Company Registration No. 00643047 (England and Wales)

Spooner Industries Limited

Annual report and financial statements for the year ended 30 June 2023

Spooner Industries Limited

Company information

Directors	R A Summers	
	B J Lawrence	
	C Lewis-Jones	
	S Clarke	
	A P Rydon	(Appointed 20 September 2022)
Company number	00643047	
Registered office	Moorland Engineering Works Lower Railway Road Ilkley West Yorkshire LS29 8JB	
Independent auditor	Saffery LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX	
Bankers	Barclays Bank plc PO Box 190 1 Park Row Leeds LS1 5WU	

Spooner Industries Limited

Contents

Spooner Industries Limited

Strategic report
For the year ended 30 June 2023

The directors present the strategic report for the year ended 30 June 2023.

Business review
Turnover for the year was £15.8m (2022: £20.3m).

Net assets at the year end were £7.8m (2022: £7.4m).

Results and performance
Summary: A year where most key objectives were achieved, let down by a lack of sales revenue.

We entered the year with a relatively low order book, but with a good level of active enquiries. The budget sales assumed the completion of existing contracts within the year and a number of new orders won in time to recognise revenues. However, our order intake pattern at the start of the year was inconsistent resulting in the delay of a number of contract wins. This delay to revenue recognition was further exacerbated by the continuing shortage of some bought-in components leading to longer than normal lead times.

The results for the year shown on page 10 demonstrate the resilience of the business to a downturn in activity. Despite the reduction in turnover, we have achieved an operating profit of £262k (before exceptional items) by maintaining contract margins and driving down the break-even position of the business.

Fluctuations in demand and timing of projects are inherent challenges faced by all companies in Spooner's marketspace. This combined with global trends and competition results in the need to continue to seek ways of improving even further the financial robustness of the business.

We continue to implement and extend our long-term strategic plan .We are pleased that the work performed over recent years in executing the plan has led to:

- developing a comprehensive range of products and services in new and existing markets; and
- projects being delivered on time, in full, within budget and to customers' satisfaction;

which has resulted in the far more resilient company with a strong platform for future growth.

Focus continues on managing working capital and the cash balance at the year-end remained at a healthy level.

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

Future developments
The continuing high levels of inflation and general economic uncertainty is leading to some of our customers being more cautious and taking much longer to place equipment orders. However, we have seen an increase in enquiry volumes and therefore remain optimistic that workflow and revenue recognised will improve in the coming year.

Furthermore, due to the pattern of order receipts in the year ended June 2023 and the resulting deferral of revenue recognition, we are entering the new year with a stronger orderbook than 12 months previously.

We are therefore cautiously more optimistic for this coming year.

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 continues to be affected by the Russia Ukraine conflict. This is mitigated in part by new products (with a major focus on Environment), the extension of the Spooner Plus after sales activities, development of new service offerings; and increased global coverage.
- Exchange rate fluctuations. – This risk is managed and mitigated as disclosed in the directors' report.
- External factors including Brexit, Covid and Russia Ukraine have disrupted supply chains, contributing to high levels of inflation for both materials and energy costs; and restricted the freedom of movement of the labour force leading to labour rate inflation. We are closely monitoring the effect on the supply of components and costs; the management of energy consumption and costs; and labour rates and availability. We continue to seek to increase our UK sourced suppliers to mitigate these risks.

On behalf of the board

RS

R A Summers
Director

Date: 4/3/24

The directors present their annual report and financial statements for the year ended 30 June 2023.

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 £170,000. 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	(Resigned 20 September 2022)
C Lewis-Jones	
S Clarke	
A P Rydon	(Appointed 20 September 2022)

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

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.

On behalf of the board

R A Summers
Director

Date: 4/3/24

Spooner Industries Limited

Directors' responsibilities statement
For the year ended 30 June 2023

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.

Independent auditor's report
To the members of Spooner Industries Limited

Opinion

We have audited the financial statements of Spooner Industries Limited (the 'company') for the year ended 30 June 2023 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 2023 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.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery LLP

Jonathan Davis
Senior Statutory Auditor
For and on behalf of Saffery LLP

Date: 10 March 2024

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 2023

	Notes	2023 £000	2022 £000
Turnover	3	15,798	20,345
Cost of sales		(11,547)	(15,202)
Gross profit		4,251	5,143
Distribution costs		(1,185)	(1,414)
Administrative expenses		(2,900)	(2,838)
Other operating income		98	-
Operating profit before exceptional items		264	891
Exceptional item	4	(228)	(55)
Operating profit	5	36	836
Interest receivable and similar income	8	39	-
Interest payable and similar expenses	9	(12)	(4)
Profit before taxation		63	832
Tax on profit	10	342	(175)
Profit for the financial year		405	657

