Registered number: 08453465

JSSH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

JSSH LIMITED

COMPANY INFORMATION

Directors	J Seddon H M Oakey J S Seddon S C Nuttall M L Owen N A Masom (appointed 1 July 2019)
Company secretary	C Bratt (appointed 11 January 2019) M L Owen (resigned 11 January 2019)
Registered number	08453465
Registered office	Manor House Manor Lane Holmes Chapel Cheshire CW4 8AF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Lloyds Commercial Banking 4th Floor 125 Colmore Row Birmingham B3 3SF

JSSH LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Principal activity

The principal activity of the Group during the year was that of painting, maintenance, refurbishment and construction contracting, combined with property holding and management services.

Business review

2019 was a good year in a period of change in senior management and challenging trading conditions. Despite this, the Group still managed to deliver a strong financial result. This is a testament to the resilience of the organisation and commitment to improve. The solid financial position, high levels of liquidity and no debt help put the Group in a strong position to trade through the current pandemic, the impacts of which are discussed in more detail below.

During 2019, Novus continued to invest in the culture and governance of the business to provide a framework that instils the ethics and values of the shareholding family in the daily life of the business. This is called the Novus way:

- Be responsible
- Work Together
- Get it right
- Be authentic
- Embrace change
- Nurture

Our People Strategy sets out the key activities to be delivered over a 3-year period that will support our journey to be a preferred employer investing in the development of our people beyond just training.

In an ever increasingly technological world, we have been investing in our IT systems and users during 2019 with a focus on cyber security, data security compliance with GDPR and the continuing development of a digital platform designed to make the Group a safe and efficient business to work with and for.

Novus were thrilled to be recognised in the industry with the Construction News Talent Award for CSR Initiative of the Year and the National Building Awards for Community Engagement in 2019.

Financial review

The Group's financial performance exceeded expectations despite challenging conditions. Turnover for the year was £166.5m (2018: £158.6m), an increase of 5.0%. Profit before tax in Novus, our contracting business, reduced in the year as a result of reduction in margin. Overheads were controlled in response. The reduction in margin is predominantly a result of a change in the mix of work from historical long term contracts to competitively won work at current market prices. SHS Estates, our property business, is a trading division of JSSH Limited which holds and manages an investment property portfolio of £33.2m (2018: £33.4m). The division follows a cyclical valuation methodology for the property portfolio which meant that no formal external valuations were performed during 2019, although the Directors have reviewed the portfolio and are satisfied that no material valuation adjustments are required at the year end (2018: surplus £0.7m). SHS Estates had a strong year in 2019 benefiting from increased rental income following the expansion in the portfolio towards the end of 2018, combined with low levels of voids. Results for the division show rental income increasing by 19.4% and profit before tax, excluding the impact of revaluations, increasing by 29.5%. The Group remained in a healthy position at the end of 2019, with a strong Statement of financial position that comprises £52.7m (2018: £50.3m) of net assets of which £17.9m (2018: £10.2m) is cash deposits.

	2019	*2018*	Measure
Growth in turnover	**5.0%**	*4.8%*	Year on year sales
Gross profit margin	**8.2%**	*8.6%*	Gross profit/turnover
Operating profit margin	**3.6%**	*4.3%*	Operating profit/turnover
AROC days (Novus)	**43**	*38*	AROC/turnover x 365 days
Number of apprentice and trainees under formal education	**109**	*91*	
Number of social value projects	**278**	*340*	
Staff retention (Novus)	**69.4%**	*64.8%*	Average staff retained in year/average staff
SHS Estates rent arrears	**0.98%**	*0.37%*	Arrears/total current rent
SHS Estates void units	**3.46%**	*5.18%*	Rental value of voids/total current rent

Other than general economic risks and fluctuations in the property market, the principal risks facing the Group are those relating to the specific markets we operate in and those relating to government planning and other regulations. Significant levels of the current activity of the Group relate to local authorities and housing associations, both of which could be impacted by legislation or changes to government spending priorities.

Future review

In 2019, we launched the Novus Shield setting out the four key pillars that underpin our approach to business. These pillars are:

We Build A Future
We Do Business Responsibly
We Create Great Teams
We Value our Customers

All of our Novus people work to this purpose and in support of our values we have introduced a new behaviours framework called, ‘Our Way’. This sets out what we expect of our people in terms of how they work and operate and the behaviours we would want to see demonstrated if they are truly living our values.

We have much work to do to fully embed ‘Our Way’ and in 2020 we will embark on a series of activities that will help us to bring this to life for colleagues, managers and leaders, ensuring that the Group is a really great place to be.

For 2020 and beyond the Novus business has set itself six business plan themes:

- Growing our share of the market in Housing maintenance
- Providing assured compliance services to our customers
- Deliver consistency great service
- Developing our people to grow with Novus
- Driving efficiency in all that we do to remain competitive
- Harnessing the potential that the Digital opportunity provides

In 2020 Novus will be building on our “It’s our job” initiative under the great customer service theme. This campaign is designed to ensure we put our clients and customers at the centre of everything Novus does. This is an exciting initiative that engages the entire workforce as we strive to differentiate ourselves through the level of customer service we provide. As part of this theme we are engaging with sector specialists to better understand the challenges our clients face, and the role Novus can play as their contractor of choice in supporting them.

At the time of signing the accounts, Novus has an order book of £112m for 2020 which represents 93% of budgeted turnover. The SHS Estates business continues to investigate further potential investment opportunities that may arise during 2020. We are well placed to deliver our strategy based on the central principles of all our stakeholders and the continuing development of the family legacy whilst providing an opportunity for employees to prosper and grow in a financially secure environment.

Covid-19

The current economic environment has been significantly affected by the impact of the Covid-19 pandemic in terms of a reduction in activity and demand. The Group is responding to these changes in conditions by closely managing costs and investment to ensure liquidity levels are preserved across the Group.

The Board believe that investment in infrastructure and the refurbishment of existing facilities will be key elements of any economic recovery plan put forward by government and as such, the Group will have the opportunity to meet its targets in its chosen markets.

Business continuity plans, workforce protection procedures, materials, subcontractor supply chain security and flexible working arrangements have all been considered in response to the impact of the virus.

The Group has chosen to make use of the Job Retention Scheme in furloughing a substantial number of employees during the worst of the lockdown period.

The SHS business has seen much less disruption from the outbreak of Covid-19 than the Novus business. Rental income is underpinned by leases and the majority of rent has continued to be received as it falls due. There is of course, an increased risk of bad debt as tenants start to feel the strain of the downturn and may default on payments in the future. The tenant base is diversified across a number of sectors and industries and management remain optimistic that the SHS business is well placed to trade through the coming period. A full review of risk in the tenant base has been carried out and the Board expect the SHS business to report a solid financial performance in 2020.

