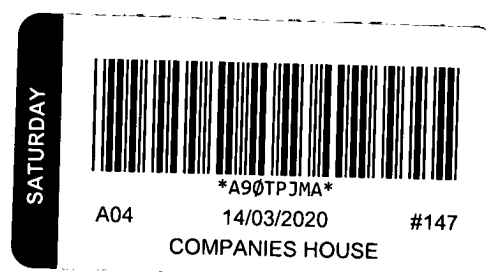


Registration number: 00556473

SPINCRAFT ETG LIMITED
Annual Report and Financial Statements
for the Year Ended 30 June 2019



Spincraft ETG Limited

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Spincraft ETG Limited

Company Information

Directors	D A Dunbar L Paolillo
Registered office	5 Fleet Place London EC4M 7RD
Bankers	HSBC Bank plc 1 Prospect Place Darlington County Durham DL3 7LQ
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2nd Floor St. John's House Haslett Avenue West Crawley RH10 1HS

Spincraft ETG Limited

Strategic Report for the Year Ended 30 June 2019

The directors present their strategic report for the year ended 30 June 2019.

Principal activity

The principal activity of the company is that of metal spinning, presswork and fabrication.

Fair review of the business

The results for the year are set out on page 9. The company's profit for the year after taxation was £383,227 (2018 - £570,689).

The underlying performance of the company moved satisfactorily ahead with positive underlying trends. Suitable plans have been implemented to ensure that this improvement continues.

Appropriate investment in plant and equipment together with a continuous programme of process development enables the company to maintain its lead over global competitors in its sector and satisfy more demanding customers. The company uses a number of financial and non-financial KPIs to measure performance.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover	£	9,317,583	8,350,225
Gross margin	%	30	38
Operating margin	%	4	8

Principal risks and uncertainties

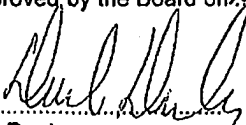
The directors have carefully considered the principal risks and uncertainties facing the business and consider these to be adverse movements in raw material prices and foreign exchange rates along with general economic uncertainty. Whilst these risks and uncertainties are likely to persist into the foreseeable future the directors are reasonably confident that current levels of performance will continue.

The company meets its day to day working capital requirements through its cash resources and operating cash flows. The current economic conditions continue to create an element of uncertainty over demand for the company's products and services but the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to continue to have a sufficient level of financial resources available through its cash resources.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Further details regarding the adoption of the going concern basis of accounting can be found in the accounting policies (note 2) in the financial statements.

Approved by the Board on 10 MAR 2020 and signed on its behalf by:



D A Dunbar
Director

Spincraft ETG Limited

Directors' Report for the Year Ended 30 June 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors of the company

The directors who held office during the year were as follows:

D A Dunbar
L Paolillo

Dividends

No dividend has been paid or is proposed (2018 - £Nil).

Financial instruments

Objectives and policies

The company has an established, structured approach to risk management. The company's activities expose it to a variety of financial risks such as credit, liquidity and cash flow, and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the company to financial risk consist primarily of trade receivables and cash. Financial liabilities that expose the company to financial risk consist primarily of trade payables and bank borrowings.

Credit risk, liquidity risk and interest rate risk

Credit risk is the risk of loss in value of financial assets due to counterparties failing to meet all or some of their obligations. The company performs on-going credit evaluation of its customers' financial condition in order to mitigate this risk.

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the company ensures that there is an adequate liquidity buffer to cover contingencies. The company maintains sufficient cash and open committed credit lines from its bankers to meet its funding requirements.

Interest rate risk is the risk that interest rates move in such a way as to make borrowing costs unaffordable. This risk is not perceived as being material to the company as the borrowing agreements in place are at fixed rates of interest.

The company's principal transactions in foreign currency arise directly from the company's operating activities. The main risk arises from the movement in the Euro exchange rate. The company does not consider the risk to be of such significance to warrant any hedging activity.

Disclosure of information in the strategic report

In accordance with section 414 of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has chosen to include a strategic report.

