

Company Registration No. SC173105 (Scotland)

Comcat Engineering Limited

Report and Financial Statements

31 October 2016



Comcat Engineering Limited

Report and financial statements year ending 31 October 2016

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Comcat Engineering Limited

Report and financial statements 2016

Officers and professional advisers

Directors

S Baxter

P Humphreys

J McKenzie

Registered Office

Unit 3a 3

Smithton Industrial Estate

Inverness

IV2 7WL

Auditor

Deloitte LLP

Statutory Auditor

Leeds

Comcat Engineering Limited

Strategic report

The director's present their annual report and the audited financial statements for the year ended 31 October 2016.

Business strategy

The company is a member of the group headed by JLA New Equityco Limited ("the group"). A review of the group's results and future prospects, which include those of the company, is set out below.

Over the last few years the Board has developed a very clear strategic vision which is being successfully deployed within the business. The strategy will look to continue to grow market share within the existing core business segments, along with identifying opportunities for growth in adjacent markets through both organic product and service development and strategic acquisitions.

The group will continue to provide a complete sales service and finance solution to support its customer base, both existing and new, through the whole life cycle of their critical assets that are operated within their business. Through the group's unique sales infrastructure and national service support capability, it will bring new product offerings to the existing customer base and gain market share within adjacent targeted markets.

The group will continue to invest in its sales and service capability in the Laundry and Catering divisions. The group will also continue to keep the key customer promise made at the point of sale, where service excellence is guaranteed 365 days a year - 24/7 to maintain their critical asset base.

The group's ambitious growth plans are underpinned by a robust deployment plan which has allowed the business to cascade the strategy down through the organisation. A number of key strategic work-streams related to revenue growth efficiency and operational excellence will deliver the strategic vision and are supported by both the significant cash generation from the business and an appropriate level of external funding.

Business review

The principal activity of the company in the period under review was that of suppliers of catering equipment and maintenance service.

The company's key performance target is to grow turnover and profits in the long term. In the year under review turnover has fallen to £2,102,413 (14 month period ended 31 October 2015: £2,605,349) principally due to a challenging trading environment in the Aberdeen area as a result of a downturn in the oil sector.

The profit for the year, before taxation, amounted to £114,013 (14 month period ended 31 October 2015: £205,485). The directors have not recommended a dividend (14 month period ended 31 October 2015: £30,000).

The statement of financial position on page 11 shows the company's financial position at the year end. Net assets increased from £456,465 to £551,852. The company's financial position was considered satisfactory in terms of workings capital and confirmed group support and the directors believe the company to be well positioned for future growth. Further details of the company's funding can be found on pages 3 and 4.

Shareholder transaction

On 22 December 2015, both Hg Capital, the funds of which are managed by Hg Pooled Management Limited, and management disposed of their equity share capital in JLA Equityco Limited. The transaction was an acquisition by way of share-for-share exchange of JLA Equityco Limited by JLA New Holdco Limited and the ultimate shareholders, and their relative rights, remained the same before and after the combination.

Consequently, the company's new ultimate parent company is now JLA New Equityco Limited, which indirectly owns 100% of the issued share capital of JLA Equityco Limited. At a later step in this transaction on 22 December 2015, three new Co-Investors joined Hg and management in owning an equity interest in the new ultimate parent company JLA New Equityco Limited.

Conversion to Financial Reporting Standard 101 Reduced Disclosure Framework

The company has elected to change its accounting framework and transition to FRS 101 from old UK GAAP.

There were no material adjustments on adoption of FRS 101 since the date of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the 14 month period ended 31 October 2015 and the date of transition to FRS 101 was therefore 1 September 2014. Further details can be found in note 22.

Comcat Engineering Limited

Strategic report (continued)

Future developments

The Board has plans to grow the business significantly, both in terms of revenue and profitability through organic growth within its existing core market segments and through acquisition in adjacent market sectors, which have similar market characteristics and will allow JLA to apply its unique business model.

In recent years JLA has established a meaningful position within the UK catering sales and service market through both organic and acquisition related growth. JLA intends to use this strong platform to leverage the sizeable opportunity that this market presents.

Principal risks and uncertainties

The principal risks specific to the company and how they are managed and mitigated are outlined below.

Not all these factors are within the direct control of the company or its directors and the list is not exhaustive. There may be other risks and uncertainties that are currently unknown and the list may change as something that seems immaterial now could assume greater importance in the future, and vice versa.

