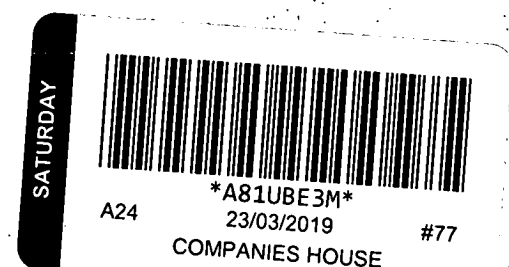


Registered Number 5702633

**Aegeus Industries Limited**  
**Annual report and financial statements**  
**for the year ended 30 June 2018**



# **Aegeus Industries Limited**

## **Annual report and financial statements for the year ended 30 June 2018**

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# **Aegeus Industries Limited**

## **Directors and advisers**

### **Directors**

Richard Douglas Michael John Summers  
Michael Jonathan Brook  
Richard Anton Summers  
Brian John Lawrence – appointed 3rd October 2017  
Stephen Clarke – appointed 22<sup>nd</sup> May 2018

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### **Solicitors**

Dentons  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1FE

### **Bankers**

Lloyds Bank PLC  
1 Lovell Park Road  
Leeds  
LS2 8DA

### **Registered office**

c/o Spooner Industries Limited  
Moorland Engineering Works  
Lower Railway Road  
Ilkley  
West Yorkshire  
LS29 8JB

### **Registered number**

5702633

# Aegeus Industries Limited

## Strategic report for the year ended 30 June 2018

The directors present their strategic report on the group for the year ended 30 June 2018.

### Business review

Sales for the year were £27.2m (2017: £18.8m), of which Spooner Industries Limited accounted for £23.9m and Dowson Food Machinery Limited £3.3m.

Loss before taxation for the financial year was £2.6m (2017: £1.1m loss) and net assets decreased to £5.9m (2017: £8.2m).

The strategic focus is on developing new opportunities for forced convection and heat and mass transfer technology by extending our industry and geographic coverage.

### Results and performance

The results for the year are shown on page 8. A variety of contracts overran and associated costs impacted on gross profit, reducing it from £3m in 2017 to £1.7m.

### Key performance indicators ("KPIs")

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

### Future developments

It was confirmed post year end the Spooner Industrial Equipment (Shanghai) Co. Ltd subsidiary would be closed.

### Principal risks and uncertainties

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

- The level of worldwide, general economic and geopolitical activity affects which the number and size of capital projects undertaken by our customers.
- Exchange rate fluctuations. This is managed by taking out foreign exchange contracts against all major sales orders

### Future developments

Aligned to the strategic focus, the business will continue to increase its resources to meet demand.

On behalf of the board



R D M J Summers

Director

17 January 2019

# Aegeus Industries Limited

## Directors' report for the year ended 30 June 2018

The directors present their report and audited financial statements of the company and the group for the year ended 30 June 2018.

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements have been listed on page 1.

### Financial risk management

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

#### *Credit risk*

The group 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 group'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.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements, in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practise (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Future developments and dividends

Details of future developments and dividends are included within the strategic report on page 2.

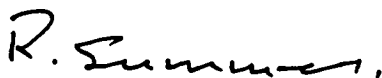
# Aegeus Industries Limited

## Directors' report for the year ended 30 June 2018 (continued)

### Disclosure of information to auditors

As far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the 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.

On behalf of the board



R D M J Summers

Director

17 January 2019

# **Aegeus Industries Limited**

## **Independent auditors' report to the members of Aegeus Industries Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Aegeus Industries Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2018 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2018; the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated and company statements of changes in equity for the year then ended; the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

## Independent auditors' report to the members of Aegeus Industries Limited (continued)

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## Independent auditors' report to the members of Aegeus Industries Limited (continued)

### Responsibilities for the financial statements and the audit (continued)

#### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

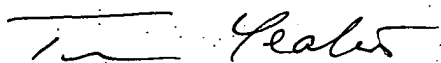
## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors,  
Leeds  
17 January 2019

