Company Registration No. 02096045 (England and Wales)

JANKEL ARMOURING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

JANKEL ARMOURING LIMITED

COMPANY INFORMATION

Directors	Mr D Crosby Mrs J Jankel Mr A Jankel Mr P Patel Mr R Semmens
Company number	02096045
Registered office	Belgrave House 39-43 Monument Hill Weybridge Surrey KT13 8RN
Auditor	Ward Williams Belgrave House 39-43 Monument Hill Weybridge Surrey KT13 8RN
Business address	P O Box 1 Weybridge Surrey KT13 8XR

JANKEL ARMOURING LIMITED

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JANKEL ARMOURING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the year ended 30 September 2021.

The principal activities of the company continued to be the modification of motor vehicles and the provision of ballistic protection, including blast attenuating seats and the conception, development and delivery of complete survivability solutions, technical consultancy and through life logistical support.

Fair review of the business

So, I am pleased to say that our result for the year has continued its upward trajectory with Revenue increasing £4.0m and our Comprehensive Income is up £2.0m. However, like most business we have been impacted by the aftermath of Covid 19. We have experienced significant increases in costs for raw materials, logistical and transportation costs. We have found in general the availability for shipping has still not returned to pre-pandemic levels resulting in delays and higher prices. I mentioned last year we were seeing improvements in many areas, which are continuing today. Improvement in our processes and investing in Quality will form the bedrock of our future growth and profitability.

Covid 19 has been a genuine challenge for the business and the wider business, as mentioned it has become apparent that our supply chain was failing on timely deliveries to the quality required. We have struggled with this all year and continue to do so as I write. The LTTV program the largest in Jankel's history achieved technical acceptance at the beginning of this year. This is later than planned and can be directly attributable to Covid 19 and the knock-on effect Covid has had on the global business.

I genuinely believe profitability would have been significantly in excess of where we find ourselves today without these constraints, However I am pleased to say we have managed the situation as best we can and look forward to the abundance of opportunities in front of us.

Regarding the fundamentals of the business;

- We have continued to maintain a healthy order book with a number of key orders being confirmed during Covid. We are excited to have clear visibility of production through until 2023-2024 and beyond on certain projects.
- We have completed the development of a number of projects, both vehicles and survivability, that whilst a challenge on resource, have set us up with an enviable range of products well suited for evolving needs in our target customer base. These projects will bring dividends to us for years to come.
- We continue to build our team adding in high levels expertise and capability when we can find it. A number of high capability have joined us during Covid that I don't think we would have secured without uncertainty in their old roles because of the pandemic.
- Our strategy for growth and our flexibility as an SME have been highly valuable during the challenges of Covid.
- Our banking relationship with Barclays remains strong despite the challenges.

The results for the business are set out on page 10. The directors are satisfied with the year end position and the company's future prospects.

As I said last year, I would like to thank the whole Jankel team for their commitment and tenacity – the heart of this business is our team. This has been proven out by the extraordinary efforts during Covid that are ongoing.

I would also like to remember our customers whose efforts and accomplishments have been extraordinary through the combination of global security threats and the Pandemic. Stay safe.

JANKEL ARMOURING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Principal risks and uncertainties

Financial risk management

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors and trade debtors that arise directly from its operations. The main purpose of these instruments is to raise funds for the company's operations and to finance them. The principal risks arising from the company's financial instruments are liquidity risk, currency risk, credit risk and cash flow interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The company is funded mainly by retained earnings. Its funding requirements are reviewed regularly by the directors and the finance department of Jankel Armouring Ltd to ensure the company has sufficient funds for operations. In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts. Future large orders are being funded via the Bank and UKEF, which enables the business to accept larger export orders.

Currency risk

The company is exposed to transaction foreign exchange risk. Wherever possible the company seeks to hedge currency risks by matching outflows with inflows. The company enters into forward contracts to mitigate the risk of adverse fluctuations in the value of foreign currency.

Credit risk

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Jankel Tactical Systems continues to meet its obligations in servicing its loan with Jankel on both interest and capital, US defence and procurement policy may cause a risk to Jankel if Jankel Tactical Systems is adversely affected by reduced orders.

