
SPEAR & JACKSON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021



SPEAR & JACKSON LIMITED

COMPANY INFORMATION

Directors	S Hsu A Shone
Company secretary	D M George
Registered number	02422675
Registered office	Atlas Way Atlas North Sheffield S4 7QQ
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

SPEAR & JACKSON LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 8
Income Statement and Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 26

SPEAR & JACKSON LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Introduction

Spear & Jackson Limited is a private company, limited by shares, domiciled in England and Wales, registration number 02422675. The registered office is Atlas Way, Atlas North, Sheffield, S4 7QQ.

Business model and strategy

The Company acts principally as an industrial holding company providing management services to the Spear & Jackson Limited group of companies. The level of activity in the current period was satisfactory.

Financial review

The operating profit for the period was £381,489 (2020 – £377,816). After crediting dividends receivable, the profit for the financial year amounted to £1,500,530 (2020 – £1,077,571).

A final dividend of £1,120,000 (£1,120 per ordinary share) was paid in September 2021 (30 September 2020 - £700,000, £700 per ordinary share).

Principal risks and uncertainties

The directors believe that the key risks facing the Company include, without limitation:

- unfavourable exchange movements;
- attracting and retaining suitably experienced employees in a highly competitive labour market; and
- volatility in investment returns and actuarial assumptions which can significantly affect the defined benefit pension plan deficit for which the Company is a guarantor, impacting on future funding requirements.

The markets in which the Company operates are highly competitive and subject to inflationary pressures across its customer and supplier base. It is Company policy to manage these risks by offering a high level of customer service, by building strong customer and supplier relationships and by adopting a pricing policy that reflects both the cost of purchases and competitor pricing. Credit risks are limited by credit insurance and by procedures under which customer accounts are constantly monitored.

Health and safety, environmental and related issues are becoming an increasing risk to all companies. The Company mitigates risk by a combination of contractual consultancy advice, insurance and the adoption of appropriate working practices.

The Company uses financial instruments, other than derivatives, comprising other items such as inter-company balances and other liabilities that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing these risks as summarised below. The policies have remained unchanged from previous periods.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily, this is achieved through utilisation of a pooled banking arrangement and asset-backed lending facilities within Spear & Jackson Group Limited and its UK subsidiary undertakings.

SPEAR & JACKSON LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Principal risks and uncertainties (continued)

Interest rate risk

The Company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Foreign exchange risk

The Company is exposed to transaction and translation foreign exchange risk. Transaction exposures are hedged, when known.

Future Trading and Going Concern

Spear & Jackson Group Limited ("the Group"), the Company's ultimate UK parent undertaking, has had a successful fiscal 2021. However, fiscal 2022 has been particularly challenging especially in those areas of the Group which are more heavily reliant on the global supply chain. We are operating in a high inflationary environment as the world economy is witnessing the unprecedented impact of the Ukrainian war.

The Group is braced for a difficult set of trading conditions in 2022 and beyond, especially in its Tools division. Elsewhere, in its Precision Measurement and Magnetic Technologies divisions, it has been more able to control the cost increases and to re-engineer and manufacture products in order to maintain a competitive edge. As a conglomeration of varying business interests the Group is better placed to be flexible in responding to external pressures, as it proved during the covid pandemic, than a single business entity reliant upon one core business model.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities of the Group in addition to the business activities of the Company as an individual entity. The Group intends to continue to manage funding across all group companies and provide support for the foreseeable future.

The Group continues to manage its cash resources in the current trading environment. It has a solid relationship with its facility provider and continues to work within its banking facilities. In light of the availability within its current banking facility and confidence in the renewal of those facilities at the forthcoming annual renewal, the Directors have concluded that the Group and Company have adequate resources for the foreseeable future and will be able to meet their liabilities as they fall due for a period of at least twelve months from signing these financial statements and that the going concern basis of preparation is appropriate.

This report was approved by the board on 24 JUNE 2022 and signed on its behalf.



D M George
Secretary

SPEAR & JACKSON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors

The directors of the Company who served during the period and up to the date of this report were:

J Broughton (resigned 31 July 2021)
S Hsu
A Shone

Likely future developments in the business of the Company

Information on likely future developments in the business of the Company has been included in the Strategic Report on pages 1 to 2.

Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the directors of Spear & Jackson Limited.

Dividends

Information on the ordinary dividend paid has been included in the Strategic Report on page 1.

Streamlined Energy and Carbon Reporting ("SECR")

The Group headed by the Company has taken the option under the SECR guidelines to exclude subsidiaries which are not required to report under the SECR individually. Spear & Jackson Limited itself has no energy use or greenhouse gas emissions to report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going Concern

Refer to the Strategic Report regarding the Company's going concern assessment.

Auditor

The auditor, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

SPEAR & JACKSON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

This report was approved by the board on *24 June 2022* and signed on its behalf.