Section 172 statement

The Directors of the Company recognise their duty to promote the success of the Company for the benefit of all stakeholders.

The directors regard the long-term development of the business as an overarching objective of the Board maintaining the family enterprise that has been in business since 1897. The business planning process, management incentivisation, customer and supply relationships, people development are all designed to focus on generating sustainable growth.

Both Novus and SHS Estates are people-based businesses, many of the tasks we do are dependent on the skills and expertise of our people and as such they are highly prized by the Board. Personal development, staff engagement surveys, apprenticeship programmes are all Group policy. No form of discrimination against any minority is tolerated within the Group, as evidenced by our gender pay gap initiative and a recruitment policy where diversity is valued. This is all underpinned by the values of the 'Novus Shield'.

A key element of the sustained success of the Group is the ability to forge strong relationships with customers and suppliers, the values at the heart of the business drive behaviours that encourage these outcomes.

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

Nil Masom

N A Masom
Director
Date: 10/8/2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The results of the Group for the year to 31 December 2019 are set out in detail on page 18. The Group profit after taxation for the financial year amounted to £4,978,000 *(2018: £5,474,000)* and has been transferred to reserves.

Ordinary dividends of £2,209,000 *(2018: £2,210,000)* were paid during the year.

Directors

The directors who served during the year and up to the date of this report were:

J Seddon
H M Oakey
J S Seddon
S C Nuttall
M L Owen
N A Masom (appointed 1 July 2019)

Directors' Responsibilities Statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the Consolidated 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, including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risk management objectives and policies

The Group uses financial instruments, these include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

- *Liquidity risk* - The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet predictable needs and to invest cash safely and profitably. Short term flexibility is achieved by an overdraft facility. During the year to 31 December 2019, the Group did not utilise the overdraft facility.

- *Credit risk* - The Group's principal financial assets are cash deposits, amounts recoverable on contracts and trade debtors. The credit risk associated with cash is limited. The directors do not consider there to be any material credit risk, as given the nature of the principal business, cash is received on completion of contract, subject to agreed payment terms which are closely monitored.

- *Inflation risk* – Exposure to unforeseen increases in material and labour costs on existing contracts could impact margins and the Group monitors risk in this area. Supply agreements are continually reviewed and where possible supply and client terms are matched.

- *Interest rate risk* - The Group finances its operations through retained profits. The interest rate exposure of the financial assets and liabilities of the Group as at 31 December 2019 is shown below. The table includes trade debtors, trade creditors and amounts recoverable on contracts, as these do not attract interest and are therefore subject to fair value interest rate risk.

	Fixed £000	Floating £000	Zero £000	**Total £000**
Financial assets				
Cash	-	17,892	-	**17,892**
Trade debtors	-	-	367	**367**
Amounts recoverable on contracts	-	-	19,423	**19,423**

	Fixed £000	Floating £000	Zero £000	**Total £000**
Financial liabilities				
Trade creditors	-	-	9,838	**9,838**

Other principal risks and uncertainties:

- *Health and Safety* – Accidents are a major risk in the construction industry given the working environment; working safely is a primary focus of our business. The Group is committed to effective leadership and safety procedures being in place. Performance is regularly reviewed against agreed targets and the business seeks continuous improvement.

- *Market Risk* – The business could be impacted by reductions in public and private sector spending which may lead to a delay in cash receipts or the cancellation of work. The Group has a diversified customer base and service offering across a number of market sectors to limit exposure.

- *People* – Our people are critical to achieving our strategic plans and our ability to attract and retain experienced employees who demonstrate the Group's values is a key objective. We seek to mitigate the risk of skills shortages by offering a high standard of training and personal development opportunities, competitive reward structure and a positive employment experience.

- *Fraud/Cyber security* – The risk of unauthorised access to our IT systems is recognised as a potential threat to the business. We take steps as part of our IT management to ensure we are continually monitoring and improving our cyber security awareness for all staff. The Group engages external consultants to perform penetration testing and has invested in automated threat detection software.

- *Delivery risk* - We work in a changing and dynamic environment. Each project is unique to the client. There is a risk that our delivery does not meet with clients' specifications which could lead to losses. We seek to mitigate this risk through our client engagement process. We aim to accurately record client requirements and capture contractual variations through the life of the contract.

- *Covid-19* - The pandemic continues to present considerable risk to the Group as government guidelines are still changing and impacting on the way we interact with each other, our customers and the public. The government may change the guidance at short notice, for example if the UK experiences a second wave or if further local lockdowns are required. This may mean that our pipeline and work programs could be affected which could also impact production efficiency and margin. The business is geographically well spread with a relatively diverse customer base. The Novus business is in continual contact with its customers and will take an agile approach to any future impact the virus may have.

Health and safety

The Group continues to pursue its commitment to improving health and safety performance and protecting the health, safety and wellbeing of our employees and those people affected by our business activities. The Board have demonstrated this commitment through significant new investment to strengthen the health and safety team within Novus and improve the health and safety support to operational teams and the wider business.

With the full support of the JSSH and Novus Boards, the health and safety business plan was updated for the next period of 2019 – 2022 focussing on enhancing the safety culture and driving innovation and improvements, including introducing a new health and wellbeing plan. During 2019, Novus commenced a three-year behavioural safety programme consisting of several modules which continue to be rolled out across the business to all levels. The programme focuses on individuals' taking personal responsibility for safety for themselves and others who may be affected by their work whilst promoting engagement and best practices in the workplace.

The health and safety reporting systems within Novus improved during 2019, bringing a greater focus on leading performance indicators to assist early identification of opportunities for improvement. This has helped to significantly improve the resilience to incidents within the business during the year.

The 2019 to 2022 health and safety plan includes a move towards aligning the Novus health and safety management systems to four key pillars – Safety, Health and Environmental (SHE) Policy & Leadership, SHE Risk Management, SHE Assurance and SHE Promotion that is supported by a 'Just Culture' safety model, recognising the importance safety behaviours have on developing proactive safety cultures. Another key area the business addressed in the 2019-22 plan is a commitment to supporting health and wellbeing campaigns, communicated through an annual rolling programme throughout all areas of the business that engages our employees, their families and Novus contractors.

Safety, health and wellbeing within the business continues to be a key business plan objective that receives the full support of directors and senior managers throughout the Group.