Trade creditors

Liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Cash flow interest rate risk

The directors have considered the interest rate risk and concluded that the company is not exposed to a significant level of interest risk and consequently no risk management tools have been used.

Key Performance Indicators

The directors use and review many performance measures. Four key performance indicators required for the company to meet its objectives are:

	2021	**2020**
Sales	£43.04m	£39.06m
Gross Profit	£8.82m	£9.18m
Gross Profit margin	20.5%	23.5%
Net Profit/loss margin	1.3%	1.5%

The directors consider the track of these KPI's indicates that the company is achieving its business objectives.

The business has increased its annual turnover by £4.0m up 10%, generating an gross profit margin of 20.5%, a slight decrease on the prior year. Despite this, the company has increased its net profit margin to 1.3%. The company has seen a positive increase in Net profit and generated a positive cash flow of £50,855 in the year.
Overheads increased by £1M as we invested in additional safety equipment and changed the work patterns for our workshop staff. This enabled production to continue as key workers delivering critical government projects during Covid. Investing in the safety of our staff led to increased costs, but putting our staff first was essential and reiterates our core values of “Putting People First”.

JANKEL ARMOURING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Research and development

Activities continue to concentrate on a new product pipeline that is considered by the directors to be of key importance to the business strategy for growth. The directors believe that products currently in the development pipeline should enable the company to grow and compete for the foreseeable future.

Other Strategic Information

Greenhouse gases are not relevant and do not pose a strategic risk.

Brexit is a possible risk to all UK firms, however Jankel continues to win European contracts and will approach each contract with a flexible approach to reduce any Brexit issues when these issues are known.

On behalf of the board

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Mr A Jankel

Director

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JANKEL ARMOURING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

Principal activities

The principal activity of the company continued to be the modification of motor vehicles and the provision of ballistic protection, including blast attenuating seats and the conception, development and delivery of complete survivability solutions, technical consultancy and through life logistical support.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Mullen	(Resigned 6 January 2021)
Mr D Crosby	
Mrs J Jankel	
Mr A Jankel	
Mr P Patel	
Mr R Semmens	(Appointed 24 November 2020)

Auditor

The auditors, Ward Williams, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

Energy consumption	**kWh**	**kWh**
Aggregate of energy consumption in the year		
- Gas combustion	604,443	
- Fuel consumed for transport	307,175	
		911,618

Emissions of CO2 equivalent	**Metric tonnes**	**Metric tonnes**
Scope 1 - direct emissions		
- Gas combustion	168.00	
		168.00
Scope 2 - indirect emissions		
- Electricity purchased		113.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		376.00
Total gross emissions		657.00
Intensity ratio		
Tonnes CO2e per full-time employee		2.5

JANKEL ARMOURING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full-time employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.
We project that carbon emissions will decrease over the next five years to 525 tCO2e by 2026 This is a reduction of 15%

Improvements to our data collection won't deliver emissions reductions in itself but will help us better understand our impact and frame our policies.

Targeted activities for reducing emissions include:

- Adoption of an Environmental Management System under ISO14001
- Rationalisation of business premises to reduce energy consumption
- Work from home policies to reduce environmental impact of staff commute
- Better waste management choices to increase recycling opportunities

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A Jankel
Director

24 June 2022

JANKEL ARMOURING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

JANKEL ARMOURING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JANKEL ARMOURING LIMITED

Opinion

We have audited the financial statements of Jankel Armouring Limited (the 'company') for the year ended 30 September 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 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.

Emphasis of matter

We draw your attention to the comments relating to the recoverability of long term trade receivables in note 16 of the financial statements, and the cash balance in the balance sheet and statement of cash flows. Our opinion is not qualified in respect of this matter.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

JANKEL ARMOURING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JANKEL ARMOURING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

JANKEL ARMOURING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JANKEL ARMOURING LIMITED

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following were most significant: the Companies Act 2006 and UK corporate taxation laws.

- We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to the management of the company. We corroborated our inquiries through our review of correspondence during our audit work.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included:

  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how those charged with governance considered and addressed the potential for
  - override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular and journal entries posted with unusual account combinations; and
  - assessing the extent of compliance with the relevant laws and regulations.

A further description of our responsibilities is available on 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.

