

Company registration number 01121668 (England and Wales)

TOYE KENNING & SPENCER LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

PAGES FOR FILING WITH REGISTRAR

TOYE KENNING & SPENCER LIMITED

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TOYE KENNING & SPENCER LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

		2022	2021
	Notes	£	£
Fixed assets			
Tangible assets	4	48,195	76,391
Investments	5	66,486	66,486
		<u>114,681</u>	<u>142,877</u>
Current assets			
Stocks		923,048	749,321
Debtors	6	2,735,182	2,076,874
Cash at bank and in hand		82,844	390,069
		<u>3,741,074</u>	<u>3,216,264</u>
Creditors: amounts falling due within one year	7	<u>(1,946,748)</u>	<u>(1,697,708)</u>
Net current assets		<u>1,794,326</u>	<u>1,518,556</u>
Total assets less current liabilities		<u>1,909,007</u>	<u>1,661,433</u>
Creditors: amounts falling due after more than one year	8	<u>(1,842,095)</u>	<u>(1,596,501)</u>
Net assets		<u><u>66,912</u></u>	<u><u>64,932</u></u>
Capital and reserves			
Called up share capital		3,000,000	3,000,000
Profit and loss reserves		(2,933,088)	(2,935,068)
Total equity		<u><u>66,912</u></u>	<u><u>64,932</u></u>

The notes on pages 2 to 10 form part of these financial statements.

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 6 April 2023 and are signed on its behalf by:

C Toye
Director

Company Registration No. 01121668

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Toye Kenning & Spencer Limited is a private company limited by shares incorporated in England and Wales. The registered office is Regalia House, Newtown Road, Bedworth, Warwickshire, United Kingdom, CV12 8QR.

1.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Toye Kenning & Spencer Limited is a wholly owned subsidiary of Toye Group Holdings Limited and the results of Toye Kenning & Spencer Limited are included in the consolidated financial statements of Toye Group Holdings Limited which are available from Toye Group Holdings Limited, Regalia House, Newton Road, Bedworth, Warwickshire, CV12 8QR.

1.2 Going concern

In assessing the appropriateness of the going concern assumption the Directors have reviewed detailed profit and cash flow forecasts for a period of at least 12 months from the date of sign off of these financial statements, considering all reasonably foreseeable potential scenarios and uncertainties in relation to revenue and expenditure. The Directors continue to manage debtor and creditor payments closely as required to minimise any adverse cashflow impact to the Company. Furthermore negotiations are ongoing to refinance the debt facility which is due for repayment within 12 months from sign off of these financial statements. Given the continued significant impact that the Covid 19 pandemic has had on the global economy, (particularly to our customers and supply chain issues, employees' impact of lockdowns, which without the Covid 19 pandemic, such issues would not exist) the Directors have concluded that there is a material uncertainty in respect of going concern. The Directors however remain satisfied that the market opportunities and the pipeline of orders remains sufficiently strong, in addition to potential restructuring after the year end, to enable the business to continue in operational existence for at least 12 months from sign off of these financial statements. As such the financial statements have been prepared on the going concern basis.

1.3 Turnover

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

1.4 Tangible fixed assets

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

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

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

Plant and machinery	15% straight line
Fixtures, fittings & equipment	20% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

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

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

1.8 Cash at bank and in hand

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

1.9 Financial instruments

The company only has financial instruments that are classed as 'Basic Financial Instruments'.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances and amounts due from group undertakings are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method less impairment.

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, and bank loans are initially recognised at transaction price and subsequent carried at amortised cost.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.10 Equity instruments

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

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.14 Government grants

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

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

Grants receivable under the job retention scheme are recognised in the period in which the associated payroll cost is incurred.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of amounts due from parent undertaking

Included within Amounts Owed by Group Undertakings is £2,062,757 (2021 - £1,317,210) due from the Parent Company, TOYE Group Holdings Limited. The Directors have assessed as at both the date these financial statements have been signed and at the year end date that this debtor is fully recoverable and as such have made no impairment. In making this assessment management have considered the expected future performance of the Group, its existing asset base and the strategy being implemented to return the Group to profitability over the next 4-5 years which in turn is expected to enable the Company to generate sufficient reserves to recover all intergroup debt. Such amounts are due on demand and are therefore included within amounts falling due within one year, although it is not expected any amounts due within 12 months from the balance sheet date will have been recovered as a result of the Company's ongoing strategic objectives.

Management reassess whether any indicators of impairment exist at each balance sheet date and a provision will be made for any amounts deemed irrecoverable at the point at which such indicators are identified.

Valuation of Work In Progress

Included within Stock is an amount of £363,970 in relation to Work In Progress (WIP). The valuation of WIP is subject to estimation uncertainty in regards the level of labour and overheads to be absorbed within such valuation.