Environmental policy

Novus hold certification to the Environmental international standard ISO 14001:2015, through which it is committed to managing the environmental impacts of its operations and services, including the protection and improvement of the environment, the prevention of pollution, the continuous improvement of environmental performance and the minimisation of energy, material usage and waste production.

Fully supported by the directors and senior management, Novus has incorporated environmental issues into its three-year improvement plan up to 2022 as a key business objective and reviewed its environmental aspects and impacts register to reflect improvements made to its operational performance. The improvement plan requires Novus to implement challenging environmental commitments to significantly reduce its carbon footprint, reduce waste, improve waste streams and improve its contribution to the circular economy over the next three years.

This environmental improvement plan sets out the Novus commitment to developing positive environmental impacts through its operations and services, defined as:

- We protect and improve the environment. We source raw materials responsibly and use them efficiently. We conserve water, minimise carbon emissions and seek to avoid waste wherever possible, finding alternative uses for resources where it is not possible.

During 2019, the Group carried out an ESOS, (Energy Saving Opportunity Scheme) audit of its properties and transport operations. This provided recommendations for improvements that the business will be using to reduce its energy consumption.

Achievements during 2019 included a reduction of the overall carbon footprint for Novus by 6.8% and a reduction of waste produced by more than 65 tonnes, demonstrating the positive efforts made to improve the Group's environmental impacts.

Focussing in 2020 on improving environmental education, system improvements and improved data capture, the Group will continue to drive the environmental agenda into all areas of the business to create positive environmental impacts from its operations and services.

Corporate social responsibility strategy

Our group's Changing Lives Programme was launched in 2015 and over the course of this campaign, we have provided significant investment in terms of funding, time and resources helping change thousands of lives through supporting social value initiatives.

In 2019, the Group invested and donated £109,308 to support charitable and good causes across the country; 278 social value initiatives took place, impacting on 18,803 lives.

Novus continue to be a member of Business in the Community (BITC), which is The Prince's Responsible Business Network, where businesses work together to tackle a wide range of issues that are central to the development of a fairer society and a more sustainable future.

2019 was also a successful year in terms of acknowledgements in the marketplace with Novus winning the CSR Initiative of the Year at the Construction News Talent Awards, the Community Engagement Award at the National Building Awards, and Community Impact Award at the EEM Building Communities Awards.

In 2018, we celebrated our 5th year anniversary of Novus and to mark this milestone, a range of exciting employee engagement activities were undertaken throughout the year. Integral to these activities was our flagship charitable initiative: The Big 5 Campaign, where five charitable projects across the country were identified through a social media campaign, with Novus employee panels deciding which projects to support.

This campaign saw Novus teams in Yorkshire, South East, Scotland, the Midlands and the North West transform several facilities including:

- The refurbishment of a derelict property in Leeds to house a homeless person
- Creating a bereavement suite at the Royal Sussex County Hospital to support parents, families and siblings who experience the loss of their baby
- A derelict Community Centre refurbishment in Bromley that brought the facility back into use for the benefit of the local community
- Livingstone Youth Centre was refurbished to improve the facilities for the young people in the surrounding area
- The improvement of a centre that supports Armed Forces Veterans in Liverpool with addiction problems

In 2019 Novus revisited each project again to provide additional support and to see what impact had been achieved one year on.

The Group could not have delivered the impact we did without our employees' support and involvement. We are committed to be a responsible business and making a difference to the communities that we work in.

Employee engagement

We recognise that our 'colleague experience' must be as good as we can make it if we are to attract and retain the best people in the industry. Meeting people's expectations is more challenging than it's ever been, but by focusing on those areas which impact on how people feel about their role, the work they do, their relationship with the organisation, line manager and colleagues and ensuring they feel valued and recognised for the work they do, we will grow our reputation and set us apart from our competitors.

2019 was a year of transition for our People Services team, formerly Human Resources and Training, as they became more embedded in the business and more strategic in approach. This is a work in progress with further opportunities identified, particularly in relation to 'early careers', recruitment and development of talent, where the team can make a significant contribution.

We launched our new modern approach to appraisal, ‘Time2Talk’, allowing for more regular meaningful conversations which focus on helping people to achieve their objectives and agreeing the support and development they need to progress or to be even better at what they do. This approach aligns with the Novus Shield, helping us understand the direction we’re taking as a business - and our behavioural framework, ‘Our Way’.

The Novus Gender Pay report was published in the year which saw a 20.2% mean (2018: 25.9%) and a 22.0% (2018: 25.4%) median hourly pay gap and a 61.6% mean (2018: 87.2%) and 33.3% median (2018: 26.4%) bonus pay gap. This is not uncommon in the construction sector, but we do believe this gap should be reduced. A longer-term strategic approach has therefore been adopted to effect sustainable improvement in gender pay and a wider diversity.

We recognise that ‘growing our own’ talent is essential for our future success and this is borne out by our ongoing commitment to the Novus apprenticeship programme. We have reviewed our approach and partnered with an external ‘agency’ to both source and support future apprentices in their learning. It’s important that we can offer a programme that meets individual and business needs and that reinforces the Group's reputation as an 'Employer of Choice'. 2019 saw a further 18 apprentices, of various disciplines, join the Group.

Business relationships

The Group is committed to the long term, we have customers within Novus that have been with us for over 30 years in the housing, education and health sectors. We take great pride in the value derived from these clients where trust and support are a fundamental aspect of the relationship. The social context of our markets and the contribution that we make in providing homes, health and education for the wider population is inspiring. This holds true to the value of our shareholders.

Similarly, in our supply chain we seek to provide fair and valuable work that can be executed with quality and on time. We aim to attract a supply chain that is sustainable, customer service orientated, socially and environmentally responsible. These attributes need to be nurtured and require time and effort to develop. We are determined to choose the best partners possible.

Matters covered in the Strategic Report

A detailed review of current performance and outlook is included within the Strategic Report.

Subsequent events

Following the year end, the World Health Organisation declared the outbreak of Covid-19 to be a pandemic. The subsequent spread of the virus and its identification as a new coronavirus does not provide additional evidence about the situation that existed at 31 December 2019 and it is therefore classified as a non-adjusting post balance sheet event. Accordingly, the financial position and results of operations as of, and for the year ended 31 December 2019 have not been adjusted.

The details and the impact on the position of the Group are disclosed below within the going concern section.