Del George

D M George
Secretary

SPEAR & JACKSON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

SPEAR & JACKSON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPEAR & JACKSON LIMITED

Opinion

We have audited the financial statements of Spear & Jackson Limited (the 'Company') for the year ended 30 September 2021, which comprise the Income Statement and Statement of Comprehensive Income, the Balance Sheet and the related notes, 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 September 2021 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the group and the parent 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SPEAR & JACKSON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPEAR & JACKSON LIMITED

Other Companies Act 2006 reporting

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 has been prepared in accordance with applicable legal requirements.

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 Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

SPEAR & JACKSON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPEAR & JACKSON LIMITED

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

We considered the company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities; such as the authorisation of expenditure and approval of payments to suppliers;
- Challenging assumptions made by management in their accounting estimates;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- Vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 30 September 2021; and carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

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

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

Use of our report

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

DocuSigned by:

D44FEAE45B2A4E7...

Paul Davies (Senior statutory auditor)

for and on behalf of

BDO LLP

Statutory Auditor

Leeds, United Kingdom

Date: 28 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SPEAR & JACKSON LIMITED

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Turnover		1,897,004	1,937,133
Gross profit		1,897,004	1,937,133
Administrative expenses		(1,515,515)	(1,559,317)
Operating profit	4	381,489	377,816
Income from shares in group undertakings	7	1,120,000	700,000
Interest payable and similar expenses	8	(959)	(245)
Profit before tax		1,500,530	1,077,571
Tax on profit	9	-	-
Profit for the year		1,500,530	1,077,571
 Total comprehensive income for the year		 1,500,530	 1,077,571

The notes on pages 12 to 26 form part of these financial statements.

All of the above activities arose from continuing operations.

SPEAR & JACKSON LIMITED
REGISTERED NUMBER:02422675

BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	11		2,570,000		2,570,000
			<u>2,570,000</u>		<u>2,570,000</u>
Current assets					
Debtors	12	19,262,260		18,879,354	
Cash at bank and in hand		9,475		9,661	
Financial instruments due within one year		-		2,298	
		<u>19,271,735</u>		<u>18,891,313</u>	
Creditors: amounts falling due within one year	14	(12)		(120)	
Net current assets			<u>19,271,723</u>		<u>18,891,193</u>
Total assets less current liabilities			<u>21,841,723</u>		<u>21,461,193</u>
Net assets			<u><u>21,841,723</u></u>		<u><u>21,461,193</u></u>
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account			21,841,623		21,461,093
			<u><u>21,841,723</u></u>		<u><u>21,461,193</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
24 June 2022.



A Shone
Director

The notes on pages 12 to 26 form part of these financial statements.

SPEAR & JACKSON LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2019	100	21,083,522	21,083,622
Comprehensive income for the year			
Profit for the year	-	1,077,571	1,077,571
Total comprehensive income for the year	-	1,077,571	1,077,571
Dividends	-	(700,000)	(700,000)
Total transactions with owners	-	(700,000)	(700,000)
At 1 October 2020	100	21,461,093	21,461,193
Comprehensive income for the year			
Profit for the year	-	1,500,530	1,500,530
Total comprehensive income for the year	-	1,500,530	1,500,530
Dividends	-	(1,120,000)	(1,120,000)
Total transactions with owners	-	(1,120,000)	(1,120,000)
At 30 September 2021	100	21,841,623	21,841,723

The notes on pages 12 to 26 form part of these financial statements.

SPEAR & JACKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies

Spear & Jackson Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. There were no material departures from that standard.

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying accounting policies (see note 2).

The presentation currency is Pounds Sterling.

Exemption from preparing consolidated financial statements

As at 30 September 2021, the Company was a 100% subsidiary of Spear & Jackson Group Limited, a company incorporated in England. Spear & Jackson Group Limited prepares its financial statements in accordance with International Financial Reporting Standards and, as such, the Company is entitled to the exemption from the requirement to prepare consolidated financial statements provided under the Section 400 of the Companies Act 2006. These financial statements therefore contain information about Spear & Jackson Limited as an individual company, and not about its group.

Exemption from presenting a statement of cashflows

The directors have taken advantage of the exemption in FRS 102 section 1.12 from including a Statement of Cash Flows and reconciliation of net debt in the financial statements on the grounds that, at Spear & Jackson Group Limited, the company was wholly owned and its ultimate United Kingdom parent published a consolidated cash flow statement.

The following principal accounting policies have been applied:

Going concern

The Directors have prepared forecasts for the period to September 2023 based upon a best-estimate scenario which have then been sensitised to incorporate the potential impacts of reductions in revenue.

