

Company Registration No. 00643047 (England and Wales)

**Spooner Industries Limited**

**Annual report and financial statements  
for the year ended 30 June 2021**



## **Spooner Industries Limited**

### **Company information**

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<b>Directors</b>	R A Summers B J Lawrence A D Marson C Lewis-Jones S Clarke	(Appointed 18 January 2021) (Appointed 18 January 2021)
<b>Company number</b>	00643047	
<b>Registered office</b>	Moorland Engineering Works Lower Railway Road Ilkley West Yorkshire LS29 8JB	
<b>Independent auditor</b>	Saffery Champness LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX	
<b>Bankers</b>	Barclays Bank plc PO Box 190 1 Park Row Leeds LS1 5WU	

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**Spooner Industries Limited**

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## **Spooner Industries Limited**

### **Strategic report**

**For the year ended 30 June 2021**

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

#### **Business review**

Turnover for the year was £22.5m (2020: £16.0m).

Net assets increased by £0.9m from £6.5m to £7.4m (2020: decreased by £0.1m).

#### **Results and performance**

The results for the year are shown on page 10.

Spooner Industries continues to successfully execute its strategic plan. Significant growth in sales revenue and operating profit were achieved despite challenging external market conditions. Investment in people, new product development and processes supported by robust cost and commercial controls remain the pillars of our long term plans. The business has shown a marked improvement in the year with growth in all key financial measures. Minimising the impact of COVID was a major focus for the senior management team with international installation activities a particular challenge. Contract margins have been controlled and our operating cost base well managed during the year resulting in a seven-fold growth in operating profit to £1.4m and the retention of strong working capital and healthy cash levels at the year-end.

#### **Key performance indicators**

Our primary KPI's are (a) the forward order book and (b) contract margins.

#### **Future developments**

Although the pandemic has not fully gone away our business activity and that of many of our customers' have shown signs of returning to more normal levels. Our order book and enquiry levels are in line with budget expectations.

The programme of improvements initially instigated in 2019 and which are focussed on delivering projects on time, in full, within budget and to the customers' satisfaction, is continuing into the new financial year.

The strategic focus remains on developing new opportunities for our comprehensive range of products and services in new and existing markets throughout the world.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company are considered to be:

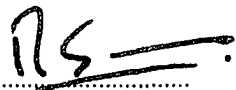
- The level of worldwide, general economic and geopolitical activity which affects the number and size of capital projects undertaken by our customers. This is mitigated in part by the extension of the Spooner Plus after sales activities and increased global coverage.
- Exchange rate fluctuations. This risk is managed and mitigated as disclosed in the directors' report.
- Covid-19 pandemic ongoing impact - Spooner have effectively managed the immediate operational impact of the Covid pandemic by following local Government guidance and implementing Covid safe working practices. On a broader level we continue to monitor the impact of Covid both on supply chains and the impact on our customers investment intentions.
- Brexit impact - the impacts of Brexit and Covid on supply chains and freedom of movement have been similar, leading to uncertainty around the direct effects of Brexit. We are closely monitoring the effect on labour rates and availability, supply of components and costs, and access to EU markets. We continue to seek to increase our UK sourced suppliers to mitigate these risks.

Spooner Industries Limited

Strategic report (continued)  
For the year ended 30 June 2021

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On behalf of the board



R A Summers

Director

Date: 14/10/21

## **Spooner Industries Limited**

### **Directors' report**

**For the year ended 30 June 2021**

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

#### **Principal activities**

The principal activity of the company continued to be that of the manufacture of ovens, dryers, coolers and associated equipment, including pollution abatement equipment, for many industries including paper, metals, plastic and food preparation.

#### **Results and dividends**

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

Ordinary dividends were paid amounting to £220,000. The directors do not recommend payment of a further dividend.

#### **Directors**

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

R A Summers

B J Lawrence

A D Marson

M Brook

(Resigned 1 July 2020)

C Lewis-Jones

(Appointed 18 January 2021)

S Clarke

(Appointed 18 January 2021)

#### **Auditor**

Saffery Champness LLP have expressed their willingness to continue in office.

