

**Notes forming part of the financial statements  
for the year ended 28 February 2020 (continued)**

---

## **22 Post Balance Sheet Events**

### *Covid-19 pandemic*

In January 2020, an outbreak of a coronavirus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020 The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the World undertook drastic steps which included compulsory closure of various businesses, shops and schools and also heavily restricting the movement of people by enforcing nationwide lock downs and social distancing. These measures have had varying degrees of impact on the various sectors of the society and the economy.

In 2021 the Group expects a loss of revenue compared to 2020. In April and May 2020 revenues fell considerably as the full effect of the lockdown took effect. In the rest of the year, revenues returned to normal and exceeded the previous year mitigating much of the loss of revenue and the group remains very busy into the financial year ending in 2022.

Furthermore, consolidating the cash position continues to be a key objective of the Group's financial policy and the Group has remained cash positive throughout the pandemic.

As of June 2021 the Government had begun to lift restrictions in place to control the spread of the pandemic. Many of the markets serviced by the group continue to be buoyant and the group will benefit from this situation.

## **23 Ultimate parent company**

The company is a wholly owned subsidiary of JBS Industries Limited, a company incorporated in England and Wales. JBS Industries Limited is also the company's ultimate parent company.

The ultimate controlling party is J S Houlihan.