- The principal risk affecting the company relates to any downturn in economic conditions within the markets in which it operates. This is however mitigated to some extent by the long-term contractual nature of some of the company's income.
- Credit and liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of short term drawdowns under the revolving credit facility at floating rates of interest. During the previous financial year the group acted to ensure continuity of banking facilities by entering into a senior funding agreement. The group's credit risk is primarily attributable to its trade receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of customers and market segments.
- Liquidity/cash flow risk - the group and company are financed through a combination of bank and debt instruments that carry variable and fixed rates of interest. The appropriateness of these bank and debt instruments and the risks related to variable rate debt are periodically reviewed by management and the Board. These facilities are secured against the assets of the group including those of the company. This financing provides the necessary headroom to support the expansion plans of the business. Interest rate swap and cap contracts are in place in order to manage the risk of changes in interest rates adversely affecting the group's operating activities or future prospects. These facilities are the subject of financial covenants, which management monitors on a regular basis to ensure that there are no actual or anticipated breaches. There were no covenant breaches during the reporting year.

Going concern

The financial results of the company and the future developments are discussed above.

The company makes use of bank facilities agreed on a JLA New Equityco group wide basis together with other companies under the control of JLA New Equityco Limited, whereby each company guarantees the borrowings of the others.

On 30 October 2015 the group secured new bank loan facilities and settled its existing bank loan facilities. Following the refinancing, the group headed by JLA New Equityco Limited has considerable financial resources, together with significant forecast cash generation from operations. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors note that the company is cash generative and has significant positive net assets. After making enquiries, and reviewing the JLA New Equityco group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements and being in receipt of a letter of support from JLA New Equityco Limited in respect of the company's participation in the group borrowing cross guarantees, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, taking into account reasonably possible changes in trading.

Comcat Engineering Limited

Strategic report (continued)

Going concern (continued)

Accordingly, they have adopted the going concern basis in preparing the annual report and financial statements.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'P. Humphreys', is written over a faint, rectangular stamp or grid.

P Humphreys
Director

27 July 2017

Comcat Engineering Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 October 2016.

Principal activities

The principal activity of the company in the period under review was that of suppliers of catering equipment and maintenance service. There have not been any significant changes in the company's principal activities in the year under review.

Directors

The directors who served during the year and subsequently were:

S Baxter
P Humphreys
J McKenzie

Results and dividends

The income statement is set out on page 10 and shows the profit for the year. The company has moved to reporting under Financial Reporting Standard 101 Reduced Disclosure Framework rather than old UK GAAP in these financial statements. Further details can be found in note 22.

The directors do not recommend the payment of a dividend (2015: £30,000).

Provision of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going concern and financial risk management objectives and policies

The directors set out in the Strategic report:

- the reasoning for the adoption of the going concern basis in preparing the annual report and financial statements for the company; and
- the financial risk management objectives and policies of the company.

Future developments

Refer details in the strategic report on page 3.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Ultimate parent company and parent undertaking of a larger group

The largest group in which the results of the company were consolidated was that headed by JLA New Equityco Limited, which is incorporated in Jersey. The smallest group in which they are consolidated is headed by JLA Equityco Limited, which is incorporated in England and Wales.

According to the register maintained by the group, a number of limited partnerships which are managed by Hg Pooled Management Limited (held through a nominee company) held a significant interest in the ordinary shares of the ultimate parent company at 31 October 2016.

Comcat Engineering Limited

Directors' report (continued)

Ultimate parent company and parent undertaking of a larger group (continued)

The directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by Hg Pooled Management Limited or any other investor in the company's ultimate parent company has an ownership of more than 20% of the issued share capital of the ultimate parent company.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'P. Humphreys', is written over a faint, rectangular stamp or watermark.

P Humphreys
Director
27 July 2017

Comcat Engineering Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of Comcat Engineering Limited

We have audited the financial statements of Comcat Engineering Limited for the year ended 31 October 2016 which comprise the income statement, the statement of financial position, the statement of changes in equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

As more fully explained 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 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.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Comcat Engineering Limited (continued)

Matters on which we are required to report by exception

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.