During the period up to and including 31 December 2019, the Company was in dialogue with its insurers in relation to a fraud claim brought under its crime policy. As at 31 December 2019, the Company had not received any firm indication that the claim would be successful and as such no amounts in respect of the claim were recognised in the financial statements as at 31 December 2019. Subsequently, on 20th March 2020, the Company received confirmation that the claim was successful and was paid a sum in settlement. The Group is involved in ongoing litigation regarding the circumstances leading to the claim and so has taken advantage of the exemption set out in section 21.17 of FRS102 to provide any further information as further disclosure would be likely to seriously prejudice ongoing legal proceedings.

There has been no further post balance sheet events, adjusting or non-adjusting, since the end of the reporting period.

Going concern

Covid-19 has caused significant market disruption and it is likely that the markets in which we operate will continue to experience disruption throughout the remainder of 2020 and possibly into 2021. However, the Group's underlying commercial model is resilient with strong cash conversion, recurring revenue, strong cost control and diverse work types and service offerings ensuring we are well positioned to address the uncertainty and continue to meet our customers' needs.

The majority of the Group's revenue is sourced through local government entities and housing associations and the Group is therefore not significantly exposed to counterparty credit risk. The business is closely monitoring its cash and debtor position and, to date, customer receipts have been received in line with expectations.

Despite this, the Group believes it is likely to experience a decline in year-on-year revenue and profitability as a result of temporarily being unable to gain access to customer properties. Notwithstanding the issues presented by Covid-19, the Group anticipates that revenue will continue to increase month on month for the remainder of the year ending 31 December 2020. The operational teams are operating under new socially distanced operating procedures in a responsible way and we are able to reassure our customers that we can work safely in the current conditions.

The Group has been assessing downside scenarios and the Board is taking a number of actions to ensure that it protects liquidity and has identified it is highly unlikely to breach the current overdraft facility. Novus has had a £2m overdraft in place since the formation of the JSSH Group in 2013 and has never needed to utilise the facility. As a precaution, Novus has agreed with its bank to increase the overdraft facility to £4m for the period to May 2021 to ensure that the business has sufficient headroom in the event that the current emergency continues for an extended period. After May 2021 the overdraft facility will be renewed in line with normal terms and conditions.

The Board will also monitor other areas of discretionary spend, including capex, to ensure that only essential expenditure is incurred, to further preserve cash.

The Group has taken advantage of the government's furlough scheme and entered into time to pay arrangements with HMRC in respect of VAT and PAYE obligations where necessary.

The directors have (together with management) reviewed the Group's budgets and forecasts for the 12 months from the date of this report, its liquid resources, and the potential impact of the virus. Management have performed downside scenario analysis which demonstrates that the Group will have sufficient cash resources for a period of at least one year.

The directors have at the time of approving these financial statements, an expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

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

Neil Masom

N A Masom
Director
Date: 10/8/2020

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JSSH LIMITED

Opinion

We have audited the financial statements of JSSH Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's 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 Group 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company’s future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company’s future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 5, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JSSH LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of 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.

Grant Thornton UK LLP

Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 10/8/2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Turnover			
Group and share of joint ventures' turnover		**166,536**	158,585
Less: share of joint ventures' turnover		**(174)**	(185)
Group turnover	4	**166,362**	158,400
Cost of sales		**(152,642)**	(144,724)
Gross profit		**13,720**	13,676
Administrative expenses		**(8,143)**	(7,568)
Other operating income	5	**11**	28
Fair value movements on investment property	5	**-**	717
Fair value movements on current asset investments		**203**	(313)
Net profit on disposal of fixed asset investments		**40**	27
Net profit on sale of tangible assets		**139**	264
Operating profit	6	**5,970**	6,831
Share of profit of joint venture		**171**	214
Interest receivable and similar income	10	**81**	68
Interest payable and expenses	11	**(21)**	(20)
Profit before taxation		**6,201**	7,093
Tax on profit	12	**(1,223)**	(1,619)
Profit for the financial year		**4,978**	5,474
Actuarial losses on defined benefit pension scheme	27	**(476)**	(60)
Movement of deferred tax relating to pension surplus	23	**81**	10
Other comprehensive expense for the year		**(395)**	(50)
Total comprehensive income for the year		**4,583**	5,424
Profit for the year attributable to:			
Owners of the parent Company		**4,978**	5,474
		4,978	5,474

The notes on pages 26 to 54 form part of these financial statements.

JSSH LIMITED
REGISTERED NUMBER:08453465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Tangible assets	14		**3,250**		4,340
Investments	15		**2,258**		2,228
Investment property	16		**33,191**		33,414
			38,699		39,982
Current assets					
Stocks	17	**35**		16	
Debtors: amounts falling due within one year	18	**22,304**		18,919	
Current asset investments	19	**-**		3,171	
Cash at bank and in hand	20	**17,892**		10,182	
		40,231		32,288	
Creditors: amounts falling due within one year	21	**(24,421)**		(20,417)	
Net current assets			**15,810**		11,871
Total assets less current liabilities			**54,509**		51,853
Net assets excluding pension liability			**54,509**		51,853
Pension liability	27		**(1,835)**		(1,553)
Net assets			**52,674**		50,300
Capital and reserves					
Called up share capital	25		**40**		40
Capital reserves	24		**34,774**		34,774
Profit and loss account	24		**17,860**		15,486
Equity attributable to owners of the parent Company			**52,674**		50,300

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

Nil Masom

N A Masom
Director

Date: 10/8/2020

The notes on pages 26 to 54 form part of these financial statements.

JSSH LIMITED
REGISTERED NUMBER:08453465

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Tangible assets	14		**13**		19
Investments	15		**2,045**		2,045
Investment property	16		**33,191**		33,414
			35,249		35,478
Current assets					
Debtors: amounts falling due within one year	18	**1,095**		1,138	
Current asset investments	19	**-**		3,171	
Cash at bank and in hand	20	**10,248**		3,552	
		11,343		7,861	
Creditors: amounts falling due within one year	21	**(8,742)**		(8,878)	
Net current assets/(liabilities)			**2,601**		(1,017)
Total assets less current liabilities			**37,850**		34,461
Net assets excluding pension liability			**37,850**		34,461
Pension liability	27		**(1,835)**		(1,553)
Net assets			**36,015**		32,908
Capital and reserves					
Called up share capital	25		**40**		40
Profit and loss account	24		**35,975**		32,868
			36,015		32,908

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

Neil Masom
N A Masom
Director

Date: 10/8/2020

The notes on pages 26 to 54 form part of these financial statements.