Colin Hamilton (Senior Statutory Auditor)
For and on behalf of Ward Williams

24 June 2022

Chartered Accountants
Statutory Auditor

Belgrave House
39-43 Monument Hill
Weybridge
Surrey
KT13 8RN

JANKEL ARMOURING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Revenue	3	43,035,248	39,055,609
Cost of sales		(34,214,179)	(29,878,822)
Gross profit		8,821,069	9,176,787
Administrative expenses		(10,267,014)	(9,254,621)
Other operating income		201,946	160,517
Operating (loss)/profit	4	(1,243,999)	82,683
Investment income	7	140,976	123,610
Finance costs	8	(109,771)	(168,992)
Other gains and losses	9	1,159,079	30,890
(Loss)/profit before taxation		(53,715)	68,191
Tax on (loss)/profit	10	602,171	498,880
Profit for the financial year		548,456	567,071
Other comprehensive income			
Cash flow hedges gain/(loss) arising in the year		1,049,315	(1,004,174)
Total comprehensive income for the year		1,597,771	(437,103)

The income statement has been prepared on the basis that all operations are continuing operations.

JANKEL ARMOURING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Intangible assets	11		4,567,993		4,576,387
Property, plant and equipment	12		745,039		853,691
			5,313,032		5,430,078
Current assets					
Inventories	15	20,412,440		7,825,212	
Trade and other receivables falling due after more than one year	16	4,695,154		4,514,253	
Trade and other receivables falling due within one year	16	43,673,392		20,698,604	
Cash and cash equivalents		22,401		917,787	
		68,803,387		33,955,856	
Current liabilities	17	(57,724,835)		(24,592,121)	
Net current assets			11,078,552		9,363,735
Net assets			16,391,584		14,793,813
Equity					
Called up share capital	21		100		100
Hedging reserve			45,141		(1,004,174)
Retained earnings	22		16,346,343		15,797,887
Total equity			16,391,584		14,793,813

The financial statements were approved by the board of directors and authorised for issue on 24 June 2022 and are signed on its behalf by:

Mr A Jankel
Director

Company Registration No. 02096045

JANKEL ARMOURING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Hedging reserve	Retained earnings	Total
	£	£	£	£
Balance at 1 October 2019	100	-	15,230,816	15,230,916
Year ended 30 September 2020:				
Profit for the year	-	-	567,071	567,071
Other comprehensive income:				
Cash flow hedges gains	-	(1,004,174)	-	(1,004,174)
Total comprehensive income for the year	-	(1,004,174)	567,071	(437,103)
Balance at 30 September 2020	100	(1,004,174)	15,797,887	14,793,813
Year ended 30 September 2021:				
Profit for the year	-	-	548,456	548,456
Other comprehensive income:				
Cash flow hedges gains/(losses)	-	1,049,315	-	1,049,315
Total comprehensive income for the year	-	1,049,315	548,456	1,597,771
Balance at 30 September 2021	100	45,141	16,346,343	16,391,584

JANKEL ARMOURING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(24,204,789)		632,462
Interest paid			(109,771)		(168,992)
Income taxes refunded			1,206,935		124,136
Net cash (outflow)/inflow from operating activities			(23,107,625)		587,606
Investing activities					
Purchase of intangible assets		(116,606)		(388,493)	
Purchase of property, plant and equipment		(156,419)		(190,506)	
Proceeds on disposal of property, plant and equipment		-		294	
Net cash used in investing activities			(273,025)		(578,705)
Financing activities					
Proceeds from borrowings		22,293,345		-	
Proceeds of derivatives		1,138,160		-	
Net cash generated from/(used in) financing activities			23,431,505		-
Net increase in cash and cash equivalents			50,855		8,901
Cash and cash equivalents at beginning of year			(4,544,190)		(4,553,091)
Cash and cash equivalents at end of year			(4,493,335)		(4,544,190)
Relating to:					
Cash at bank and in hand			22,401		917,787
Bank overdrafts included in creditors payable within one year			(4,515,736)		(5,461,977)

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Jankel Armouring Limited is a private company limited by shares incorporated in England and Wales. The registered office is Belgrave House, 39-43 Monument Hill, Weybridge, Surrey, KT13 8RN.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