#### **Energy and carbon report**

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

## **Spooner Industries Limited**

### **Directors' report (continued) For the year ended 30 June 2021**

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#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

#### **Statement of disclosure to auditor**

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

#### **Financial risk management**

The company's operations expose it to a variety of financial risks including credit risk and foreign exchange risk.

##### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

##### *Foreign exchange risk*


A number of the company's sales contracts are denominated in foreign currencies. Where the transaction exchange risk is considered significant, it is hedged by the use of forward currency contracts.

**Spooner Industries Limited**

**Directors' report (continued)**  
**For the year ended 30 June 2021**

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On behalf of the board

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R A Summers  
Director

Date: 14/10/21



## **Spooner Industries Limited**

### **Independent auditor's report**

**To the members of Spooner Industries Limited**

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#### **Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

## **Spooner Industries Limited**

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

#### **To the members of Spooner Industries Limited**

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#### **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.

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

We have nothing to report in this regard.

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

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

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

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

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

#### **Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Identifying and assessing risks related to irregularities:**

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

**Audit response to risks identified**

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Spooner Industries Limited**

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

**To the members of Spooner Industries Limited**

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**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.



**Jonathan Davis (Senior Statutory Auditor)**  
**For and on behalf of Saffery Champness LLP**

Date:.....19/10/2021..

**Chartered Accountants**  
**Statutory Auditors**

Mitre House  
North Park Road  
Harrogate  
North Yorkshire  
HG1 5RX

**Spooner Industries Limited**

**Income statement**

**For the year ended 30 June 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<b>3</b>	22,534	15,951
Cost of sales		(17,346)	(11,865)
<b>Gross profit</b>		<u>5,188</u>	<u>4,086</u>
Distribution costs		(1,147)	(1,163)
Administrative expenses		(2,541)	(2,499)
<b>Operating profit before exceptional items</b>		<u>1,500</u>	<u>424</u>
Exceptional item	<b>4</b>	(66)	(226)
<b>Operating profit</b>	<b>5</b>	<u>1,434</u>	<u>198</u>
Interest payable and similar expenses	<b>8</b>	(4)	(4)
<b>Profit before taxation</b>		<u>1,430</u>	<u>194</u>
Tax on profit	<b>9</b>	(598)	(152)
<b>Profit for the financial year</b>		<u><u>832</u></u>	<u><u>42</u></u>

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

**Spooner Industries Limited**

**Statement of comprehensive income  
For the year ended 30 June 2021**

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	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Profit for the year</b>	<b>832</b>	<b>42</b>
<b>Other comprehensive income</b>		
Cash flow hedges gain/(loss) arising in the year	293	(232)
<b>Total comprehensive income for the year</b>	<b><u>1,125</u></b>	<b><u>(190)</u></b>

**Spooner Industries Limited**

**Statement of financial position**  
**As at 30 June 2021**

	Notes	£000	2021 £000	£000	2020 £000
<b>Fixed assets</b>					
Intangible assets	12		214		267
Tangible assets	11		2,778		2,898
			<u>2,992</u>		<u>3,165</u>
<b>Current assets</b>					
Stocks	14	554		409	
Debtors	15	10,794		7,908	
Cash at bank and in hand		5,260		4,352	
		<u>16,608</u>		<u>12,669</u>	
<b>Creditors: amounts falling due within one year</b>	16	(9,441)		(7,377)	
<b>Net current assets</b>			<u>7,167</u>		<u>5,292</u>
<b>Total assets less current liabilities</b>			<u>10,159</u>		<u>8,457</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(134)		-
<b>Provisions for liabilities</b>					
Provisions	19	(1,295)		(1,230)	
Deferred tax liability	20	(1,318)		(720)	
		<u></u>	<u>(2,613)</u>	<u></u>	<u>(1,950)</u>
<b>Net assets</b>			<u><u>7,412</u></u>		<u><u>6,507</u></u>
<b>Capital and reserves</b>					
Called up share capital	22		1,061		1,061
Share premium account			141		141
Hedging reserve	23		12		(281)
Profit and loss reserves			<u>6,198</u>		<u>5,586</u>
<b>Total equity</b>			<u><u>7,412</u></u>		<u><u>6,507</u></u>