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

3 Employees

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

	2022 Number	2021 Number
Total	76	92

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 July 2021	1,304,647
Additions	25,055
Disposals	(29,338)
Transfers	(17,056)
At 30 June 2022	1,283,308
Depreciation and impairment	
At 1 July 2021	1,228,256
Depreciation charged in the year	48,862
Eliminated in respect of disposals	(24,949)
Transfers	(17,056)
At 30 June 2022	1,235,113
Carrying amount	
At 30 June 2022	48,195
At 30 June 2021	76,391

5 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings and participating interests	66,486	66,486

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	596,261	618,291
Amounts owed by group undertakings	2,062,757	1,317,210
Other debtors	76,164	141,373
	<u>2,735,182</u>	<u>2,076,874</u>

7 Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans	50,000	50,000
Trade creditors	182,002	492,243
Taxation and social security	1,267,892	520,311
Other creditors	446,854	635,154
	<u>1,946,748</u>	<u>1,697,708</u>

8 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Taxation and social security	368,846	561,294
Other creditors	1,473,249	1,035,207
	<u>1,842,095</u>	<u>1,596,501</u>

Included in other creditors (due under and over one year) is £1,469,269 secured with a Guarantee from C Toye and F Toye and a corporate guarantee by the company's parent undertaking Toye Group Holdings Limited, and a debenture incorporating a first legal charge over the freehold properties owned by Toye Group Holdings Limited and all present and future assets of the company.

9 Operating lease commitments

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

	2022	2021
	£	£
	<u>24,250</u>	<u>62,806</u>

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

10 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Services received	
	2022	2021
	£	£
Other related parties	24,000	22,000
	<u>24,000</u>	<u>22,000</u>

Services amounting to £24,000 (2021: £22,000) have been provided by City & Merchant Limited, a company in which I Lyle is a director. T Lyle is a director of the company's parent undertaking Toye Group Holdings Limited.

Other information

The company has taken advantage of the exemption not to disclose the transactions and balances with fellow group undertakings.

11 Parent company

The company's parent company undertaking is Toye Group Holdings Limited and whose registered office is Regalia House, Newtown Road, Bedworth, Coventry, Warwickshire, CV12 8QR.

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

12 Audit report information

(Continued)

Qualified opinion

We have audited the financial statements of Toye Kenning & Spencer Limited (the 'company') for the year ended 30 June 2022 which comprise , the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for possible the effects of the matter described in the Basis for Qualified Opinion paragraph the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 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 qualified opinion

Adequate accounting records in respect of work in progress at the Birmingham site were not retained at the 30 June 2020 and no other sufficient appropriate audit evidence was available to enable us to conclude on the existence or valuation of such work in progress stated in the balance sheet as at 30 June 2020 at £116,408. Consequently we were unable to determine whether any adjustment to the opening value of work in progress at 1 July 2020 was necessary. In addition, were any adjustment to the inventory balance as at 30 June 2020 to be required, the directors report would also need to be amended.

As a result of the matters referred to above we are unable to determine the impact that these matters would have on the reported result for the year to 30 June 2021. Consequently we cannot determine the impact of this matter on the comparability of the results for the year ended 30 June 2022 and the corresponding results for the year ended 30 June 2021.

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 qualified opinion.

Emphasis of matter

We draw your attention to note 2 to the financial statements on Judgements and key sources of estimation uncertainty in relation to the recoverability of amounts due from group undertakings. The Directors consider that the recoverability of group debtors is a key accounting estimate and have assessed that the amount due from the company's parent undertaking Toye Group Holdings Limited of £2,062,757 as at 30 June 2022 is fully recoverable, based on expected future performance of the Group, its existing asset base and the strategy being implemented to return the Group to profitability.

Our audit opinion is not modified in respect of this matter.

TOYE KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

12 Audit report information

(Continued)

Material uncertainty relating to going concern

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

We draw attention to Note 1.2 in the financial statements, which indicates that although the company made a net profit of £1,980 during the year ended 30 June 2022, as of that date, the company had a deficit on its profit and loss reserve of £2,933,088. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

The senior statutory auditor was Mr Mitesh Thakrar and the auditor was Azets Audit Services.

13 Contingent liability

The Directors are in the process of disclosing to HMRC errors made in respect of governmental support provided during the Covid-19 pandemic which has led to unintentional overclaims of grant income within the period. In the view of the Directors these errors are a direct consequence of conflicting information and advice received at the time regarding the processing of furlough claims. Additionally, it has been identified that VAT has historically been underdeclared on certain intergroup transactions. All known liabilities have been provided within these financial statements, however at the date of approving these financial statements it is uncertain as to whether HMRC will apply fines or penalties in respect of this voluntary disclosure. Any such charges can therefore not be estimated reliably and as such a provision has not been included within these financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.