As part of making the above assessment the directors have considered the impact of the global Covid-19 pandemic on the company. The company has been able to maintain its day-to-day activities during the pandemic, but we have experienced delays from our supply chain which has impacted our ability to progress contracts as planned. This has impacted both the financial results for the year and its cashflows. With the support of our bank Barclays and UK Export Finance we have secured additional funding whilst we complete the final production phase of our LTTV project. Consequently, the directors have undertaken a review of the business in the current situation and in particular the adequacy of its current banking facilities and its access to additional facilities should these be required. The directors have stress tested their assumptions. Following this review, while it is acknowledged that there are continuing challenges, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore it to be appropriate to prepare the financial statements on a going concern basis.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue is recognised as performance obligations are satisfied when control and the associated risk of the goods and services is transferred to the customer either at a point in time (e.g. upon delivery) or over time (e.g. as the company performs under the contract). The company has determined that most of its vehicle contracts satisfy the overtime criteria primarily due to the longevity involved in delivering the contracts; contracts specifically negotiated for the construction of an asset with an enforceable right to payment for performance completed to date (typically development or production contracts).

Revenue is only recognised if 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.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies **(Continued)**

Revenue in the form of fees or royalties for the use of the company's intellectual property is recognised in accordance with the substance of the agreement. Where the licensee is permitted to exploit those rights freely, the company has no remaining obligations to perform over the licence period and payment is not dependent on successful commercial exploitation of those rights, the fee or royalty is, in substance, a sale, and is recognised on transfer of the relevant completed intellectual property. Where the fee or royalty is contingent on the occurrence of a future event, the revenue is recognised only when it is probable that the fee or royalty will be received.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure incurred on individual projects is capitalised and amortised to the profit or loss account in line with estimated unit sales provided this does not give a total period of longer than 10 years. The balance is subject to an annual impairment review.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Land and buildings leasehold	Reducing balance over life of lease
Plant and machinery	Straight line over 3-10 years
Fixtures, fittings & equipment	10% to 25% reducing balance
Motor vehicle	20% to 25% reducing balance
Demo & other vehicles	20% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Construction contracts

For each performance obligation to be recognised over time, the company recognises revenue based the "percentage of completion" method. Revenue and attributable margin are calculated by reference to reliable estimates of the total contract revenue and total expected costs, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or eliminated. Contract variations may only be included in contract revenue when it is probable that the customer will approve the variation and the amount to be charged for it, and the amount can be reliably measured.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

The terms of some contracts will require that the company calculates the percentage completion on the physical proportion of the contract completed. The company identifies the appropriate treatment prior to the commencement of the contract works based on a review of the commercial terms.

If the overtime criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery.

The “percentage of completion method” is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks and provided it is probable they will be recovered. Where a subcontract manufacturer is used the company considers that costs are incurred at the point that the stock items are delivered to that manufacturer.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies **(Continued)**

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company’s contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies **(Continued)**

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.13 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 reporting end date.

Research and development tax credits are recognised only when it is probable that the tax benefit will be received.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies **(Continued)**

1.15 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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 the financial statements.

Capitalisation of intangible fixed assets

The company makes a significant investment in its research and development programme, a key element in its ability to compete in its market place. The company has adopted a policy of capitalising these costs as part of its intangible fixed assets, the cumulative cost of which is £8,584,337. Overruns in the timing of the development phase can result in development expenditure being incurred after the commencement of the production of the vehicles. The management team have used their judgement to determine the point at which the development activity ceases. Further they use their judgement and reasonable assumptions to assess the degree of certainty attached to expected future economic benefits attributable to an asset.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of loans to connected company

Determining when and to what extent the loans will be recovered from, Jankel Tactical Systems LLC (JTS), a company under common control, requires an estimate of the financial strength and cash generation of that company based on the financial information available. During the year ended 30 September 2018, it was agreed that a minimum of US$ 250,000 per annum would be paid per year end in addition to the outstanding interest, and JTS confirmed its intention to continue with this repayment programme. However no capital or interest payments were made during the years ended 30 September 2021 or 30 September 2020. The amount due at the year end was £4,695,154 (2020: £4,514,253) plus interest of £724,480 (2020: £550,856) and these amounts have not been provided against. The directors believe that the amounts will be recovered in full although it is not expected that repayments will resume within the next 12 months, However the directors are of the opinion that the timing of the recovery of the loans does not impact upon the company's current or future activities and the repayment of the loans is not factored into its cashflows for the foreseeable future.