## Aegeus Industries Limited

### Consolidated profit and loss account for the year ended 30 June 2018

	Note	2018 £'000	2017 £'000
<b>Turnover</b>	5	27,213	18,787
Cost of sales before exceptional costs		(24,943)	(15,791)
Exceptional cost of sales		(544)	-
<b>Total cost of sales</b>		<b>(25,487)</b>	<b>(15,791)</b>
<b>Gross profit</b>		<b>1,726</b>	<b>2,996</b>
Distribution costs		(1,775)	(1,938)
Administrative expenses before exceptional costs		(2,404)	(2,115)
Exceptional administrative expenses	6	(128)	-
<b>Total administrative expenses</b>		<b>(2,532)</b>	<b>(2,115)</b>
<b>Operating (loss)</b>		<b>(2,581)</b>	<b>(1,057)</b>
Interest receivable and similar income	10	4	9
Interest payable and similar expenses	10	(17)	(12)
Loss before taxation		(2,594)	(1,060)
Tax on loss	11	65	369
<b>Loss for the financial year</b>		<b>(2,529)</b>	<b>(691)</b>

All amounts relate to continuing operations.

## Aegeus Industries Limited

### Consolidated statement of comprehensive income for the year ended 30 June 2018

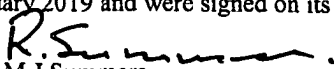
	2018 £'000	2017 £'000
<b>Loss for the financial year</b>	<b>(2,529)</b>	<b>(691)</b>
<b>Other comprehensive income:</b>		
Cash flow hedges		
- Change in fair value of hedging instrument	166	201
- Reclassifications to profit and loss	3	(8)
Total tax on other comprehensive income	(27)	(112)
<b>Other comprehensive income for the year, net of tax</b>	<b>142</b>	<b>81</b>
<b>Total comprehensive expense for the year</b>	<b>(2,387)</b>	<b>(610)</b>

# Aegeus Industries Limited

## Consolidated balance sheet as at 30 June 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	12	5,805	6,040
<b>Current assets</b>			
Stocks	14	2,543	1,827
Debtors	15	7,992	6,720
Cash at bank and in hand		3,592	3,243
		<b>14,127</b>	<b>11,790</b>
<b>Creditors: Amounts falling due within one year</b>	16	<b>(12,253)</b>	<b>(8,219)</b>
<b>Net current assets</b>		<b>1,874</b>	<b>3,571</b>
<b>Total assets less current liabilities</b>		<b>7,679</b>	<b>9,611</b>
<b>Creditors: Amounts falling due after more than one year</b>	17	<b>(334)</b>	<b>(378)</b>
<b>Provisions for liabilities</b>			
Warranty Provision	18	(375)	(384)
Deferred Taxation	18,19	(570)	(606)
Customer claim provision	18	(544)	
		<b>(1,489)</b>	<b>(990)</b>
<b>Net assets</b>		<b>5,856</b>	<b>8,243</b>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Share premium account		85	85
Hedging reserve		(156)	(298)
Retained earnings		5,926	8,455
<b>Total shareholders' funds</b>		<b>5,856</b>	<b>8,243</b>

The financial statements on pages 8 to 34 were approved by the board of directors and authorised for issue on 17 January 2019 and were signed on its behalf by:

  
R D M J Summers

Director


Aegeus Industries Limited, registered number 5702633

# Aegeus Industries Limited

## Company balance sheet as at 30 June 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible Assets	12	2,743	2,799
Investments	13	5,958	8,273
		<b>8,701</b>	<b>11,072</b>
<b>Current assets</b>			
Debtors	15	510	513
Cash at bank and in hand		14	53
		<b>524</b>	<b>566</b>
<b>Creditors: Amounts falling due within one year</b>	16	<b>(3,367)</b>	<b>(3,354)</b>
<b>Net current liabilities</b>		<b>(2,843)</b>	<b>(2,788)</b>
<b>Total assets less current liabilities</b>		<b>5,858</b>	<b>8,284</b>
<b>Provisions for liabilities</b>			
Deferred Taxation	19	(2)	(41)
<b>Net Assets</b>		<b>5,856</b>	<b>8,243</b>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Share premium account		85	85
Revaluation reserve		5,586	7,901
Loss for year		(72)	(65)
Retained earnings brought forward		256	321
<b>Total shareholders' funds</b>		<b>5,856</b>	<b>8,243</b>