The information in this report covers the business review, key performance indicators, principal risks and uncertainties and future developments.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its director, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party provision remains in force at the date of this report.

Spincraft ETG Limited

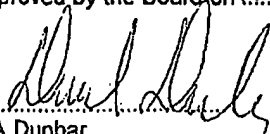
Directors' Report for the Year Ended 30 June 2019 (continued)

Disclosure of Information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant audit information that they know of and of which they know the auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board on 10 MAR 2020 and signed on its behalf by:



D A Dunbar
Director

Spincraft ETG Limited

Statement of Directors' Responsibilities

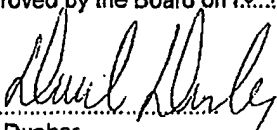
The directors acknowledge their responsibilities for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions 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.

Approved by the Board on 10 MAR 2010 and signed on its behalf by:



D A Dunbar
Director

Spincraft ETG Limited

Independent Auditor's Report to the Members of Spincraft ETG Limited

Opinion

We have audited the financial statements of Spincraft ETG Limited (the 'company') for the year ended 30 June 2019, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

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

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.

Conclusions relating to going concern

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

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

Spincraft ETG Limited

Independent Auditor's Report to the Members of Spincraft ETG Limited (continued)

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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.

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

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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Spincraft ETG Limited

Independent Auditor's Report to the Members of Spincraft ETG Limited (continued)

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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

Use of our report

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

Grant Thornton UK LLP.

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Christian Heeger BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

Date: 12 March 2020

Spincraft ETG Limited

Statement of Income and Retained Earnings for the Year Ended 30 June 2019

	Note	2019 £	2018 £
Turnover	3	9,317,583	8,350,225
Cost of sales		<u>(6,489,877)</u>	<u>(5,174,189)</u>
Gross profit		2,827,706	3,176,036
Distribution costs		(149,692)	(139,823)
Administrative expenses		(2,267,011)	(2,377,354)
Other operating expense	4	<u>-</u>	<u>(4,230)</u>
Operating profit	5	<u>411,003</u>	<u>654,629</u>
Profit before tax		411,003	654,629
Taxation	8	<u>(27,776)</u>	<u>(83,940)</u>
Profit for the financial year		383,227	570,689
Retained earnings brought forward		<u>6,446,685</u>	<u>5,875,996</u>
Retained earnings carried forward		<u><u>6,829,912</u></u>	<u><u>6,446,685</u></u>

The above results were derived from continuing operations.

The company has no recognised Comprehensive Income for the year other than the results above.

The notes on pages 11 to 23 form an integral part of these financial statements.

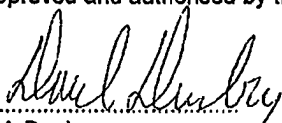
Spincraft ETG Limited

(Registration number: 00556473)

Statement of Financial Position as at 30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	9	348,672	321,004
Tangible assets	10	<u>1,569,634</u>	<u>1,590,939</u>
		<u>1,918,306</u>	<u>1,911,943</u>
Current assets			
Stocks	11	2,314,268	2,109,860
Debtors	12	6,778,745	6,234,750
Cash at bank and in hand		<u>1,329,482</u>	<u>834,861</u>
		<u>10,422,495</u>	<u>9,179,471</u>
Creditors: Amounts falling due within one year	13	<u>(5,360,889)</u>	<u>(4,494,729)</u>
Net current assets		<u>5,061,606</u>	<u>4,684,742</u>
Net assets		<u>6,979,912</u>	<u>6,596,685</u>
Capital and reserves			
Called up share capital	16	150,000	150,000
Profit and loss account	17	<u>6,829,912</u>	<u>6,446,685</u>
Total equity		<u>6,979,912</u>	<u>6,596,685</u>

Approved and authorised by the Board on 10 MAR 2020 and signed on its behalf by:


D A Dunbar
Director

The notes on pages 11 to 23 form an integral part of these financial statements.