Warranties

The company provides warranties under the contractual terms of sale. The warranty provision is assessed on an annual basis requiring an estimation of future claims under these contractual obligations. Given the bespoke nature of its product range developed to meet the requirements of individual customers there can be limited information against which to benchmark the potential obligations and therefore management rely on their cumulative knowledge and experience of its products and the market to make these critical estimates.

Amortisation and impairment of intangible fixed assets

The company has established an amortisation method that reflects the pattern in which it expects to consume the asset's future economic benefits. The amortisation charge is recognised in the profit and loss account based on a calculation of the number of units sold in the period over the number of units expected to be sold over the life of the project. The company uses judgement to assess the life of the project and the units that will be sold in that period. In addition the directors carry out an annual impairment review. These projects typically have long procurement cycles which can be influenced by government policy, international events as well as being impacted by competitor product development which gives rise to uncertainty in estimating the sales roadmap for a product. The impact of COVID-19 has further increased the uncertainty in this estimation.

Stock

The company holds significant stock at anytime which at the year end stood at £6,364,463. There are a range of possible outcomes for this stock particularly in regard to stock lines which no longer form part of an active project, for example being repurposed for a new project. However this requires the management team to make various assumptions based on their technical knowledge and view of the market and these judgements impact on the level of provision applied against this stock.

Construction contracts

An increasingly significant proportion of the company's activities are undertaken through construction contracts where the performance obligation is recognised overtime. The company is able to manage the technology risk but recent market conditions have increased the risk associated with its supply chain and its ability to estimate the timing of the deliverables under the terms of the contract and the cost consequences of any delays that arise as a result.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 Revenue

An analysis of the company's revenue is as follows:

	2021	2020
	£	£
Revenue analysed by class of business		
Sale of goods	43,035,247	39,055,609

	2021	2020
	£	£
Other significant revenue		
Interest income	173,095	103,439
Grants received	201,946	160,517

	2021	2020
	£	£
Revenue analysed by geographical market		
UK	7,069,926	13,826,184
Rest of World	33,123,700	24,370,202
Europe	2,841,621	859,223
	43,035,247	39,055,609
Analysis per statutory database	**43,035,247**	**39,055,609**
Statutory database analysis does not agree to the trial balance by:	**1**	**-**

Revenue recognised during the year on long term contracts is £34,937,295 (2020: £35,569,767)

4 Operating (loss)/profit

	2021	2020
Operating loss for the year is stated after charging/(crediting):	£	£
Exchange gains	(32,418)	(99,758)
Research and development costs	14,630	12,609
Government grants	(201,946)	(160,517)
Fees payable to the company's auditor for the audit of the company's financial statements	22,500	21,500
Depreciation of owned property, plant and equipment	265,069	302,204
Amortisation of intangible assets	125,000	166,758
Cost of inventories recognised as an expense	30,229,506	26,395,903
Operating lease charges	339,070	367,992

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss amounted to £85,570 (2020: -£119,928).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Production	51	50
Administration	63	80
Total	114	130

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	6,523,524	5,245,723
Social security costs	587,941	555,883
Pension costs	234,639	317,567
	7,346,104	6,119,173

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	549,973	668,793
Company pension contributions to defined contribution schemes	32,439	108,409
	582,412	777,202

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	187,698	187,698
Company pension contributions to defined contribution schemes	12,914	11,726

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

7 Investment income

	2021	2020
	£	£
Interest income		
Other interest income	173,095	103,439
Other income from investments		
Exchange differences	(32,119)	20,171
Total income	140,976	123,610

8 Finance costs

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	109,454	168,283
Other interest on financial liabilities	317	709
	109,771	168,992

9 Other gains and losses

	2021	2020
	£	£
Fair value gains/(losses) on financial instruments		
Hedge ineffectiveness on a cash flow hedge	1,159,079	30,890

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	(602,171)	(528,666)
Adjustments in respect of prior periods	-	29,786
Total current tax	(602,171)	(498,880)

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 Taxation **(Continued)**

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
(Loss)/profit before taxation	(53,715)	68,191
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(10,206)	12,956
Tax effect of expenses that are not deductible in determining taxable profit	(316,701)	1,367
Unutilised tax losses carried forward	314,681	(39,219)
Adjustments in respect of prior years (for R&D)	(602,171)	29,786
Permanent capital allowances in excess of depreciation	12,226	24,897
Research and development tax credit	-	(528,667)
Taxation credit for the year	(602,171)	(498,880)

The company have estimated tax losses of £2,067,013 (2020: £2,442,252) available to carry forward.