The profit after tax of the Parent company for the year was £5,711,000 *(2018: £3,670,000).*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital reserves	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2019	40	34,774	15,486	50,300
Comprehensive income for the year				
Profit for the year	-	-	4,978	4,978
Other comprehensive expense	-	-	(395)	(395)
Other comprehensive expense for the year	-	-	(395)	(395)
Total comprehensive income for the year	-	-	4,583	4,583
Dividends: Equity capital (note 13)	-	-	(2,209)	(2,209)
Total transactions with owners	-	-	(2,209)	(2,209)
At 31 December 2019	40	34,774	17,860	52,674

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Capital reserves	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2018	40	34,774	12,272	47,086
Comprehensive income for the year				
Profit for the year	-	-	5,474	5,474
Other comprehensive expense	-	-	(50)	(50)
Other comprehensive expense for the year	-	-	(50)	(50)
Total comprehensive income for the year	-	-	5,424	5,424
Dividends: Equity capital (note 13)	-	-	(2,210)	(2,210)
Total transactions with owners	-	-	(2,210)	(2,210)
At 31 December 2018	40	34,774	15,486	50,300

The notes on pages 26 to 54 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2019	40	32,868	32,908
Comprehensive income for the year			
Profit for the year	-	5,711	5,711
Other comprehensive expense	-	(395)	(395)
Other comprehensive expense for the year	-	(395)	(395)
Total comprehensive income for the year	-	5,316	5,316
Dividends: Equity capital	-	(2,209)	(2,209)
Total transactions with owners	-	(2,209)	(2,209)
At 31 December 2019	40	35,975	36,015

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2018	40	31,458	31,498
Comprehensive income for the year			
Profit for the year	-	3,670	3,670
Other comprehensive expense	-	(50)	(50)
Other comprehensive expense for the year	-	(50)	(50)
Total comprehensive income for the year	-	3,620	3,620
Dividends: Equity capital	-	(2,210)	(2,210)
Total transactions with owners	-	(2,210)	(2,210)
At 31 December 2018	40	32,868	32,908

The notes on pages 26 to 54 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	**4,978**	5,474
Adjustments for:		
Depreciation of tangible assets	**1,203**	1,250
Profit on disposal of tangible assets	**(139)**	(264)
Interest paid	**21**	20
Interest received	**(81)**	(68)
Taxation charge	**1,223**	1,619
(Increase)/decrease in stocks	**(19)**	1
Increase in debtors	**(528)**	(132)
Increase in creditors	**4,585**	1,425
Share of operating profit in joint ventures	**(171)**	(214)
Corporation tax paid	**(1,537)**	(1,368)
Pension funding	**(235)**	(183)
Increase in amounts recoverable on contracts	**(2,771)**	(1,381)
Profit on disposal of investment properties	**(40)**	(27)
Fair value movements on investment properties	**-**	(717)
Net operating charge for defined benefits	**41**	38
Net cash generated from operating activities	**6,530**	5,473
Cash flows from investing activities		
Purchase of tangible fixed assets	**(222)**	(1,418)
Sale of tangible fixed assets	**248**	1,092
Purchase of investment properties	**(237)**	(4,351)
Sale of investment properties	**263**	175
Interest received	**77**	67
Net cash generated from/(used) in investing activities	**129**	(4,435)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Cash flows from financing activities		
Dividends paid	**(2,209)**	(2,210)
Interest paid	**(21)**	(19)
Dividends received from joint venture	**110**	190
Net cash used in financing activities	**(2,120)**	(2,039)
Net increase/(decrease) in cash and cash equivalents	**4,539**	(1,001)
Cash and cash equivalents at beginning of year	**13,353**	14,354
Cash and cash equivalents at the end of year	**17,892**	13,353
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**17,892**	10,182
Current asset investments	**-**	3,171
	17,892	13,353

The notes on pages 26 to 54 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £000	Fair value movements £000	Cashflows £000	At 31 December 2019 £000
Cash at bank and in hand	**10,182**	**-**	**7,710**	**17,892**
Short term-deposits (included in current asset investments)	**3,171**	**203**	**(3,374)**	**-**
	13,353	**203**	**4,336**	**17,892**

The notes on pages 26 to 54 form part of these financial statements.

1. General information

JSSH Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at Manor House, Manor Lane, Holmes Chapel, Cheshire, CW4 8AF.

The principal activity of the Group during the year was that of painting, maintenance, refurbishment and construction (contracting), combined with property holding and management services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

2. Accounting policies (continued)

2.3 Basis of consolidation

The Consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The Consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014. Therefore, the Group continues to recognise a capital reserve which arose on a past business combination that was accounted for as an acquisition in accordance with UK GAAP as applied at that time.

2.4 Joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2. Accounting policies (continued)

2.5 Going concern

Covid-19 has caused significant market disruption and it is likely that the markets in which we operate will continue to experience disruption throughout the remainder of 2020 and possibly into 2021. However, the Group's underlying commercial model is resilient with strong cash conversion, recurring revenue, strong cost control and diverse work types and service offerings ensuring we are well positioned to address the uncertainty and continue to meet our customers' needs.

The majority of the Group's revenue is sourced through local government entities and housing associations and the Group is therefore not significantly exposed to counterparty credit risk. The business is closely monitoring its cash and debtor position and, to date, customer receipts have been received in line with expectations.

Despite this, the Group believes it is likely to experience a decline in year-on-year revenue and profitability as a result of temporarily being unable to gain access to customer properties. Notwithstanding the issues presented by Covid-19, the Group anticipates that revenue will continue to increase month on month for the remainder of the year ending 31 December 2020. The operational teams are operating under new socially distanced operating procedures in a responsible way and we are able to reassure our customers that we can work safely in the current conditions.

The Group has been assessing downside scenarios and the Board is taking a number of actions to ensure that it protects liquidity and has identified it is highly unlikely to breach the current overdraft facility. Novus has had a £2m overdraft in place since the formation of the JSSH Group in 2013 and has never needed to utilise the facility. As a precaution, Novus has agreed with its bank to increase the overdraft facility to £4m for the period to May 2021 to ensure that the business has sufficient headroom in the event that the current emergency continues for an extended period. After May 2021 the overdraft facility will be renewed in line with normal terms and conditions.

The Board will also monitor other areas of discretionary spend, including capex, to ensure that only essential expenditure is incurred, to further preserve cash.

The Group has taken advantage of the government's furlough scheme and entered into time to pay arrangements with HMRC in respect of VAT and PAYE obligations where necessary.

The directors have (together with management) reviewed the Group's budgets and forecasts for the 12 months from the date of this report, its liquid resources, and the potential impact of the virus. Management have performed downside scenario analysis which demonstrates that the Group will have sufficient cash resources for a period of at least one year.

