

COMPANY REGISTRATION NUMBER: 00556473

SPINCRAFT ETG LIMITED
Financial Statements
30th June 2017

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SPINCRAFT ETG LIMITED

Financial Statements

Year ended 30th June 2017

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SPINCRAFT ETG LIMITED

Officers and Professional Advisers

The board of directors	D. Dunbar L. Paolillo
Company secretary	Halco Secretaries Limited
Registered office	5 Fleet Place London EC4M 7RD
Auditor	Grant Thornton UK LLP Chartered Accountants & statutory auditor 2nd Floor St. John's House Haslett Avenue West Crawley RH10 1HS
Bankers	HSBC Bank plc 1 Prospect Place Darlington Co. Durham DL3 7LQ

SPINCRAFT ETG LIMITED

Strategic Report

Year ended 30th June 2017

The directors present their Annual Report and the audited financial statements for the year ended 30 June 2017.

Business review and future prospects

The results for the year are set out on page 8. The company's profit for the year after taxation was £323,000 (2016: £53,000).

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:

	2017 £'000	2016 £'000	Change £'000
Turnover	7,002	6,633	369
Gross Margin	36.9%	33.6%	+3.3%
Operating margin	5.8%	1.2%	+4.6%

The directors consider that the company has an effective measurement and reporting system, consistent with its size and complexity.


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 3) in the financial statements.

This report was approved by the board of directors and signed on behalf of the board by:



D. Dunbar
Director

Date: 17 April 2018

SPINCRAFT ETG LIMITED

Directors' Report

Year ended 30th June 2017

The directors present their report and the financial statements of the company for the year ended 30th June 2017.

Principal activities

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

Directors

The directors who served the company during the year were as follows:

D. Dunbar
L. Paolillo

Dividends

Dividends paid during the year comprise a final dividend of £2,812,500 in respect of the year ended 30 June 2017 (2016: £Nil).

Directors' liabilities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, subject to the conditions set out in section 234 of the Companies Act 2016. Such qualifying third party provision remains in force at the date of this report.

Financial instruments

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 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.

SPINCRAFT ETG LIMITED

Directors' Report

Year ended 30th June 2017

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' responsibilities statement

The directors are responsible 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). 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors and signed on behalf of the board by:



D. Dunbar
Director

Date: 17 April 2018

SPINCRAFT ETG LIMITED

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

Year ended 30th June 2017

Opinion

We have audited the financial statements of Spincraft ETG Limited (the 'company') for the year ended 30 June 2017, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 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.

Who we are reporting to

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.

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)*

Year ended 30th June 2017

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic and Directors' report set out on pages 2 to 4. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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)*

Year ended 30th June 2017

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

Grant Thornton UK LLP

Eleanor Walsh FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick

19 April 2018

SPINCRAFT ETG LIMITED

Statement of Comprehensive Income

Year ended 30th June 2017

	Note	2017 £000	2016 £000
Turnover	4	7,002	6,633
Cost of sales		(4,417)	(4,406)
Gross profit		2,585	2,227
Distribution costs		(29)	(18)
Administrative expenses		(2,184)	(2,174)
Other operating income	5	31	44
Operating profit	6	403	79
Interest payable and similar expenses	9	—	1
Profit before taxation		403	80
Tax on profit	10	(80)	(27)
Profit for the financial year and total comprehensive income		<u>323</u>	<u>53</u>

All the activities of the company are from continuing operations.

No other comprehensive income for the year (2016: £Nil)

The notes on pages 11 to 22 form part of these financial statements.