The financial statements on pages 8 to 34 were approved by the board of directors on 17 January 2019 and were signed on its behalf by:

  
R D M J Summers

Director

Aegeus Industries Limited, registered number 5702633

# Aegeus Industries Limited

## Consolidated statement of changes in equity for the year ended 30 June 2018

	Share capital £'000	Premium account £'000	Hedging reserve £'000	Retained earnings £'000	Shareholders' funds £'000
Balance as at 1 July 2016	1	85	(491)	9,258	8,853
Loss for the financial year	-	-	-	(691)	(691)
Other comprehensive income for the year	-	-	193	-	193
Tax on total comprehensive income	-	-	-	(112)	(112)
Total comprehensive income/(expense) for the year	-	-	193	(803)	(610)
<b>Balance as at 30 June 2017</b>	<b>1</b>	<b>85</b>	<b>(298)</b>	<b>8,455</b>	<b>8,243</b>
Loss for the financial year	-	-	-	(2,529)	(2,529)
Other comprehensive income for the year	-	-	169	-	169
Tax on total comprehensive income	-	-	(27)	-	(27)
Total comprehensive income/(expense) for the year	-	-	142	(2,529)	(2,387)
<b>Balance as at 30 June 2018</b>	<b>1</b>	<b>85</b>	<b>(156)</b>	<b>5,926</b>	<b>5,856</b>

## Aegeus Industries Limited

### Company statement of changes in equity for the year ended 30 June 2018

	Called up share capital £'000	Share Premium account £'000	Revaluation reserve £'000	Retained earnings £'000	Total Shareholders' funds £'000
Balance as at 1 July 2016	1	85	8,446	321	8,853
Loss for the financial year	-	-	-	(65)	(65)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	(65)	(65)
Revaluation of investment	-	-	(545)	-	(545)
<b>Balance as at 30 June 2017</b>	<b>1</b>	<b>85</b>	<b>7,901</b>	<b>256</b>	<b>8,243</b>
Loss for the financial year	-	-	-	(72)	(72)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	(72)	(72)
Revaluation of investment	-	-	(2,315)	-	(2,315)
<b>Balance as at 30 June 2018</b>	<b>1</b>	<b>85</b>	<b>5,586</b>	<b>184</b>	<b>5,856</b>

# Aegeus Industries Limited

## Consolidated cash flow statement for the year ended 30 June 2018

	Note	2018 £'000	2017 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	21	<b>502</b>	<b>(5)</b>
Taxation repaid		-	119
<b>Net cash generated from operating activities</b>		<b>502</b>	<b>114</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible assets		(87)	(388)
Sale proceeds of tangible assets		-	1,267
<b>Net cash (used in)/generated from investing activities</b>		<b>(87)</b>	<b>879</b>
<b>Cash flow from financing activities</b>			
New/(repayment) of obligations under finance leases		14	(46)
Repayment of borrowings		(67)	(68)
Interest received		4	1
Interest paid		(17)	(12)
<b>Net cash used in financing activities</b>		<b>(66)</b>	<b>(125)</b>
<b>Increase in cash and cash equivalents in the financial year</b>	21	<b>349</b>	<b>868</b>
Cash & cash equivalents at beginning of year		3,243	2,375
<b>Cash &amp; cash equivalents at end of year</b>		<b>3,592</b>	<b>3,243</b>



# **Aegeus Industries Limited**

## **Notes to the financial statements for the year ended 30 June 2018**

### **1 General information**

The principal activity of the group continued to be the manufacture of ovens, dryers, coolers and associated equipment, including pollution abatement equipment, for many industries including paper, metals, plastics and food preparation. There have been no significant changes in the Group's principal activities in the year under review. The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is c/o Spooner Industries Limited, Moorland Engineering Works, Lower Railway Road, Ilkley West Yorkshire LS29 8JB.