The directors have at the time of approving these financial statements, an expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and the value of work done during the year. Revenue also includes rents receivable from the Group's properties, which is recognised in the period to which it relates.

Long term contracts

Revenue from contracts is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion of the contract at the Statement of financial position date is assessed by reference to the value of work done.

When the outcome of a contract can be assessed reliably, contract revenue and associated costs are recognised as revenue and costs respectively by reference to the stage of completion of the contract activity at the Statement of financial position date. Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised in the period in which they are incurred.

Long term contract balances included in amounts recoverable on contracts are stated at cost plus attributable profit, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

2.7 Pre-contract costs

Contract mobilisation costs are charged to the Consolidated statement of comprehensive income in the year of contract inception.

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold buildings	- 50 years
Plant and machinery	- between 3 and 8 years
Motor vehicles	- between 3 and 6 years
Fixtures and fittings	- between 2 and 8 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.9 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.10 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each Statement of financial position date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Statement of financial position date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.11 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

2.12 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Current asset investments

Current asset investments are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes to fair value are recognised in the profit and loss.

2. Accounting policies (continued)

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the statement of financial position date.

Financial assets measured at fair value through profit or loss are recognised initially at fair value, and subsequently measured at fair value at the end of each reporting period with any movements recognised in the Consolidated statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.19 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.20 Dividends

Equity dividends are recognised when paid.

2.21 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2. Accounting policies (continued)

2.22 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit pension scheme which requires contributions to be made to separately administered funds. The scheme is now closed to new members and future accrual.

Scheme assets are valued at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit basis and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of financial position.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the Consolidated statement of comprehensive income. Actuarial gains and losses are recognised in the Consolidated statement of comprehensive income.

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all other Group entities recognise a cost equal to their contribution payable for the period.

2.23 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.24 Borrowing costs

All borrowing costs are recognised in Consolidated statement of comprehensive income in the year in which they are incurred.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

Critical judgements in applying accounting policies:

Revenue recognition
Revenue is recognised for long term contracts based on the stage of completion of the contract activity. This is measured as the percentage of the job completed, based on the surveyor's valuation, worktype and expected completion date.

Key sources of estimation uncertainty:

Measurement of provisions for foreseeable contract losses
The Group enters into long term contracts in the normal course of business. These contracts have been reviewed and provision has been made for the directors' best estimate of known legal claims and future losses.

Valuation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the Consolidated statement of comprehensive income. The valuation requires estimates to be made of the market value of each property which relies on comparable market data, discounted cash flows and assumptions on future occupancy rates. Carrying values are reviewed with reference to information available at the time including external valuations which are obtained on a four yearly programme.

Defined benefit pension scheme
The defined benefit pension plan obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

4. Turnover

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

	2019	2018
	£000	£000
Rendering of services	**166,536**	158,585
Less: share of joint ventures' turnover	**(174)**	(185)
	166,362	158,400

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £000	2018 £000
Other operating income	**11**	28
Fair value movements on investment property	**-**	717

6. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	**1,203**	1,250
Hire of plant and machinery	**1,781**	1,462
Fees payable to Group's auditor (note 7)	**93**	82

7. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**21**	20

Fees payable to the Group's auditor and its associates in respect of:

	2019 £000	2018 £000
The auditing of accounts of subsidiaries of the Group pursuant to legislation	**34**	28
Other services relating to taxation	**12**	11
All other services	**26**	23
	72	62

8. Employees

Group

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

	Group 2019 £000	Group 2018 £000
Wages and salaries	**29,697**	30,858
Social security costs	**3,107**	2,991
Other pension costs	**1,145**	1,042
	33,949	34,891

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

	2019 No.	2018 No.
Manufacturing, construction and installation	**520**	563
Technical and administration staff	**387**	357
	907	920

Key Management Personnel

Key management personnel are defined as the directors of the Parent company and its key subsidiary undertaking: Novus Property Solutions Limited

The total emoluments of key management personnel (salaries, wages, benefits in kind and pension costs) were £2,081,000 in relation to 8 employees *(2018: £1,991,000 in relation to 12 employees)*.

Company

Staff costs, including directors' remuneration, for the Company were as follows:

	Company 2019 £000	Company 2018 £000
Wages and salaries	**1,038**	933
Social security costs	**119**	107
Other pension costs	**62**	62
	1,219	1,102

The average monthly number of employees, including directors, during the year for the Company were 14 *(2018: 14)*.

9. Directors' remuneration

The remuneration of the directors was as follows:

	2019 £000	2018 £000
Directors' emoluments	**867**	660
Company contributions to defined contribution pension schemes	**35**	37
	902	697

Retirement benefits are accruing to 2 directors *(2018: 2 directors)* under a defined benefit pension scheme and 4 directors *(2018: 4 directors)* under defined contribution pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2019 £000	2018 £000
Emoluments	**414**	190
Company contributions to defined contribution pension schemes	**23**	-
	437	190

The highest paid director's accrued defined benefit pension at the year end was £Nil *(2018: £15,056).*

10. Interest receivable and similar income

	2019 £000	2018 £000
Other interest receivable	-	1
Bank interest receivable	74	63
Employee loan interest receivable	7	4
	81	68

11. Interest payable and similar expenses

	2019 £000	2018 £000
Interest on overdue tax	8	-
Other interest payable	13	20
	21	20

12. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	1,138	1,282
Adjustments in respect of previous periods	30	296
Joint venture taxation	31	28
Total current tax	1,199	1,606
Deferred tax		
Current period	7	104
Prior period	17	(91)
Total deferred tax	24	13
Taxation on profit on ordinary activities	1,223	1,619

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2018: higher than)* the standard rate of corporation tax in the UK of 19% *(2018: 19%)*. The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	**6,201**	7,093
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2018: 19%)*	**1,178**	1,348
Effects of:		
Expenses not deductible for tax purposes	**33**	217
R&D expenditure credits	**-**	(3)
Adjustments to tax charge in respect of prior periods - current	**30**	296
Adjustments to tax charge in respect of previous periods - deferred tax	**17**	(91)
Adjust closing deferred tax to average rate	**84**	78
Adjust opening deferred tax to average rate	**(76)**	(83)
Net capital gains	**(43)**	(143)
Total tax charge for the year	**1,223**	1,619

Factors that may affect future tax charges

During 2017, the UK main corporation tax rate decreased from 20% to 19%. The rate was due to decrease further to 17% from 1 April 2020, however following the substantive enactment of the Finance Act 2020 the rate will remain at 19%.