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 2023

	2023 £000	2022 £000
Profit for the year	405	657
Other comprehensive income		
Cash flow hedges gain/(loss) arising in the year	182	(140)
Total comprehensive income for the year	587	517

Spooner Industries Limited

Statement of financial position
As at 30 June 2023

	Notes	£000	2023 £000	£000	2022 £000
Fixed assets					
Intangible assets	13		329		161
Tangible assets	12		2,929		2,773
			3,258		2,934
Current assets					
Stocks	15	354		467	
Debtors	16	9,194		8,331	
Cash at bank and in hand		4,701		3,559	
		14,249		12,357	
Creditors: amounts falling due within one year	17	(7,831)		(5,747)	
Net current assets			6,418		6,610
Total assets less current liabilities			9,676		9,544
Creditors: amounts falling due after more than one year	18		-		(64)
Provisions for liabilities					
Provisions	21	(627)		(773)	
Deferred tax liability	20	(1,273)		(1,348)	
			(1,900)		(2,121)
Net assets			7,776		7,359
Capital and reserves					
Called up share capital	22		1,061		1,061
Share premium account			141		141
Hedging reserve	24		54		(128)
Profit and loss reserves			6,520		6,285
Total equity			7,776		7,359

The financial statements were approved by the board of directors and authorised for issue on 4/3/24 and are signed on its behalf by:

R A Summers
Director

Company Registration No. 00643047

Spooner Industries Limited

Statement of changes in equity
For the year ended 30 June 2023

	Notes	Share capital £000	Share premium account £000	Hedging reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 July 2021		1,061	141	12	6,198	7,412
Year ended 30 June 2022:						
Profit for the year		-	-	-	657	657
Other comprehensive income:						
Cash flow hedges loss		-	-	(140)	-	(140)
Total comprehensive income for the year		-	-	(140)	657	517
Dividends	11	-	-	-	(570)	(570)
Balance at 30 June 2022		1,061	141	(128)	6,285	7,359
Year ended 30 June 2023:						
Profit for the year		-	-	-	405	405
Other comprehensive income:						
Cash flow hedges gain		-	-	182	-	182
Total comprehensive income for the year		-	-	182	405	587
Dividends	11	-	-	-	(170)	(170)
Balance at 30 June 2023		1,061	141	54	6,520	7,776

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.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have prepared detailed medium-term forecasts which support this position and therefore 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.

1 Accounting policies (continued)

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

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.

1 Accounting policies (continued)

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.

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.

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.

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.

1 Accounting policies (continued)

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.

1.13 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 Accounting policies (continued)

1.17 Government grants

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

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

1.18 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

	2023	2022
	£000	£000
Turnover analysed by class of business		
Contract revenue	14,012	18,865
Sale of goods	1,786	1,480
	15,798	20,345

3 Turnover and other revenue (continued)

	2023 £000	2022 £000
Turnover analysed by geographical market		
UK	6,233	5,546
Europe	4,209	9,065
Africa	59	117
Americas	3,882	3,439
Asia & Australasia	1,415	2,178
	15,798	20,345

	2023 £000	2022 £000
Other revenue		
Interest income	39	-
Grants received	98	-

4 Exceptional costs/(income)

	2023 £000	2022 £000
Exceptional costs	228	55

Included within administrative expenditure is £170,815 of restructuring costs (2022: £55,108), £36,868 of settlement costs (2022: £nil) and £20,000 of over claimed apprenticeship allowances (2022: £nil).

5 Operating profit

Operating profit for the year is stated after charging/(crediting):	2023 £000	2022 £000
Government grants	(98)	-
Fees payable to the company's auditor for the audit of the company's financial statements	25	23
Depreciation of owned tangible fixed assets	109	126
Amortisation of intangible assets	70	53
Operating lease charges	62	58

6 Employees

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

	2023 Number	2022 Number
Management and administration	57	60
Production	79	86
	136	146

Their aggregate remuneration comprised:

	2023 £000	2022 £000
Wages and salaries	6,090	6,274
Social security costs	671	705
Pension costs	420	413
	7,181	7,392

7 Directors' remuneration

	2023 £000	2022 £000
Remuneration for qualifying services	550	589
Company pension contributions to defined contribution schemes	25	36
	575	625

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2022 - 4).