**Spooner Industries Limited**

**Statement of financial position (continued)**

**As at 30 June 2021**

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The financial statements were approved by the board of directors and authorised for issue on 14/10/21 and are signed on its behalf by:

RS

R A Summers

Director

**Company Registration No. 00643047**



**Spooner Industries Limited**

**Statement of changes in equity  
For the year ended 30 June 2021**

		Share capital	Share premium account	Hedging reserve	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000	£000
<b>Balance at 1 July 2019</b>		<b>1,061</b>	<b>141</b>	<b>(49)</b>	<b>5,544</b>	<b>6,697</b>
<b>Year ended 30 June 2020:</b>						
Profit for the year		-	-	-	42	42
Other comprehensive income:						
Cash flow hedges loss		-	-	(232)	-	(232)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>(232)</b>	<b>42</b>	<b>(190)</b>
<b>Balance at 30 June 2020</b>		<b>1,061</b>	<b>141</b>	<b>(281)</b>	<b>5,586</b>	<b>6,507</b>
<b>Year ended 30 June 2021:</b>						
Profit for the year		-	-	-	832	832
Other comprehensive income:						
Cash flow hedges gain		-	-	293	-	293
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>293</b>	<b>832</b>	<b>1,125</b>
Dividends	10	-	-	-	(220)	(220)
<b>Balance at 30 June 2021</b>		<b>1,061</b>	<b>141</b>	<b>12</b>	<b>6,198</b>	<b>7,412</b>

## **Spooner Industries Limited**

### **Notes to the financial statements For the year ended 30 June 2021**

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#### **1 Accounting policies**

##### **Company information**

Spooner Industries Limited is a private company limited by shares incorporated in England and Wales. The registered office is Moorland Engineering Works, Lower Railway Road, Ilkley, West Yorkshire, LS29 8JB.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of S&L Holdco Limited. These consolidated financial statements are available from its registered office, Moorland Engineering Works, Lower Railway Road, Ilkley, West Yorkshire, LS29 8JB.

**1 Accounting policies (continued)**

**1.2 Going concern**

As disclosed within the strategic report, the company has continued to manage appropriately the impact of Covid-19 during the year ended 30 June 2021 and will continue to do so in line with Government guidelines. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have prepared detailed medium-term forecasts which reflect the known impact of Covid-19 on the company at the date of preparation. The forecasts show the company to remain profitable and cash generative over the period. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Turnover**

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account.

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account. Any losses anticipated in relation to long term contracts are recognised immediately.

**1.4 Intangible fixed assets other than goodwill**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	5 years straight line
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**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

**1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	50 years straight line basis
Plant and equipment	3 - 10 years straight line basis

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

**1.6 Impairment of fixed assets**

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

**1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value.

**1 Accounting policies (continued)**

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

**1.8 Cash at bank and in hand**

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

**1.9 Financial instruments**

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

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

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

***Basic financial assets***

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

***Other financial assets***

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

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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

***Basic financial liabilities***

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

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

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

**1 Accounting policies (continued)**

***Other financial liabilities***

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

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

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

***Derecognition of financial liabilities***

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

**1.10 Equity instruments**

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

**1.11 Derivatives**

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

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

**1 Accounting policies (continued)**

**Hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

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

**1.12 Taxation**

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

**Current tax**

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

**Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



**1 Accounting policies (continued)**

**1.13 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.16 Leases**

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

**1.17 Exceptional items**

Exceptional items are those significant items which are separately disclosed by virtue of their size, incidence or nature to enable a full understanding of the company's financial performance.

**2 Critical accounting judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Provisions**

Provision is made for bad and doubtful debts, customer claims and warranty. These provisions require management's best estimate of the recoverability of trade debtors and the potential costs to arise in the future to fulfil company obligations.

**Revenue Recognition**

The company makes an estimate of contract revenue to recognise dependent upon costs incurred to date, estimated costs to complete and the estimated margin to be achieved on contracts.