### **2 Statement of compliance**

The group and individual financial statements of Aegeus Industries Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3 Summary of significant accounting policies**

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.

#### **Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investments measured at fair value through profit or loss and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings, Spooner Industries Limited, Dowson Food Machinery Limited and Spooner Industrial Equipment (Shanghai) Co., Limited. Uniform accounting policies have been adopted across the group. Profits or losses on intra-group transactions are eliminated on consolidation.

# **Aegeus Industries Limited**

## **Notes to the financial statements for the year ended 30 June 2018 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Going concern**

The group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the group's products; and (b) the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. After making enquiries and receiving confirmation amounts owed to group undertaking will not be called due within a period of at least 12 months from the date of signing 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 group and company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Turnover**

Turnover is measured at the fair value of the right to consideration in the ordinary course of business. Turnover comprises amounts receivable in the ordinary course of business in respect of goods sold and services provided to third parties, excluding Value Added Tax.

Turnover on long-term contracts is recognised according to the stage reached in the contract, assessed by comparing the contract costs incurred to date with the estimated total contract costs. The turnover recognised includes an estimate of the profit attributable to work completed once the outcome of the contract can be assessed with reasonable certainty. Where the turnover recognised exceeds the amounts billed to the customer, the excess is shown in amounts recoverable on contracts within debtors. Where the amounts billed to the customer exceed the turnover recognised, the excess is shown in payments received on account within creditors.

#### **Tangible assets and depreciation**

Tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided in order to write off the cost or revalued amounts, less estimated residual value, of each asset evenly over its expected useful life in equal annual instalments. The rates of depreciation are as follows:

Freehold Land & Buildings	50 years
Plant and Equipment	3 years – 10 years

#### **Stocks**

Raw materials and work in progress are stated at the lower of cost and net realisable value, on a first-in first-out basis. Cost includes all direct costs incurred in bringing the stocks to their present location and condition including, where appropriate, a proportion of manufacturing and administration overheads. Provisions are made for losses incurred or expected to be incurred on contracts not yet completed at the year end, or for slow moving, obsolete or defective stock.

#### **Investments**

Investments are stated at net assets of those subsidiaries with movements being dealt with through the revaluation reserve.

# **Aegeus Industries Limited**

## **Notes to the financial statements for the year ended 30 June 2018 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Provisions**

Provisions for liabilities are made where the business has a constructive or legal obligation arising from a past event. Provisions are discounted to the extent that the time value of money has a material effect on the amount required to settle the obligation. More details on the specific provisions are shown in the relevant note to the financial statements.

#### **Leasing and hire purchase commitments**

Tangible assets financed by leasing agreements that give rights approximating to ownership (finance leases) are capitalised and the outstanding capital element of lease instalments is shown in creditors. Depreciation on such assets and the interest element of the leasing payments are charged to profit and loss in the year in which they arise.

Rentals paid under operating leases are charged to the profit and loss in the year in which they arise.

#### **Research and development**

Development expenditure and expenditure on pure and applied research is written off as incurred.

#### **Deferred taxation**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only 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 tax rates and laws that have been enacted or substantively enacted by the period end that are expected to apply to the reversal of the timing difference.

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date, differences arising on translation are taken to the profit and loss.

The group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates. The instruments are used to hedge future exposures (e.g. forward currency contracts) and these are disclosed in the financial statements.

Assets, liabilities and results of subsidiaries in foreign currencies are translated into sterling at the exchange rates ruling at the end of each financial year. Exchange differences arising on the translation of the opening net investment in subsidiary companies are recognised in reserves.

#### **Pensions**

The group contributes to a defined contribution scheme. Contributions for the year are charged to profit and loss.