The £602,171 credit (2020: £498,880) relates to research and development claims.

11 Intangible fixed assets

	£
Cost	
At 1 October 2020	8,467,731
Additions - internally developed	116,606
At 30 September 2021	8,584,337
Amortisation and impairment	
At 1 October 2020	3,891,344
Amortisation charged for the year	125,000
At 30 September 2021	4,016,344
Carrying amount	
At 30 September 2021	4,567,993
At 30 September 2020	4,576,387

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 Intangible fixed assets **(Continued)**

Development costs have been capitalised on the grounds that they will provide future benefits to the company. The capitalised expenditure is carried forward when its future recoverability can be seen with reasonable assurance and is amortised over the number of units sold, as the company receives economic benefits.

12 Property, plant and equipment

	Land and buildings leasehold	Plant and machinery	Fixtures, fittings & equipment	Demo & other vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2020	622,313	246,426	685,342	1,025,294	2,579,377
Additions	17,650	9,586	48,787	80,397	156,419
At 30 September 2021	639,963	256,012	734,130	1,105,691	2,735,796
Depreciation and impairment					
At 1 October 2020	376,902	85,118	550,418	713,248	1,725,686
Depreciation charged in the year	69,687	25,601	48,705	121,076	265,069
At 30 September 2021	446,589	110,719	599,123	834,324	1,990,755
Carrying amount					
At 30 September 2021	193,374	145,293	135,007	271,367	745,041
At 30 September 2020	245,411	161,309	134,925	312,046	853,691

13 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Vtrade Engineering Limited	UK	Ordinary and preference	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Vtrade Engineering Limited	(115,148)	(111)

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

14 Financial instruments

	2021	2020
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	10,862,695	8,510,817
Instruments measured at fair value through profit or loss	66,060	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	973,285
Measured at amortised cost	56,833,336	23,295,013

Debt instruments measured at amortised cost includes long term debt of £4,695,154 (2020: £4,514,253) due from connected companies. Interest is being charge at 4% per annum on this balance, and there are no fixed repayment terms. During the year, interest income of £173,095 (2020: £103,439) was recognised in profit or loss.

15 Inventories

	2021	2020
	£	£
Work in progress	14,047,977	1,467,531
Finished goods and goods for resale	6,364,463	6,357,681
	20,412,440	7,825,212

16 Trade and other receivables

	2021	2020
Amounts falling due within one year:	£	£
Trade receivables	3,906,650	3,212,904
Gross amounts owed by contract customers	34,560,999	12,299,816
Corporation tax recoverable	763,918	1,196,815
Amounts owed by group undertakings	368,964	394,935
Derivative financial instruments	66,060	-
Other receivables	2,866,261	2,241,022
Prepayments and accrued income	1,140,540	1,353,112
	43,673,392	20,698,604

	2021	2020
Amounts falling due after more than one year:	£	£
Trade receivables	4,695,154	4,514,253
Total debtors	48,368,546	25,212,857

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Trade and other receivables **(Continued)**

Trade receivables disclosed above are measured at amortised cost.

An impairment loss of £nil (2020: £nil) has been recognised against amounts due from group undertakings.

The non current trade receivables balance of £4,695,154 (2020: £4,514,253) represents amounts due from a connected company. No repayments of the capital or interest balances have been made in the last 2 years. Interest of £724,480 (2020: £550,856) is also outstanding and included within current debtors. The directors are of the opinion that this balance is recoverable in full and as such, no provision for impairment has been made.