This is a non-adjusting post balance sheet event and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

13. Dividends

	2019 £000	2018 £000
JS Ordinary shares		
Dividend of £27.61 *(2018: £27.63)* per share	**1,105**	1,105
A Ordinary shares		
Dividend of £27.61 *(2018: £27.63)* per share	**1,104**	1,105
	2,209	2,210

Post year end, there have been JS Ordinary share dividends of £1,872,500 paid and £1,872,500 of A Ordinary share dividends paid.

14. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 January 2019	**692**	**2,035**	**6,975**	**486**	**10,188**
Additions	**-**	**5**	**211**	**6**	**222**
Disposals	**-**	**-**	**(1,184)**	**(1)**	**(1,185)**
At 31 December 2019	**692**	**2,040**	**6,002**	**491**	**9,225**
Depreciation					
At 1 January 2019	**165**	**1,866**	**3,454**	**363**	**5,848**
Charge for the year on owned assets	**5**	**74**	**1,055**	**69**	**1,203**
Disposals	**-**	**-**	**(1,075)**	**(1)**	**(1,076)**
At 31 December 2019	**170**	**1,940**	**3,434**	**431**	**5,975**
Net book value					
At 31 December 2019	**522**	**100**	**2,568**	**60**	**3,250**
At 31 December 2018	527	169	3,521	123	4,340

Included within freehold property is land of £350,000 *(2018: £350,000)*, which is not depreciated.

14. Tangible fixed assets (continued)

Company

	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 January 2019	**30**	**12**	**42**
Additions	**-**	**7**	**7**
Disposals	**-**	**(1)**	**(1)**
At 31 December 2019	**30**	**18**	**48**
Depreciation			
At 1 January 2019	**18**	**5**	**23**
Charge for the year on owned assets	**5**	**8**	**13**
Disposals	**-**	**(1)**	**(1)**
At 31 December 2019	**23**	**12**	**35**
Net book value			
At 31 December 2019	**7**	**6**	**13**
At 31 December 2018	12	7	19

15. Fixed asset investments

Group

	Investment in joint ventures £000
Cost or valuation	
At 1 January 2019	**2,228**
Dividends receivable	**(110)**
Share of profit/(loss)	**140**
At 31 December 2019	**2,258**
Net book value	
At 31 December 2019	**2,258**
At 31 December 2018	2,228

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	**2,045**
At 31 December 2019	**2,045**
Net book value	
At 31 December 2019	**2,045**
At 31 December 2018	2,045

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Novus Property Solutions Limited	Five Towns House Hillside, Festival Way, Stoke-On-Trent, Staffordshire, United Kingdom, ST1 5SH	Painting, maintenance and decorating	Ordinary	100%

Joint venture

The following was a joint venture of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Heath Investments Limited	Manor House Manor Lane, Holmes Chapel, Nr Crewe, Cheshire, CW4 8AF	Property investors and developers	Ordinary	50%

16. Investment property

Group

	Investment property £000
Valuation	
At 1 January 2019	**33,414**
Disposals	**(223)**
At 31 December 2019	**33,191**

The 2019 valuations were made by a RICS qualified director, on an open market value for existing use basis.

Carrying values of investment properties have been reviewed as at 31 December 2019 in order to assess the appropriateness of property values individually and as a whole with reference to information available at the time including external valuations which are obtained on a four yearly programme.

The JSSH board have reviewed and approved these valuations.

Company

	Investment property £000
Valuation	
At 1 January 2019	**33,414**
Disposals	**(223)**
At 31 December 2019	**33,191**

The 2019 valuations were made by a RICS qualified director, on an open market value for existing use basis.

Carrying values of investment properties have been reviewed as at 31 December 2019 in order to assess the appropriateness of property values individually and as a whole with reference to information available at the time including external valuations which are obtained on a four yearly program.

The JSSH board have reviewed and approved these valuations.

17. Stocks

	Group 2019 £000	Group 2018 £000
Raw materials and consumables	**35**	16

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Trade debtors	**367**	436	**303**	398
Other debtors	**334**	318	**252**	248
Prepayments and accrued income	**1,687**	1,100	**241**	291
Amounts recoverable on long term contracts	**19,423**	16,652	**-**	-
Tax recoverable	**23**	-	**212**	152
Deferred taxation (note 23)	**470**	413	**87**	49
	22,304	18,919	**1,095**	1,138

19. Current asset investments

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Listed investments	**-**	3,171	**-**	3,171

JSSH Limited previously invested in two separately managed investment funds. These were dis-invested during the year and have not been reinvested after the year end.

20. Cash at bank and in hand

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Cash at bank and in hand	**17,892**	10,182	**10,248**	3,552

21. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Trade creditors	**9,838**	7,067	**272**	381
Amounts owed to group undertakings	**-**	-	**6,905**	6,784
Corporation tax	**324**	681	**-**	-
Other taxation and social security	**2,978**	3,320	**130**	109
Other creditors	**196**	348	**-**	-
Accruals and deferred income	**11,085**	9,001	**1,435**	1,604
	24,421	20,417	**8,742**	8,878

22. Financial instruments

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Financial assets				
Financial assets measured at fair value through profit or loss	**-**	3,171	**-**	3,171

Financial assets measured at fair value through profit or loss comprise investments in two separate managed funds.

23. Deferred taxation

Group

	2019	2018
	£000	£000
At beginning of year	**413**	416
Charged to the profit or loss	**(24)**	(13)
Charged to other comprehensive income	**81**	10
At end of year	**470**	413

Company

	2019	2018
	£000	£000
At beginning of year	**49**	109
Charged to the profit or loss	**(43)**	(70)
Charged to other comprehensive income	**81**	10
At end of year	**87**	49

The deferred tax asset is made up as follows:

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Accelerated capital allowances	**39**	43	**(234)**	(215)
Pension deficit	**312**	264	**312**	264
Short term timing differences	**119**	106	**9**	-
	470	413	**87**	49

24. Reserves

Capital reserve

Capital reserve represents the reserve created on acquisition of Novus Property Solutions Limited, Dukfent NLR Limited, SCS NLR Limited, Props NLR Limited, Heath Investments Limited and their respective subsidiaries on 23 August 2013. This comprises the excess of the fair value of net assets acquired over the nominal value of the shares.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

25. Share Capital

	2019	2018
	£	£
40,000 *(2018: 40,000)* JS Ordinary shares shares of £1.00 each	**40,000**	40,000
40,000 *(2018: 40,000)* A Ordinary shares shares of £0.01 each	**400**	400
	40,400	40,400

Share rights and obligations

A Ordinary shares - each holder of A ordinary shares on a show of hands, have one vote, and on poll, have two votes per A ordinary share. A ordinary shares have a right to dividends following the payment of the priority dividend to the holders of the JS ordinary shares. On a return of capital, the surplus assets of the company shall be applied in firstly repaying the holders of the A ordinary shares a sum equal to the amount paid up on each A ordinary share.