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is 5 Fleet Place, London, EC4M 7RD.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling, which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Standex International Corporation Inc which can be obtained from 11 Keewaydin Drive, Salem, New Hampshire 03079, United States of America. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2. The Company's forecasts and projections, taking account of potential changes in trading performance along with continued support from the US parent, show that the Company will be able to operate within the level of its current working requirements. The current economic conditions continue to create an element of uncertainty over demand for the company's products and services but the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to continue to have a sufficient level of financial resources available through its cash resources, and the directors therefore consider that the company is well placed to manage its business risks successfully despite the economic uncertainty. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates and actual rate at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost are not retranslated.

Exchange differences are recognised in the Statement of Income and Retained Earnings in the period in which they arise.

Tax

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

Current tax is recognised as taxable profit for the current and past periods. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Long leasehold property	50 years
Plant and machinery	4 to 15 years
Motor vehicles	4 years

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	Length of the customer contract
Software	Over the life of the asset

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Development policy

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- 1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- 2) There is the intention to complete the intangible asset and use or sell it;
- 3) There is the ability to use or sell the intangible asset;
- 4) The use or sale of the intangible asset will generate probable future economic benefits;
- 5) There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- 6) The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared or in respect of the company's final dividend, approved by shareholders.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Sale of goods	<u>9,317,583</u>	<u>8,350,225</u>

The analysis of the company's turnover for the year by market is as follows:

	2019 £	2018 £
UK	5,777,971	4,839,409
Europe	1,886,390	1,850,415
Rest of world	<u>1,653,222</u>	<u>1,660,401</u>
	<u>9,317,583</u>	<u>8,350,225</u>

4 Other operating expense

The analysis of the company's other operating expense for the year is as follows:

	2019 £	2018 £
Miscellaneous other operating expense	<u>-</u>	<u>(4,230)</u>

5 Operating profit

Arrived at after charging/(crediting)

	Note	2019 £	2018 £
Depreciation expense	10	231,217	181,943
Amortisation expense	9	<u>95,727</u>	<u>47,203</u>

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	2,025,522	1,984,433
Social security costs	218,885	210,067
Pension costs, defined contribution scheme	102,893	96,772
	<u>2,347,300</u>	<u>2,291,272</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Production	30	29
Administration and support	27	26
	<u>57</u>	<u>55</u>

7 Auditor's remuneration

	2019	2018
	£	£
Audit of the financial statements	<u>17,420</u>	<u>16,900</u>

8 Taxation

Tax charged/(credited) in the income statement

	2019	2018
	£	£
Current taxation		
UK corporation tax	47,965	146,170
UK corporation tax adjustment to prior periods	<u>(33,876)</u>	<u>(24,977)</u>
	14,089	121,193
Deferred taxation		
Arising from origination and reversal of timing differences	<u>13,687</u>	<u>(37,253)</u>
Tax expense in the income statement	<u>27,776</u>	<u>83,940</u>

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

8 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>411,003</u>	<u>654,629</u>
Corporation tax at standard rate	78,091	124,380
Effect of expense not deductible in determining taxable profit (tax loss)	5,928	7,272
Deferred tax expense (credit) relating to changes in tax rates or laws	(3,795)	1,528
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(52,448)	(49,239)
Tax increase (decrease) arising from group relief	<u>-</u>	<u>(1)</u>
Total tax charge	<u>27,776</u>	<u>83,940</u>
Deferred tax		
Deferred tax assets and liabilities		
2019		Asset £
Accelerated capital allowances		<u>2,817</u>
2018		Asset £
Accelerated capital allowances		<u>16,504</u>

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

9 Intangible assets

	Development costs £	Software £	Total £
Cost or valuation			
At 1 July 2018	248,193	159,466	407,659
Additions internally developed	52,710	-	52,710
Additions acquired separately	-	70,685	70,685
At 30 June 2019	<u>300,903</u>	<u>230,151</u>	<u>531,054</u>
Amortisation			
At 1 July 2018	85,162	1,493	86,655
Amortisation charge	65,071	30,656	95,727
At 30 June 2019	<u>150,233</u>	<u>32,149</u>	<u>182,382</u>
Carrying amount			
At 30 June 2019	<u>150,670</u>	<u>198,002</u>	<u>348,672</u>
At 30 June 2018	<u>163,031</u>	<u>157,973</u>	<u>321,004</u>