#### **Exceptional items**

The business treats certain events as exceptional due to their size and nature where it feels that separate disclosure would help understand the underlying performance of the business.

# **Aegeus Industries Limited**

## **Notes to the financial statements for the year ended 30 June 2018 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Financial instruments**

The group applies hedge accounting in respect of forward exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. Changes in the fair values of derivatives designed as cash flow hedges and which are effective are recognised directly in equity. Any ineffectiveness in the hedging relationship is recognised in the income statement. The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends.

### **4 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(a) Critical judgements in applying the entity's accounting policies**

There are no critical judgements in applying the entity's accounting policies.

#### **(b) Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of property plant and equipment, and note 3 for the useful economic lives for each class of assets.

##### **(ii) Impairment of debtors**

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

##### **(iii) Revenue recognition**

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

##### **(iv) Warranty Provision**

The group makes an estimate of potential costs to arise in the future to enable us to fulfil our contractual obligations.

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 5 Turnover

The geographical analysis of turnover is as follows:

Group	2018 £'000	2017 £'000
UK	12,741	7,849
Europe	8,802	7,890
Africa	583	812
Americas	4,157	1,095
Asia	234	766
Australasia	696	375
	27,213	18,787

The group's turnover and operating loss relates entirely to its principal activity and arise in the United Kingdom.

### 6. Exceptional Items

#### Cost of sales

During 2018 the business carried out a project which incurred major losses and resulted in claims from the customer. The directors have made an estimate of the likely outflow and recorded a provision of £544,000 having considered the range of possible outcomes of this claim at that point.

#### Administrative expenses

Exceptional items include £127,891 of restructuring costs.

### 7 Operating loss before exceptional items

Group	2018 £'000	2017 £'000
Operating loss is stated after (crediting)/charging:		
Foreign exchange (gain)/loss	(299)	221
Depreciation of tangible assets:		
- owned assets	285	227
- leased assets	27	50
Operating lease rentals	77	84
Research and development	426	263
Auditors' remuneration – audit services	37	36

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 7 Operating loss before exceptional items (continued)

Company	2018 £'000	2017 £'000
Operating loss is stated after charging:		
Auditors' remuneration – audit services	5	5

No amounts were paid to the auditors in respect of non-audit services (2017: nil).

The company has taken advantage of the exemption from presenting its unconsolidated profit and loss account available under section 408 of the Companies Act 2006. The company's loss for the financial year was £72,000 (2017: £65,000 loss).

### 8 Employee costs

The total remuneration of the group's employees (including directors) during the year was:

Group	2018 £'000	2017 £'000
Wages and salaries	6,737	6,534
Social security costs	660	619
Other pension costs (note 25)	881	745
<b>Staff costs</b>	<b>8,278</b>	<b>7,898</b>

The average monthly number of persons employed by the group during the year was:

Group	2018 Number	2017 Number
Management and administration	80	79
Production	123	124
	<b>203</b>	<b>203</b>

Only directors are employed by the company and no salary costs are paid by the company.

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 9 Directors' emoluments

Emoluments paid by the group to directors of the company for their respective years in office are as follows;

	2018 £'000	2017 £'000
Aggregate emoluments	197	175
Pension contributions	37	41
Compensation for loss of office	108	-
	342	216

Highest-paid director:	2018 £'000	2017 £'000
Aggregate emoluments	120	121
Pension contributions	36	40
Compensation for loss of office	108	-
	264	161

Two (2017: two) of the directors have benefits accruing under a defined contribution scheme.