JS Ordinary shares - each holder of JS ordinary shares on a show of hands, have one vote, and on poll, have one vote per JS ordinary share. JS ordinary shares have a right to a priority dividend. On a return of capital, following the repayment of A ordinary shares, the balance of surplus assets are paid in proportion to the nominal amounts paid up or credited as paid up on the JS ordinary shares.

26. Contingent liabilities

Novus Property Solutions Limited has a debenture in favour of Lloyds Bank plc as at 31 December 2019 and 2018. The amount outstanding as at 31 December 2019 and 2018 was Nil.

27. Pension commitments

Defined contribution pension plan
The Group operates defined contribution pension schemes for the benefit of the employees and directors. The assets of the schemes are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,145,000 *(2018: £1,042,000)*.

Defined benefit pension plan
The Group operates a Defined Benefit pension scheme.

The JSSH Limited Retirement Scheme was established on 11 December 2013 as a consequence of the demerger of Seddon Group Limited. During 2014, the process was undertaken to transfer the relevant assets and liabilities of the Seddon Group Retirement Scheme into JSSH Limited Retirement Scheme.

The scheme is now closed to new members and future accrual. Annual contributions are paid on the recommendation of independent qualified actuaries following the latest approved triennial valuation, the latest of which was at 30 June 2017. The valuation method used is the Defined Accrued Benefits method and the principal assumptions made by the actuary were:

	30 June 2017
Discount rate	3.10%
GMP deferred revaluation	3.40%
Non GMP deferred revaluation	2.60%
Post 88 GMP pension increase	2.20%
Cash commutation	75% of maximum tax free cash allowable
Proportion married	90%
Spouse's age difference	Husbands 3 years older than wives
Expenses	No allowance
Pre retirement mortality	Nil
Post retirement mortality	S2PxA CMI 2016 projections with 1.5% per annum long term trend rate

The next triennial valuation is due as at 30 June 2020.

Reconciliation of present value of plan liabilities:

	2019 **£000**	2018 £000
At the beginning of the year	**(7,241)**	(7,597)
Interest cost	**(188)**	(179)
Actuarial (loss)/gain	**(1,024)**	217
Benefits paid	**334**	318
At the end of the year	**(8,119)**	(7,241)

27. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	**5,688**	5,959
Interest income	**147**	141
Actuarial gain/(loss)	**548**	(277)
Contributions	**235**	183
Benefits paid	**(334)**	(318)
At the end of the year	**6,284**	5,688

Composition of plan assets:

	2019 £000	2018 £000
Absolute return	**2,458**	3,232
Alternatives	**1,361**	1,198
Liability driven investments	**1,237**	681
Cash	**1,228**	577
Total plan assets	**6,284**	5,688

	2019 £000	2018 £000
Fair value of plan assets	**6,284**	5,688
Present value of plan liabilities	**(8,119)**	(7,241)
Net pension scheme liability	**(1,835)**	(1,553)

27. Pension commitments (continued)

	2019 **£000**	2018 £000
Net interest cost	**(41)**	(38)
Actuarial gain/(loss) on plan assets	**548**	(277)
Actuarial (loss)/gain on plan liabilities	**(1,024)**	217
	(517)	(98)

	2019 **£000**	2018 £000
Actual return on scheme assets	**147**	141
Actuarial gain/(loss) on plan assets	**548**	(277)
	695	(136)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £1,643,000 *(2018: £1,485,000)*.

The Group expects to contribute £315,000 *(2019: £235,000)* to its Defined Benefit pension scheme in 2020.

Principal actuarial assumptions at the Statement of financial position sheet date (expressed as weighted averages):

	2019	2018
Discount rate	1.80%	2.60%
Price inflation (RPI)	3.20%	3.30%
Price Inflation (CPI)	2.20%	2.30%
Rate of increase for pensions in payment CPI (max 3%)	2.00%	2.00%
Pre retirement mortality	Nil	Nil
Post retirement mortality	S2PxA, CMI 2018 with 1% p.a. LRT +1 age rating	S2PxA, CMI 2015 with 1% p.a. LRT +1 age rating
Life expectancies:		
Current pensioners age 65 - males	20.5	20.9
Current pensioners age 65 - females	22.4	22.8
Future pensioners age 65 (currently age 45) - males	21.5	21.9
Future pensioners age 65 (currently age 45) - females	23.6	24.0

In addition to the above there are annuity policies held in relation to 6 *(2018: 6)* insured pensioners. These policies were valued by the pension scheme actuary at £1,244,304 as at 30 June 2019 and £1,185,640 as at 30 June 2018 as disclosed in the JSSH Limited Retirement Scheme audited accounts. There is no impact on the pension deficit detailed in the Statement of Financial Position.

28. Commitments under operating leases

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	Group 2018 £000
Not later than 1 year	**443**	415
Later than 1 year and not later than 5 years	**449**	631
Later than 5 years	**5**	-
	897	1,046

29. Related party transactions

The Group received income from Heath Investments Limited during the year for the sum of £31,000 *(2018: £31,000)* and had a balance outstanding with this party of £Nil *(2018: £Nil)* as at 31 December 2019.

30. Post balance sheet events

Following the year end, the World Health Organisation has declared the outbreak of Covid-19 to be a pandemic.

The subsequent spread of the virus and its identification as a new coronavirus does not provide additional evidence about the situation that existed at 31 December 2019 and it is therefore classified as a non-adjusting post balance sheet event. Accordingly, the financial position and results of operations as of, and for the year ended 31 December 2019 have not been adjusted.

The potential impact of COVID-19 is discussed further in note 2.5 Going concern above.

During the period up to and including 31 December 2019, the Company was in dialogue with its insurers in relation to a fraud claim brought under its crime policy. As at 31 December 2019, the Company had not received any firm indication that the claim would be successful and as such no amounts in respect of the claim were recognised in the financial statements as at 31 December 2019. Subsequently, on 20th March 2020, the Company received confirmation that the claim was successful and was paid a sum in settlement. The Group is involved in ongoing litigation regarding the circumstances leading to the claim and so has taken advantage of the exemption set out in section 21.17 of FRS102 to provide any further information as further disclosure would be likely to seriously prejudice ongoing legal proceedings.

There has been no further post balance sheet events, adjusting or non-adjusting, since the end of the reporting period.