K Darlison

Kate Darlison FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, UK

27 July 2017

Comcat Engineering Limited

Income statement Year ended 31 October 2016

	Notes	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Revenue	4	2,102,413	2,605,349
Cost of sales		(1,225,170)	(1,799,794)
Gross profit		877,243	805,555
Administrative expenses		(763,230)	(600,030)
Operating profit before depreciation		120,109	212,317
Depreciation	5	(6,096)	(6,792)
Operating profit	5	114,013	205,525
Finance costs	8	-	(40)
Profit on ordinary activities before tax	4-8	114,013	205,485
Tax on profit on ordinary activities	9	(18,626)	3,428
Profit for the financial year		95,387	208,913

All results relate to continuing operations in both the current and prior year.

There were no other recognised gains or losses other than those included in the income statement and therefore no separate statement of other comprehensive income has been presented.

Comcat Engineering Limited

Statement of financial position As at 31 October 2016

	Notes	2016 £	2015 £
Non current assets			
Property, plant and equipment	10	5,877	11,973
Deferred tax asset	14	1,255	2,504
		<u>7,132</u>	<u>14,477</u>
Current assets			
Inventories	11	140,464	128,815
Trade and other receivables	12	445,523	411,736
Cash and bank balances		214,432	155,840
		<u>800,419</u>	<u>696,391</u>
Total assets		<u>807,551</u>	<u>710,868</u>
Current liabilities			
Trade and other payables	13	(255,699)	(254,403)
		<u>(255,699)</u>	<u>(254,403)</u>
Net current assets		<u>544,720</u>	<u>441,988</u>
Net assets		<u>551,852</u>	<u>456,465</u>
Equity			
Called up share capital	16	100	100
Retained earnings	17	551,752	456,365
Equity attributable to the owners of the company		<u>551,852</u>	<u>456,465</u>

The financial statements of Comcat Engineering Limited registered number SC173105 were approved by the Board of Directors on 27 July 2017.

Signed on behalf of the Board of Directors



P Humphreys
Director

Comcat Engineering Limited

Statement of changes in equity As at 31 October 2016

	Share capital £	Retained earnings £	Total £
Balance at 1 September 2014	100	277,452	277,552
Total comprehensive income for the 14 month period	-	208,913	208,913
Dividends paid in the period (note 15)		(30,000)	(30,000)
Balance at 31 October 2015	100	456,365	456,465
Total comprehensive income for the year	-	95,387	95,387
Balance at 31 October 2016	100	551,752	551,852

Comcat Engineering Limited

Notes to the financial statements **Year ended 31 October 2016**

1. General information

Comcat Engineering Limited (the company) is a company incorporated in Scotland under the Companies Act 2006 in Scotland. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

2. Accounting policies

Conversion to Financial Reporting Standard 101 Reduced Disclosure Framework

The company has elected to change its accounting framework and transition to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) from old UK GAAP.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. A reconciliation of the adjustments is shown in note 22 with explanation of the nature of the transitional adjustments. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the 14 month period ended 31 October 2015 and the date of transition to FRS 101 was therefore 1 September 2014.

Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 October 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101. The prior year financial statements were restated for material adjustments on adoption of FRS101 in the current year. Further details are provided in note 22.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of JLA Equityco Limited.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below.

Accounting reference date

The accounting year of the company ends on the Friday falling between 28 October and 3 November each year but are always reported as at 31 October.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the JLA New Equityco Limited strategic report. The strategic report also describes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

2. Accounting policies (continued)

Going concern (continued)

The company makes use of bank facilities agreed on a JLA New Equityco group wide basis together with other companies under the control of JLA New Equityco Limited, whereby each company guarantees the borrowings of the others.

The company is cash generative and has significant positive net assets. After making enquiries, and reviewing the JLA New Equityco group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements and being in receipt of a letter of support from JLA New Equityco Limited in respect of the company's participation in the group borrowing cross guarantees, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, taking into account reasonably possible changes in trading. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items.

Depreciation is charged to the Income Statement over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful economic lives and depreciation rates are as follows:

Plant and machinery	-	15% reducing balance, 25% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance

Inventories

Inventory is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost includes expenditure incurred in bringing the inventory to its present location and condition and in the case of goods purchased from overseas includes an appropriate element of freight and duty charges. Net realisable value is based on selling price less anticipated sales and distribution costs. Inventory is recognised when the economic benefits and risks associated with the goods have substantially transferred to the company.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with an original maturity of three months or less.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their cost.

Financial assets

The company's financial assets are all categorised as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial liabilities

The company's financial liabilities are all categorised as other financial liabilities. Other financial liabilities are measured at amortised cost.