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

	2023 £000	2022 £000
Remuneration for qualifying services	259	251
Company pension contributions to defined contribution schemes	9	11

8 Interest receivable and similar income

	2023	2022
	£000	£000
Interest income		
Interest on bank deposits	39	-

9 Interest payable and similar expenses

	2023	2022
	£000	£000
Interest on bank overdrafts and loans	12	4

10 Taxation

	2023	2022
	£000	£000
Current tax		
UK corporation tax on profits for the current period	-	145
Adjustments in respect of prior periods	(269)	1
Total UK current tax	(269)	146
Foreign current tax on profits for the current period	2	-
Total current tax	(267)	146
Deferred tax		
Origination and reversal of timing differences	61	29
Adjustment in respect of prior periods	(136)	-
Total deferred tax	(75)	29
Total tax (credit)/charge	(342)	175

10 Taxation (continued)

The actual (credit)/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:

	2023 £000	2022 £000
Profit before taxation	63	832
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	13	158
Tax effect of expenses that are not deductible in determining taxable profit	1	1
Group relief	-	(1)
Adjustment in respect of prior year deferred tax	(136)	18
Adjustment in respect of prior year corporation tax	(269)	2
Super-deduction	-	(6)
Change in deferred tax rate	3	3
Deferred tax credited directly to STRGL	46	-
Taxation (credit)/charge for the year	(342)	175

11 Dividends

	2023 £000	2022 £000
Final paid	170	570

12 Tangible fixed assets

	Freehold buildings	Plant and equipment	Total
	£000	£000	£000
Cost			
At 1 July 2022	3,254	2,852	6,106
Additions	-	265	265
Disposals	-	(4)	(4)
At 30 June 2023	3,254	3,113	6,367
Depreciation and impairment			
At 1 July 2022	655	2,678	3,333
Depreciation charged in the year	50	59	109
Eliminated in respect of disposals	-	(4)	(4)
At 30 June 2023	705	2,733	3,438
Carrying amount			
At 30 June 2023	2,549	380	2,929
At 30 June 2022	2,599	174	2,773

13 Intangible fixed assets

	Development costs
	£000
Cost	
At 1 July 2022	267
Additions - internally developed	238
At 30 June 2023	505
Amortisation and impairment	
At 1 July 2022	106
Amortisation charged for the year	70
At 30 June 2023	176
Carrying amount	
At 30 June 2023	329
At 30 June 2022	161

14 Financial instruments

	2023 £000	2022 £000
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	66	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	117

15 Stocks

	2023 £000	2022 £000
Raw materials and consumables	148	221
Work in progress	206	246
	354	467

16 Debtors

Amounts falling due within one year:	2023 £000	2022 £000
Trade debtors	4,009	2,597
Gross amounts owed by contract customers	723	1,193
Amounts owed by group undertakings	4,097	3,745
Derivative financial instruments	66	-
Other debtors	129	693
Prepayments and accrued income	170	103
	9,194	8,331

17 Creditors: amounts falling due within one year

	Notes	2023 £000	2022 £000
Bank loans	19	71	70
Trade creditors		1,740	2,375
Gross amounts owed to contract customers		4,947	1,670
Corporation tax		-	143
Other taxation and social security		213	192
Derivative financial instruments		-	117
Other creditors		76	130
Accruals and deferred income		784	1,050
		7,831	5,747

18 Creditors: amounts falling due after more than one year

	Notes	2023 £000	2022 £000
Bank loans and overdrafts	19	-	64

19 Loans and overdrafts

	2023 £000	2022 £000
Bank loans	71	134
Payable within one year	71	70
Payable after one year	-	64

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.

20 Deferred taxation

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

Balances:	Liabilities 2023 £000	Liabilities 2022 £000
Accelerated capital allowances	522	494
Short term timing differences	29	(17)
Losses and other deductions	(149)	-
Rolled over gains on sale of chargeable tangible fixed assets	871	871
	1,273	1,348

Movements in the year:	2023 £000
Liability at 1 July 2022	1,348
Credit to profit or loss	(75)
Liability at 30 June 2023	1,273

21 Provisions for liabilities

	2023 £000	2022 £000
Warranty provision	627	773

Movements on provisions:

	Warranty provision £000	Total £000
At 1 July 2021	773	773
Net P&L effect	(146)	(146)
At 30 June 2023	627	627

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 2023. The warranty periods are typically two years from the date of final acceptance.

22 Share capital

	2023 Number	2022 Number	2023 £000	2022 £000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 25p each	4,243,734	4,243,734	1,061	1,061

23 Retirement benefit schemes

Defined contribution schemes	2023 £000	2022 £000
Charge to profit or loss in respect of defined contribution schemes	420	413

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.

24 Hedging reserve

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

25 Share premium reserve

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

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £000	2022 £000
Acquisition of tangible fixed assets	527	-

27 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:

	2023 £000	2022 £000
Within one year	28	40
Between two and five years	18	39
	46	79

28 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.

29 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. No one shareholder is considered to be the ultimate controlling entity of the group.

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 2023.

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

30 Contingent Liability

The Company had, at 30 June 2023, outstanding bank guarantees in respect of advance payments, performance bonds and other bonds totalling £4,148,758 (2022: £1,650,917).