**3 Turnover and other revenue**

	2021 £000	2020 £000
Turnover analysed by class of business		
Contract revenue	21,362	14,675
Sale of goods	1,172	1,276
	<u>22,534</u>	<u>15,951</u>

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

**3 Turnover and other revenue (continued)**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Turnover analysed by geographical market</b>		
UK	7,093	4,995
Europe	8,144	5,277
Africa	-	133
Americas	-	1,062
Asia & Australasia	7,297	4,484
	<u>22,534</u>	<u>15,951</u>

**4 Exceptional costs/(income)**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Exceptional costs	<u>66</u>	<u>226</u>

Included within administrative expenditure is £54,424 of restructuring costs (2020: £83,692) and £11,503 of settlement costs (2020: £142,630).

**5 Operating profit**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	22	20
Depreciation of owned tangible fixed assets	150	159
Amortisation of intangible assets	53	-
Operating lease charges	<u>51</u>	<u>53</u>

**Spooner Industries Limited**

**Notes to the financial statements (continued)**

**For the year ended 30 June 2021**

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**6 Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Management and administration	58	55
Production	83	78
	<hr/>	<hr/>
<b>Total</b>	<b>141</b>	<b>133</b>
	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	6,007	5,305
Social security costs	603	519
Pension costs	407	384
	<hr/>	<hr/>
	<b>7,017</b>	<b>6,208</b>
	<hr/> <hr/>	<hr/> <hr/>

**7 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	321	254
Company pension contributions to defined contribution schemes	35	61
	<hr/>	<hr/>
	<b>356</b>	<b>315</b>
	<hr/> <hr/>	<hr/> <hr/>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 3).

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

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**7 Directors' remuneration (continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	99	85
Company pension contributions to defined contribution schemes	13	42
	<u>          </u>	<u>          </u>

**8 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest on bank overdrafts and loans	4	4
	<u>          </u>	<u>          </u>

**9 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(16)
Foreign current tax on profits for the current period	-	13
	<u>          </u>	<u>          </u>
Total current tax	-	(3)
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	598	155
	<u>          </u>	<u>          </u>
 Total tax charge	 598	 152
	<u>          </u>	<u>          </u>

**Spooner Industries Limited****Notes to the financial statements (continued)**  
**For the year ended 30 June 2021****9 Taxation (continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit before taxation	1,430	194
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	272	37
Tax effect of expenses that are not deductible in determining taxable profit	15	16
Change in unrecognised deferred tax assets	317	32
Withholding tax	-	12
Adjustment in respect of prior year deferred tax	(6)	71
Adjustment in respect of prior year corporation tax	-	(16)
Taxation charge for the year	598	152

**10 Dividends**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Final paid	220	-

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

**11 Tangible fixed assets**

	<b>Freehold buildings £000</b>	<b>Plant and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 July 2020	3,245	2,710	5,955
Additions	9	21	30
At 30 June 2021	3,254	2,731	5,985
<b>Depreciation and impairment</b>			
At 1 July 2020	556	2,501	3,057
Depreciation charged in the year	49	101	150
At 30 June 2021	605	2,602	3,207
<b>Carrying amount</b>			
At 30 June 2021	2,649	129	2,778
At 30 June 2020	2,689	209	2,898

**12 Intangible fixed assets**

	<b>Development costs £000</b>
<b>Cost</b>	
At 1 July 2020 and 30 June 2021	267
<b>Amortisation and impairment</b>	
Amortisation charged for the year	53
At 30 June 2021	53
<b>Carrying amount</b>	
At 30 June 2021	214
At 30 June 2020	267

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

**13 Financial instruments**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	23	-
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	-	270

**14 Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	179	165
Work in progress	375	244
	<u>554</u>	<u>409</u>

**15 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	3,305	3,607
Gross amounts owed by contract customers	2,441	590
Corporation tax recoverable	2	18
Amounts owed by group undertakings	3,753	3,263
Derivative financial instruments	23	-
Other debtors	1,213	330
Prepayments and accrued income	57	100
	<u>10,794</u>	<u>7,908</u>