### 10 Interest receivable and similar income and interest payable and similar expenses

Group	2018 £'000	2017 £'000
Bank interest receivable	-	1
Total interest income on financial assets not measured at fair value through profit and loss	-	1
Gains on derivative financial instruments	4	8
Interest receivable	4	9

	2018 £'000	2017 £'000
Bank interest payable	(7)	(7)
Hire purchase interest	(3)	(5)
Total interest expense on financial assets valued at amortised cost through profit or loss	(10)	(12)
Losses on derivative financial instruments	(7)	-
Interest payable	(17)	(12)

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 11 Tax on loss

#### (a) Tax charge/(credit) included in loss

Group	2018 £'000	2017 £'000
<b>Current tax:</b>		
UK Corporation tax on loss for the financial year		
Provision for current year	(2)	(4)
Adjustments in respect of prior years	-	(8)
<b>Total current tax</b>	<b>(2)</b>	<b>(12)</b>
<b>Deferred taxation:</b>		
Origination and reversal of timing differences (note 19)	(63)	10
Adjustments in respect of prior years	-	(330)
Effect of tax rate differences on opening balances	-	(37)
<b>Total deferred tax</b>	<b>(63)</b>	<b>(357)</b>
<b>Tax on loss on ordinary activities</b>	<b>(65)</b>	<b>(369)</b>

#### (b) Tax charge included in other comprehensive income

Group	2018 £'000	2017 £'000
<b>Deferred taxation:</b>		
Origination and reversal of timing differences	27	112
<b>Total tax charge included in other comprehensive income</b>	<b>27</b>	<b>112</b>



# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 11 Tax on loss (continued)

#### (c) Reconciliation of tax charge

The tax assessed is lower (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

Group	2018 £'000	2017 £'000
Loss before taxation	(2,594)	(1,060)
Loss multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	(493)	(209)
Depreciation in excess of capital allowances and other timing differences	-	42
Tax rate differences	-	(37)
Losses available to carry forward	419	113
Disallowable expenses	11	60
Adjustments in respect of prior years	(2)	(338)
<b>Total tax (credit) for the year</b>	<b>(65)</b>	<b>(369)</b>

#### Factors affecting current and future tax changes

The corporation tax rate is to be reduced to 17% from 1 April 2020. These changes were substantively enacted in September 2016 and therefore have been used in calculating the deferred tax at 30 June 2018.

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 12 Tangible assets

Group	Freehold Land and Buildings £'000	Plant and Equipment £'000	Total Assets £'000
<b>Cost</b>			
At 1 July 2017	6,000	2,899	8,899
Additions	-	87	87
<b>At 30 June 2018</b>	<b>6,000</b>	<b>2,986</b>	<b>8,986</b>
<b>Accumulated depreciation</b>			
At 1 July 2017	414	2,445	2,859
Charged in year	103	219	322
<b>At 30 June 2018</b>	<b>517</b>	<b>2,664</b>	<b>3,181</b>
<b>Net book amount:</b>			
<b>At 30 June 2018</b>	<b>5,483</b>	<b>322</b>	<b>5,805</b>
At 30 June 2017	5,586	454	6,040

The net book value of plant and equipment includes assets acquired on hire purchase with an original cost of £626,900 (2017: £580,000) and a net book amount of £48,392 at 30 June 2018 (2017: £38,933).

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 12 Tangible assets (continued)

Company	Investment Property £'000
<b>Cost</b>	
At 1 July 2017	2,799
Additions	-
Disposals	-
<b>At 30 June 2018</b>	<b>2,799</b>
<b>Accumulated depreciation</b>	
At 1 July 2017	-
Charged in year	56
Disposals	-
<b>At 30 June 2018</b>	<b>56</b>
<b>Net book amount:</b>	
<b>At 30 June 2018</b>	<b>2,743</b>
At 30 June 2017	2,799

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 13 Investments

Company	2018 £'000	2017 £'000
Valuation at 1 July	8,273	8,818
Revaluation of investments during the year	(2,315)	(545)
<b>Valuation at 30 June</b>	<b>5,958</b>	<b>8,273</b>

The company owns all of the issued ordinary share capital of the following subsidiaries:

	Country of Incorporation	Principal Activity
Spooner Industries Limited, Moorland Engineering Works, Lower Railway Road, Ilkley, West Yorkshire, LS29 8JB	England	Manufacturing
Spooner Industrial Equipment (Shanghai) Co., Limited, Suite 1215, CCIG International Plaza, Building A, 331 North Caoxi Road, Xuhui District, 200030 Shanghai, PR China	China	Sales
Dowson Food Machinery Limited, c/o Spooner Industries Limited, Moorland Engineering Works, Lower Railway Road, Ilkley, West Yorkshire, LS29 8JB	England	Manufacturing

Spooner Industrial Equipment (Shanghai) Co., Limited is a 100% subsidiary of Spooner Industries Limited. This company has a year end of 31 December. Management financial statements to 30 June 2018 are used for the consolidated statements.