SPINCRAFT ETG LIMITED

Statement of Financial Position

30th June 2017

	Note	2017		2016	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	12		175		210
Tangible assets	13		905		920
			<u>1,080</u>		<u>1,130</u>
Current assets					
Stocks	14	1,848		1,291	
Debtors	15	5,839		6,259	
Cash at bank and in hand		<u>791</u>		<u>2,679</u>	
		<u>8,478</u>		<u>10,229</u>	
Creditors: amounts falling due within one year	16.	<u>(3,511)</u>		<u>(2,818)</u>	
Net current assets			<u>4,967</u>		<u>7,411</u>
Total assets less current liabilities			<u>6,047</u>		<u>8,541</u>
Provisions	17		<u>(21)</u>		<u>(26)</u>
Net assets			<u><u>6,026</u></u>		<u><u>8,515</u></u>
Capital and reserves					
Called up share capital	20		150		150
Profit and loss account	21		<u>5,876</u>		<u>8,365</u>
Shareholders funds			<u><u>6,026</u></u>		<u><u>8,515</u></u>

These financial statements were approved by the board of directors and authorised for issue, and are signed on behalf of the board by:



D. Dunbar

Director

Date: 17 April 2018

Company registration number: 00556473

The notes on pages 11 to 22 form part of these financial statements.

SPINCRAFT ETG LIMITED

Statement of Changes in Equity

Year ended 30th June 2017

	Called up share capital £000	Profit and loss account £000	Total £000
At 1st July 2015	150	8,312	8,462
Profit for the year	—	53	53
Total comprehensive income for the year	—	53	53
At 30th June 2016	150	8,365	8,515
Profit for the year	—	323	323
Total comprehensive income for the year	—	323	323
Dividends paid and payable	11	(2,812)	(2,812)
Total investments by and distributions to owners	—	(2,812)	(2,812)
At 30th June 2017	150	5,876	6,026

The notes on pages 11 to 22 form part of these financial statements.

SPINCRAFT ETG LIMITED

Notes to the Financial Statements

Year ended 30th June 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 5 Fleet Place, London, EC4M 7RD.

2. Statement of compliance

These financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'

The entity is a limited company incorporated in England & Wales.

The registered office of the company is:
5 Fleet Place
London
EC4M 7RD

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

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.

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.

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

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.

Significant judgements

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 any 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. There have been no indicators of impairments identified during the current financial year.

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:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy. The value of the depreciation charged in the profit and loss account during the year was £177,506.

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.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

3. Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

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 calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs - Length of the customer contract

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.

Dividends

Dividends paid are included in the company financial statements in the period in which the related dividends are actually paid, or in respect of the company's final dividend for the year, approved by shareholders.

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

3. Accounting policies *(continued)*

Development policy

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

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- 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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	- 50 years
Plant and machinery	- 4 to 15 years
Motor vehicles	- 4 years

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.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

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.

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.

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

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.

4. Turnover

Turnover arises from:

	2017 £000	2016 £000
Sale of goods	<u>7,002</u>	<u>6,633</u>

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017 £000	2016 £000
United Kingdom	4,909	5,355
Overseas	2,093	1,278
	<u>7,002</u>	<u>6,633</u>

5. Other operating income

	2017 £000	2016 £000
Other operating income	<u>31</u>	<u>44</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2017 £000	2016 £000
Amortisation of intangible assets	35	4
Depreciation of tangible assets	178	180
Gains on disposal of tangible assets	(35)	—
Impairment of trade debtors	(1)	—
Foreign exchange differences	<u>(5)</u>	<u>50</u>

7. Auditor's remuneration

	2017 £000	2016 £000
Fees payable for the audit of the financial statements	<u>15</u>	<u>15</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017 No.	2016 No.
Production staff	26	30
Administrative staff	<u>25</u>	<u>25</u>
	<u>51</u>	<u>55</u>

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

8. Staff costs *(continued)*

No Directors of the company were paid during the current year or prior year. The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £000	2016 £000
Wages and salaries	1,810	1,955
Social security costs	187	193
Other pension costs	82	77
	<u>2,079</u>	<u>2,225</u>

9. Interest payable and similar expenses

	2017 £000	2016 £000
Interest on obligations under finance leases and hire purchase contracts	<u>—</u>	<u>(1)</u>

10. Tax on profit

Major components of tax expense

	2017 £000	2016 £000
Current tax:		
UK current tax expense	73	16
Adjustments in respect of prior periods	12	7
Total current tax	<u>85</u>	<u>23</u>
Deferred tax:		
Origination and reversal of timing differences	(3)	4
Impact of change in tax rate	(2)	—
Total deferred tax	<u>(5)</u>	<u>4</u>
Tax on profit	<u>80</u>	<u>27</u>

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

10. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.75% (2016: 20%).