**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

**16 Creditors: amounts falling due within one year**

	Notes	2021 £000	2020 £000
Bank loans	18	62	-
Trade creditors		2,854	2,133
Gross amounts owed to contract customers		5,064	3,624
Taxation and social security		151	151
Derivative financial instruments		-	270
Other creditors		77	75
Accruals and deferred income		1,233	1,124
		<u>9,441</u>	<u>7,377</u>

**17 Creditors: amounts falling due after more than one year**

	Notes	2021 £000	2020 £000
Bank loans and overdrafts	18	134	-
		<u>134</u>	<u>-</u>

**18 Loans and overdrafts**

	2021 £000	2020 £000
Bank loans	196	-
	<u>196</u>	<u>-</u>
Payable within one year	62	-
Payable after one year	134	-
	<u>196</u>	<u>-</u>

Barclays Bank plc held an unlimited debenture against Spooner Industries Limited and S&L Holdco Limited. The bank also held a legal charge over the freehold land and buildings at Railway Road, Ilkley.

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

**19 Provisions for liabilities**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Warranty provision	751	686
Customer claim	544	544
	<u>1,295</u>	<u>1,230</u>

**Movements on provisions:**

	<b>Warranty provision £000</b>	<b>Customer claim £000</b>	<b>Total £000</b>
At 1 July 2020	686	544	1,230
Net P&L effect	65	-	65
	<u>751</u>	<u>544</u>	<u>1,295</u>

The warranty provision relates to an estimate of future rectification costs to be incurred on goods that remain within the warranty period as at 30 June 2021. The warranty periods are typically two years from the date of final acceptance.

The customer claim relates to a provision made in 2018 for a project which incurred major losses and resulted in claims from the customer. The provision remains in place pending resolution of the matter, the timing of which is not yet confirmed.

**20 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	<b>Liabilities 2021 £000</b>	<b>Liabilities 2020 £000</b>
<b>Balances:</b>		
Accelerated capital allowances	666	357
Losses carried forward	-	(284)
Short term timing differences	-	(14)
Rolled over gains on sale of chargeable tangible fixed assets	652	661
	<u>1,318</u>	<u>720</u>

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

**20 Deferred taxation (continued)**

	<b>2021</b>
	<b>£000</b>
<b>Movements in the year:</b>	
Liability at 1 July 2020	720
Charge to profit or loss	598
Liability at 30 June 2021	<u>1,318</u>

**21 Retirement benefit schemes**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>407</u>	<u>384</u>

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

**22 Share capital**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>	<b>£000</b>	<b>£000</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
ordinary shares of 25p each	<u>4,243,734</u>	<u>4,243,734</u>	<u>1,061</u>	<u>1,061</u>

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

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**23 Hedging reserve**

The hedging reserve relates to the changes in fair value of derivatives that have been designated and qualify as cash flow hedges.

**24 Share premium reserve**

The share premium reserve relates to amounts paid in excess of the par value of ordinary shares.

**25 Operating lease commitments**

**Lessee**

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Within one year	33	35
Between two and five years	71	80
	<u>104</u>	<u>115</u>

**Spooner Industries Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2021**

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**26 Related party transactions**

The company has taken advantage of the exemption from the requirement to disclose transactions between two or more members of a group, as the company is a wholly owned subsidiary undertaking to a group to which it is party to the transactions.

**27 Ultimate controlling party**

At the year end the company's ultimate parent undertaking was S&L Holdco Limited which is registered in England and Wales. This was changed from Aegeus Industries Limited on 1 July 2020 where no one shareholder is considered to be the ultimate controlling entity of the group, either at or subsequent to the year end.

The immediate parent company at the year end was Aegeus Industries Limited which is registered in England and Wales.

S&L Holdco Limited was the largest and smallest group of undertakings to consolidate the results of the company for the year ended 30 June 2021.

Financial statements for both S&L Holdco Limited and Aegeus Industries Limited are publicly available from Companies House.

**28 Contingent Liability**

The Company had, at 30 June 2021, outstanding bank guarantees in respect of advance payments, performance bonds and other bonds totalling £3,592,421 (2020: £3,586,725).