10 Tangible assets

	Long leasehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 July 2018	829,137	5,602,252	6,431,389
Adjustments to prior year	(56,250)	56,250	-
Additions	15,870	197,292	213,162
Disposals	-	(3,250)	(3,250)
At 30 June 2019	<u>788,757</u>	<u>5,852,544</u>	<u>6,641,301</u>
Depreciation			
At 1 July 2018	419,651	4,420,799	4,840,450
Charge for the year	26,692	204,525	231,217
At 30 June 2019	<u>446,343</u>	<u>4,625,324</u>	<u>5,071,667</u>
Carrying amount			
At 30 June 2019	<u>342,414</u>	<u>1,227,220</u>	<u>1,569,634</u>
At 30 June 2018	<u>409,486</u>	<u>1,181,453</u>	<u>1,590,939</u>

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

11 Stocks

	2019	2018
	£	£
Raw materials and consumables	353,271	172,040
Work in progress	1,532,889	1,093,826
Finished goods and goods for resale	428,108	843,994
	<u>2,314,268</u>	<u>2,109,860</u>

The cost of stocks recognised as an expense in the year amounted to £4,417,171 (2018 - £3,403,629).

12 Debtors

	Note	2019	2018
		£	£
Trade debtors		2,772,601	2,069,495
Amounts owed by group undertakings		3,790,855	3,726,590
Other debtors		1,120	100,836
Prepayments		211,352	321,325
Deferred tax assets	8	2,817	16,504
		<u>6,778,745</u>	<u>6,234,750</u>

13 Creditors

	2019	(As restated) 2018
	£	£
Due within one year		
Trade creditors	1,993,470	1,830,888
Amounts due to group undertakings	3,001,817	2,150,144
Social security and other taxes	70,636	71,793
Other creditors	37,949	296,219
Accrued expenses	257,017	145,685
	<u>5,360,889</u>	<u>4,494,729</u>

In 2019 Corporation tax liabilities have been reclassified into Amounts owed by group undertakings as there is a Group payment arrangement. For the comparative figures a Corporation tax liability of £1,423,205 has been reclassified as an Amount owed to a group undertaking.

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

14 Deferred tax

	Deferred tax £	Total £
At 1 July 2018	16,504	16,504
Increase (decrease) in existing provisions	<u>(13,687)</u>	<u>(13,687)</u>
At 30 June 2019	<u>2,817</u>	<u>2,817</u>

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £102,893 (2018 - £96,772).

Contributions totalling £17,051 (2018 - £16,334) were payable to the scheme at the end of the year and are included in creditors.

16 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

Rights, preferences and restrictions

The Ordinary shares carry the right to vote, on the basis of one vote for every ordinary share, and to receive dividends.

17 Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

Spincraft ETG Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

18 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019	(As restated) 2018
	£	£
Not later than one year	143,082	102,910
Later than one year and not later than five years	266,479	285,751
Later than five years	523,108	533,458
	<u>932,669</u>	<u>922,119</u>

During the year a legal opinion was given that the break clauses within the rental leases were not considered effective and therefore the leases are actually for 99 years from inception. The disclosure for the prior year has been updated accordingly.

The amount of non-cancellable operating lease payments recognised as an expense during the year was £137,322 (2018 - £127,437).

19 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2018 - £85,688).

20 Related party transactions

The company has taken advantage of the exemption under Section 33 of FRS 102 from disclosing transactions with members or investees of the Standex International Corporation Inc. group.

21 Parent and ultimate parent undertaking

The company's immediate parent is Precision Engineering International Limited, incorporated in England and Wales.

The ultimate parent company and controlling party is Standex International Corporation Inc, incorporated in Delaware, United States of America.

The most senior parent entity producing publicly available financial statements is Standex International Corporation Inc. These financial statements are available upon request from 11 Keewaydin Drive, Salem, New Hampshire 03079, United States of America.