	2017 £000	2016 £000
Profit on ordinary activities before taxation	403	80
Profit on ordinary activities by rate of tax	79	16
Adjustment to tax charge in respect of prior periods	(1)	7
Effect of expenses not deductible for tax purposes	7	—
Effect of capital allowances and depreciation	—	4
Effect of revenue exempt from tax	(5)	—
Tax on profit	80	27

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £000	2016 £000
Dividends on equity shares	2,812	—

12. Intangible assets

	Development costs £000
Cost	
At 1st July 2016 and 30th June 2017	214
Amortisation	
At 1st July 2016	4
Charge for the year	35
At 30th June 2017	39
Carrying amount	
At 30th June 2017	175
At 30th June 2016	210

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

13. Tangible assets

	Long leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost				
At 1st July 2016	557	6,603	18	7,178
Additions	—	193	—	193
Disposals	—	(1,489)	—	(1,489)
At 30th June 2017	557	5,307	18	5,882
Depreciation				
At 1st July 2016	355	5,885	18	6,258
Charge for the year	19	159	—	178
Disposals	—	(1,459)	—	(1,459)
At 30th June 2017	374	4,585	18	4,977
Carrying amount				
At 30th June 2017	183	722	—	905
At 30th June 2016	202	718	—	920

14. Stocks

	2017 £000	2016 £000
Raw materials and consumables	72	—
Work in progress	1,615	1,268
Finished goods and goods for resale	161	23
	1,848	1,291

15. Debtors

	2017 £000	2016 £000
Trade debtors	1,872	1,941
Amounts owed by group undertakings	3,617	4,060
Prepayments and accrued income	350	258
	5,839	6,259

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

16. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1,753	1,196
Accruals and deferred income	168	74
Corporation tax	1,302	1,260
Social security and other taxes	116	89
Other creditors	52	79
Intercompany creditors	120	120
	<u>3,511</u>	<u>2,818</u>

17. Provisions

	Deferred tax (note 18) £000
At 1st July 2016	26
Charge against provision	(5)
At 30th June 2017	<u>21</u>

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £000	2016 £000
Included in provisions (note 17)	<u>21</u>	<u>26</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £000	2016 £000
Accelerated capital allowances	17	21
Other revaluations	4	5
	<u>21</u>	<u>26</u>

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £82,260 (2016: £77,327).

SPINCRAFT ETG LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th June 2017

20. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>150,000</u>	<u>150</u>	<u>150,000</u>	<u>150</u>

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2017	2016
	£000	£000
Tangible assets	<u>442</u>	<u>84</u>

23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£000	£000
Not later than 1 year	110	115
Later than 1 year and not later than 5 years	307	352
Later than 5 years	<u>78</u>	<u>114</u>
	<u>495</u>	<u>581</u>

24. 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.

25. Ultimate parent and controlling party and related parties

At the balance sheet date, the company was a wholly-owned subsidiary of Standex International Corporation Inc, a company incorporated in Delaware, United States of America.

In the opinion of the directors, the ultimate parent and controlling undertaking of the smallest and largest group to prepare group financial statements which includes the company and for which group financial statements are prepared is Standex International Corporation Inc. Copies of the Standex International Corporation Inc. financial statements can be obtained from 11 Keewaydin Drive, Salem, New Hampshire 03079, United States of America.