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

2. Accounting policies (continued)

Revenue recognition

The revenue shown in the income statement represents the amounts of goods and services provided during the year, stated net of value added tax. Revenue represents the amounts receivable from customers during the year and is recognised on an accruals basis when all of the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

2. Accounting policies (continued)

Taxation (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Pensions

The company participates in a group defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Differences between contribution payable in the year and those actually paid are included in accruals or prepayments on the balance sheet.

Leasing and hire purchase

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the company assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings.

Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental costs are charged to the Income Statement on a straight line basis over the life of the lease.

Operating lease incentives, in the form of rent free periods or support for fit out costs, are recognised on a straight line basis, as a reduction of the rental expense over the full lease term.

Premia paid to acquire leases are initially deferred and subsequently amortised to the income statement over the life of the lease.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Additional line items within the income statement

The income statement includes certain additional line items which do not qualify as non-recurring, but which the directors nevertheless believe warrant separate disclosure due to their size and non-trading nature.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Comcat Engineering Limited

Notes to the financial statements

Year ended 31 October 2016

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements and key sources of estimation uncertainty in applying the company's accounting policies

The following are the critical judgements and key sources of estimation uncertainty concerning the future that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Revenue is disclosed in the financial statements net of trade discounts, promotional activities and rebates.

Allowances against the carrying value of inventory

Provision is made against the carrying value of inventory lines, based on their expected rate of sale, to ensure that they are stated at the lower of cost and net realisable value. Judgement is required to assess future demand and promotional activity.

Allowances against the carrying value of trade receivables

Provision is made against the carrying value of past due trade receivables, based on their expected realisation, to ensure that they are stated at the lower of cost and net realisable value. Judgement is required to assess credit risk and future sales activity.

Depreciation

Judgement is required in assessing the useful economic lives of property, plant and equipment fixed assets. This assessment is based on the directors' best estimate of the life of the asset and of its residual value at the end of its useful economic life.

Deferred taxation

The company recognises deferred tax assets and liabilities based on the directors' expectation of future taxable income and the related recoverability of the balance. This assessment requires judgement regarding future income streams and movements in corporation tax rates.

4. Revenue

An analysis of revenue attributable to the one principal activity is shown by geographical segment as follows:

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Distribution and service - United Kingdom	<u>2,102,413</u>	<u>2,605,349</u>

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

5. Profit before taxation

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Profit before taxation is stated after charging:		
Cost of inventories recognised as an expense (note 11)	742,667	879,290
Depreciation of property, plant and equipment:		
- owned by the company (note 10)	6,096	6,792
Operating lease rentals:		
- motor vehicles	86,861	115,930
- property	25,400	25,400

6. Auditor's remuneration

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	5,000	5,000
Taxation compliance services	2,000	2,000

All remuneration paid to the auditor's has been borne by another group company.

7. Staff costs

Staff costs, excluding directors' remuneration, were as follows:

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Wages and salaries	838,303	828,447
Social security costs	88,186	95,581
Other pension costs	5,462	823
	<u>931,951</u>	<u>924,851</u>

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

	2016 No.	2015 No.
Administration and management	5	5
Selling and production	20	21
	<u>25</u>	<u>26</u>

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

8. Finance costs

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Bank loans and overdrafts	-	40

9. Taxation

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Analysis of tax charge/(credit) in the year		
Current tax		
UK corporation tax charge/(credit) on profit for the year 20% (2015: 20.4%)	-	47
Adjustment to charge for previous year	17,377	-
Total current tax	17,377	47
Deferred tax (see note 14)		
Origination and reversal of temporary differences	(1,359)	(3,832)
Adjustment to charge for previous year	2,398	-
Effect of change in tax rate	210	357
Total deferred tax	1,249	(3,475)
Tax on profit on ordinary activities	18,626	(3,428)

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

9. Taxation (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20.4%). The differences are explained below:

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Profit on ordinary activities before tax	114,013	205,485
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.4%)	22,803	41,960
Effects of:		
Expenses not deductible for tax purposes	4,089	-
Rate change	210	357
Adjustment to previous year's charge	19,775	-
Group relief claimed	(28,251)	(45,745)
Tax credit for the year	18,626	(3,428)

Factors that may affect future tax charges

Legislation to reduce the main rate of UK corporation tax to 18% and 17% was passed by Parliament in October 2016 to take effect from 1 April 2017 and 1 April 2018. The reduction in the main rate to 17% had been substantively enacted at the balance sheet date and, therefore, the deferred tax assets and liabilities are calculated in these financial statements at that rate.