17 Current liabilities

	Notes	2021 £	2020 £
Bank loans and overdrafts	18	4,515,736	5,461,977
Other borrowings	18	22,293,345	-
Trade payables		6,177,955	13,992,570
Taxation and social security		891,499	323,823
Derivative financial instruments		-	973,285
Other payables		1,806,280	8,164
Accruals		22,040,020	3,832,302
		57,724,835	24,592,121

18 Borrowings

	2021 £	2020 £
Bank overdrafts	4,515,736	5,461,977
Other loans	22,293,345	-
	26,809,081	5,461,977
Payable within one year	26,809,081	5,461,977

The bank overdraft and other loans are secured by a fixed and floating charge over the property and other assets of the company. The loan is also subject to a guarantee from the Export Credit Guarantee Department amounting to £6,022,940 (2020: £6,022,940). A limited guarantee has been provided by Andrew Jankel of £2,000,000.

19 Deferred taxation

There were no deferred tax movements in the year.

Deferred tax is not recognised in respect of tax losses of £2,977,867 (2020: £2,969,512) due to uncertainty as to whether they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

20 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	234,639	317,567

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

The company has only one class of ordinary shares which carry no right to fixed income.

22 Retained earnings

The retained earnings account represents cumulative profits and losses net of dividends and other adjustments.

23 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Leases are negotiated for a term of 10 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	234,000	234,000
Between two and five years	936,000	936,000
In over five years	49,375	283,375
	1,219,375	1,453,375

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	596,149	779,702

Other transactions

The company has taken advantage of the exemption in FRS102 section 33 from the requirement to disclose transactions with the group companies on the grounds that consolidated financial statements are prepared by the immediate parent company. The consolidated financial statements of The Jankel Group Limited are available from Belgrave House, 39-43 Monument Hill, Weybridge, Surrey, KT13 8RN.

During the year the company paid rent to Mrs J A Jankel of £180,000 (2020: £180,000) in respect of the business premises.

During the year the company made sales of £202,052 (2020: £51,681) to Jankel Holdings Inc and its subsidiary Jankel Tactical Systems LLC (JTS), companies under the control of the Jankel family. A balance of £53,510 (2020: £49,291) was outstanding at the year end. The company made purchases of £408,788 (2020: £119,088) from JTS during the year. At the end of the year, a balance of £240,265 (2020: £26,598) was due to the company.

In prior years, loans of $2,200,000 and £3,511,691 were made to JTS. No further amounts were advanced or repaid during the year. Amounts outstanding are included in other debtors. During the year, interest of £201,890 (2020: £103,439) was charged on the loan and £724,480 (2020: £550,856) remains outstanding at the year end.

During the year, the company made purchases of £73,765 (2020: £16,170) to Signus Analytics Limited, a company which the son of A Jankel is a director. At the year end, no balance was due to the company

During the year, Mr Andrew Jankel provided a limited guarantee for £2,000,000 for bank facilities.

25 Ultimate controlling party

The ultimate parent company is Jankel Investments Limited, a company registered in England & Wales. The immediate parent company is The Jankel Group Limited, a company registered in England & Wales.

The ultimate controlling party is the Jankel family by virtue of their majority shareholding in The Jankel Group Limited.

JANKEL ARMOURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

26 Cash (absorbed by)/generated from operations

	2021	2020
	£	£
Profit for the year after tax	548,456	567,071
Adjustments for:		
Taxation credited	(602,171)	(498,880)
Finance costs	109,771	168,992
Investment income	(140,976)	(123,610)
Amortisation and impairment of intangible assets	125,000	166,758
Depreciation and impairment of property, plant and equipment	265,069	302,204
Other gains and losses	(1,159,079)	(30,890)
Movements in working capital:		
Increase in inventories	(12,587,228)	(2,241,051)
Increase in trade and other receivables	(23,522,526)	(8,372,714)
Increase in trade and other payables	12,758,895	10,694,582
Cash (absorbed by)/generated from operations	(24,204,789)	632,462

27 Analysis of changes in net debt

	1 October 2020	Cash flows	30 September 2021
	£	£	£
Cash at bank and in hand	917,787	(895,386)	22,401
Bank overdrafts	(5,461,977)	946,241	(4,515,736)
	(4,544,190)	50,855	(4,493,335)
Borrowings excluding overdrafts	-	(22,293,345)	(22,293,345)
	(4,544,190)	(22,242,490)	(26,786,680)