Investments were revalued by the directors as at 30 June 2018 and 2017 to be equal to the net book value of the company invested in.

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 14 Stocks

Group	2018 £'000	2017 £'000
Raw materials and consumables	1,008	739
Work in progress	1,535	1,088
	2,543	1,827

Stocks are stated after provisions for impairment of £61,000 (2017: £90,000).

The company has no stock (2017: nil).

### 15 Debtors

Group	2018 £'000	2017 £'000
Trade debtors	3,032	3,868
Amounts recoverable on contracts	4,087	2,244
Other debtors	665	387
Corporation tax	2	-
Prepayments and accrued income	206	221
	7,992	6,720

Trade debtors are stated after provisions for impairment of £78,000 (2017: £79,000).

Company	2018 £'000	2017 £'000
Amounts owed by group undertakings	510	510
Prepayments and accrued income	-	3
	510	513

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 16 Creditors: Amounts falling due within one year

Group	2018 £'000	2017 £'000
Bank loans and overdrafts	67	67
Hire purchase creditors	21	26
Payments received on account	5,059	3,613
Trade creditors	4,512	2,691
Other taxation and social security	267	293
Derivative financial instruments	148	298
Accruals and deferred income	2,179	1,231
	<b>12,253</b>	<b>8,219</b>

The bank loan accrues interest at a rate of 1.25% above the Bank of England base rate. It is repayable in monthly instalments over a period of 15 years from May 2008 to April 2023 and is secured against the assets of the company.

Hire purchase creditors are secured against the assets to which they relate and are repayable by instalments.

Company	2018 £'000	2017 £'000
Amounts owed to group undertakings	3,315	3,347
Accruals and deferred income	52	7
	<b>3,367</b>	<b>3,354</b>

### 17 Creditors: Amounts falling due after more than one year

Group	2018 £'000	2017 £'000
Bank loans and overdrafts	304	367
Hire purchase creditors	30	11
	<b>334</b>	<b>378</b>

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 17 Creditors: Amounts falling due after more than one year (continued)

Bank loans are repayable as follows:	2018 £'000	2017 £'000
In less than one year	67	67
In 1-2 years	67	67
In 2-5 years	201	201
In more than five years	32	99
	<b>367</b>	<b>434</b>

Hire purchase creditors are repayable as follows:	2018 £'000	2017 £'000
Within one year	21	26
In more than one year but not more than five years	30	11
	<b>51</b>	<b>37</b>

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 18 Provisions for liabilities

Group	Customer Claim £'000	Warranty Provision £'000	Deferred Taxation £'000	Total £'000
As at 1 July 2017	-	384	606	990
Charged/(credited) to the Consolidated profit and loss account	544	228	(63)	709
Charged to the consolidated statement of comprehensive income	-	-	27	27
Released during the financial year	-	(237)	-	(237)
<b>At 30 June 2018</b>	<b>544</b>	<b>375</b>	<b>570</b>	<b>1,489</b>

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 2018. The company has no provisions.