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

10. Property, plant and equipment

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 November 2015 and 31 October 2016	33,143	2,808	18,545	54,496
Depreciation				
At 1 November 2015	25,779	1,867	14,877	42,523
Charge for the year	5,036	143	917	6,096
At 31 October 2016	30,815	2,010	15,794	48,619
Net book value				
At 31 October 2016	2,328	798	2,751	5,877
At 31 October 2015	7,364	941	3,668	11,973

11. Inventories

	2016 £	2015 £
Finished goods and goods for resale	140,464	128,815

There is no material difference between the balance sheet value of inventories and their replacement costs.

The cost of inventories recognised as an expense during the year in respect of continuing operations was £742,667 (2015: £879,290).

12. Trade and other receivables

	2016 £	2015 £
Trade receivables	417,421	334,741
Amounts owed by group undertakings	27,008	67,715
Other receivables	1,094	9,280
	445,523	411,736

Due to the short term nature of the financial assets included in this note they are held at undiscounted cost and are repayable on demand.

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

13. Trade and other payables

	2016 £	2015 £
Trade payables	138,031	142,304
Bank loans and overdrafts	6,779	1,377
Social security and other taxes	57,453	45,928
Other creditors	53,436	64,794
	<u>255,699</u>	<u>254,403</u>

Due to the short term nature of the financial liabilities included in this note they are held at undiscounted cost and are repayable on demand.

14. Deferred taxation

	2016 £	2015 £
Non current deferred tax asset	<u>1,255</u>	<u>2,504</u>
	2016 £	2015 £
At beginning of period	2,504	(971)
Rate change	(210)	(357)
Current period – income statement	1,359	3,832
Prior year	(2,398)	-
At end of period	<u>1,255</u>	<u>2,504</u>

The deferred taxation balance is made up as temporary differences on the following:

	Tangible fixed assets £
As at 1 September 2014	(971)
Rate change	(357)
Current period – income statement	<u>3,832</u>
As at 31 October 2015	2,504
Rate change	(210)
Current period – income statement	1,359
Prior year	<u>(2,398)</u>
As at 31 October 2016	<u>1,255</u>

There are no unprovided elements of deferred taxation in the current or prior year.

Comcat Engineering Limited

Notes to the financial statements Year ended 31 October 2016

15. Dividends

The aggregate amount of dividends comprise:

	Year ended 31 October 2016 £	14 month period ended 31 October 2015 £
Interim dividends paid in respect of the current year	-	30,000

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2015: £nil).

16. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
100 Ordinary shares fully paid of £1 each	100	100

17. Reserves

The motive and purpose of each reserve within equity is as follows:

Reserve	Description and purpose
Retained earnings	Cumulative net gains and losses from recognised earnings in the income statement

18. Guarantees

The company makes use of bank facilities agreed on a JLA New Equityco group wide basis together with other companies under the control of JLA New Equityco Limited, whereby each company guarantees the borrowings of the others. Full details of the JLA New Equityco group's assets and liabilities are disclosed in the accounts of JLA New Equityco Limited.

19. Operating lease arrangements

At 31 October 2016 the company had total commitments under non-cancellable other operating leases as follows:

	2016 £	2016 £	2015 £	2015 £
	Buildings	Motor vehicles	Buildings	Motor vehicles
Expiry date:				
Within 1 year	14,950	51,123	14,950	66,704
Between 2 and 5 years	50,167	8,965	64,167	60,088
	<u>65,117</u>	<u>60,088</u>	<u>79,117</u>	<u>126,792</u>

Comcat Engineering Limited

Notes to the financial statements

Year ended 31 October 2016

20. Related party transactions

The company has taken advantage of the exemption granted by Financial Reporting Standard 101 not to disclose transactions with other wholly-owned group companies.

21. Ultimate parent company and parent undertaking of a larger group

The largest group in which the results of the company were consolidated was that headed by JLA New Equityco Limited, which is incorporated in Jersey. The smallest group in which they are consolidated is headed by JLA Equityco Limited, which is incorporated in the UK.

According to the register maintained by the group, a number of limited partnerships which are managed by Hg Pooled Management Limited (held through a nominee company) held a significant interest in the ordinary shares of the ultimate parent company at 31 October 2016. The directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by Hg Pooled Management Limited or any other investor in the company's ultimate parent company has an ownership of more than 20% of the issued share capital of the ultimate parent company.

22. Transitioning from old UK GAAP to FRS 101

No adjustments were required as a result of the transition to FRS 101.