### 19 Deferred taxation

Deferred taxation provided in the financial statements of the total potential liability for the group are as follows

Group	Amounts provided	
	2018 £'000	2017 £'000
Tax effect on timing differences because of:		
Accelerated capital allowances and other timing differences	(4)	(67)
Derivative financial instruments	26	53
Rolled over gains on sale of chargeable tangible assets	(592)	(592)
	<b>(570)</b>	<b>(606)</b>

Company	Amounts provided	
	2018 £'000	2017 £'000
Tax effect on timing differences because of:		
Accelerated capital allowances and other timing differences	(2)	(41)
	<b>(2)</b>	<b>(41)</b>



# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 20 Called up share capital

	2018 £	2017 £
<b>Authorised:</b>		
1,500 (2017: 1,500) ordinary shares of £1 per share	1,500	1,500
<b>Allotted and fully paid:</b>		
1,100 (2017: 1,100) ordinary shares of £1 per share	1,100	1,100

### 21 Notes to the cash flow statement

#### (a) Reconciliation of operating (loss) to net cash inflow/(outflow) from operating activities

	2018 £'000	2017 £'000
<b>Loss for the financial year</b>	(2,529)	(691)
Adjustments for:		
Tax on loss	(65)	(369)
Net interest expense	13	3
<b>Operating loss</b>	(2,581)	(1,057)
Depreciation of tangible assets	322	277
Loss on sale of assets	-	15
(Increase)/decrease in stocks	(716)	185
Increase in debtors	(1,270)	(1,638)
Increase in creditors	4,212	2,396
Increase/(decrease) in provisions	535	(183)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>502</b>	<b>(5)</b>

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 21 Notes to the cash flow statement (continued)

#### (b) Analysis of net funds

	2017 £'000	Cash flow £'000	2018 £'000
Net cash:			
Cash at bank and in hand	3,243	349	3,592
Bank loan	(434)	67	(367)
Finance leases and hire purchase contracts	(37)	(14)	(51)
	2,772	402	3,174

### 22 Financial commitments

At 30 June the group had the following future minimum lease payments under non-cancellable operating leases.

Other;	2018 £'000	2017 £'000
Payments due:		
Within one year	53	66
Within two to five years	41	67
	94	133

The company had no financial commitments. (2017: nil).

### 23 Contingent liabilities and capital commitments

The group had at 30 June 2018 outstanding bank guarantees in respect of advance payments, performance and other bonds totalling £4,059,000 (2017: £3,264,000).

The group had at 30 June 2018 capital commitments totalling £nil (2017: £5,000).

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 24 Forward foreign currency contracts

The group entered into various foreign currency contracts during the year to hedge future sales transactions. At 30 June 2018 the group held the following forward exchange contracts.

	Currency		Sterling Equivalent	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Euros	5,295	7,568	4,707	6,178
RMB	-	695	-	75
SGD	-	150	-	85
US Dollars	2,433	2,502	1,782	1,960

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD, GBP:RMB, GBP:SGD and GBP:EUR. The (loss)/ credit to the profit and loss for the year is (£3,000) (2017: £8,000). See note 10.

The company had no forward exchange contracts at 30 June 2018. (2017: nil).

### 25 Pensions

The group has made contributions to a defined contribution scheme. The contributions paid by the group in the year ending 30 June 2018 were £881,000 (2017: £745,000) being 10.3%, 6.0%, 3.0% or 1.0% depending when an employee commenced in employment (2017: 10.3%, 6.0%, 3.0% or 1.0%) of pensionable salary. Contributions to the value of £74,093 (2017: £65,270) were owed to the fund at financial year end.

The company made no pension contributions during the financial year. (2017: nil).

# Aegeus Industries Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 26 Related party transactions

The company has taken advantage of the exemption not to disclose details of related party transactions between wholly owned group companies.

The directors consider these transactions to have been provided under normal commercial terms.

In addition to the directors emoluments disclosed in note 9 amounts totalling £11,226 (2017: £nil) were paid to directors in relation to consultancy services provided to the group.

### 27 Ultimate Controlling Party

Shares in the company are held in the following proportions:

Shareholder	% Shareholding
Richard Douglas Michael John Summers	27.27
Caroline Rydon	20.46
Richard Anton Summers	20.46
Michael Jonathan Brook	29.54
Brian John Lawrence	2.27

Consequently there is considered to be no single ultimate controlling party.