Based upon the Group's solid relationship with its facility provider and confidence in the renewal of its current banking facilities at the forthcoming annual renewal and in conjunction with the forward looking statements, the Directors have concluded that the Group and Company have adequate resources for the foreseeable future and will be able to meet their liabilities as they fall due for a period of at least twelve months from the date of signing these financial statements and that the going concern basis of preparation is appropriate. The directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Group or Company's ability to continue as a going concern.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

SPEAR & JACKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

Foreign currency translation

Foreign currency transactions are translated into Pounds Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

SPEAR & JACKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

Pension costs

The Company is a member of a group defined benefit pension plan operated by James Neill Holdings Limited, a subsidiary undertaking. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities. In line with the requirements of FRS 102 section 20.38, the net defined benefit cost of the Plan has, therefore, been recognised in the individual financial statements of the group entity legally responsible for the Plan, James Neill Holdings Limited. The other group companies who are members of the Plan have recognised a cost equal to their contributions payable for the year in their individual financial statements.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether there are indicators of impairment of the Company's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.
- The company has not recognised deferred tax assets in its Balance Sheet (note 16). A review of all available positive and negative evidence is undertaken by the Company at the end of each reporting period to determine the likelihood of realising the deferred tax benefits which potentially arise on capital losses carried forwards. The directors have determined that there is insufficient evidence that the assets will be recoverable.

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

3. Turnover

Turnover, representing administration charges to subsidiary undertakings in the United Kingdom, is a continuing activity, and is stated net of value added tax. The directors regard the Company's business as being of one class.

4. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Fees payable to the Company's auditors for:		
- Audit of the Company's annual financial statements	4,613	4,516
- Taxation compliance services	1,640	1,341
Exchange differences	<u>21,945</u>	<u>17,288</u>

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	1,335,941	1,373,388
Social security costs	151,109	162,512
	<u>1,487,050</u>	<u>1,535,900</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Office and management	<u>29</u>	<u>32</u>

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

6. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	293,166	232,738
	<u>293,166</u>	<u>232,738</u>

There was 1 Director in the Company's defined benefit pension scheme (2020 - 1).

The amount payable to the highest paid director was £153,985 (2020 - £136,347). Accrued pension benefits of the highest paid director under the defined benefit pension scheme were £1,000 (2020 - £1,000).

7. Income from investments

	2021 £	2020 £
Income from fixed assets investments (unlisted shares)	1,120,000	700,000
	<u>1,120,000</u>	<u>700,000</u>

In September 2021, the Company received dividends of £1,120,000 from Eclipse Magnetics Limited, a wholly owned subsidiary.

In September 2020, the Company received dividends of £156,000 from Eclipse Magnetics Limited and £544,000 from Robert Sorby Limited, both of which are wholly owned subsidiaries.

8. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	959	245
	<u>959</u>	<u>245</u>

9. Taxation

	2021 £	2020 £
Current tax on profits for the year	-	-
	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,500,530</u>	<u>1,077,571</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	285,101	204,738
Effects of:		
Permanently disallowed items	-	(492)
Non-taxable income	(212,800)	(133,000)
Group relief received for which no payment will be made	(72,301)	(71,246)
Total tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

10. Dividends

	2021 £	2020 £
Final dividend for the period of £1,120 (2020 - £700) per share	<u>1,120,000</u>	<u>700,000</u>

In September 2021, the Company paid a dividend of £1,120,000 (£1,120 per ordinary share) to its immediate parent undertaking, Spear & Jackson Group Limited.

In September 2020, the Company paid a dividend of £700,000 (£700 per ordinary share) to its immediate parent undertaking, Spear & Jackson Group Limited.

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2020	119,116,177
At 30 September 2021	119,116,177
Impairment	
At 1 October 2020	116,546,177
At 30 September 2021	116,546,177
Net book value	
At 30 September 2021	2,570,000
At 30 September 2020	2,570,000

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

11. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
James Neill Holdings Limited	Sheffield, UK	Investment holding company	Ordinary	100%
Neill Tools Limited	Sheffield, UK	Procurement, distribution and sale of hacksaw blades, other engineers' cutting tools, pliers and other hand tools	Ordinary	100%
Spear & Jackson UK Limited	Sheffield, UK	Procurement, distribution and sale of garden, agricultural and contractors' hand tools, wood saws and builders' tools	Ordinary	100%
Eclipse Magnetics Limited	Sheffield, UK	Manufacture, distribution and sale of permanent magnets, magnetic work holding systems and other associates products	Ordinary	100%
Spear & Jackson Holdings Limited	Sheffield, UK	Investment holding company	Ordinary	100%
Robert Sorby Limited	Sheffield, UK	Manufacture and sale of specialist woodworking tools	Ordinary	100%
Markbalance Limited	Sheffield, UK	Investment holding company - ceased trading during year ended September 2018	Ordinary	100%
Societe Neill France SA	Le Coin, Zone Industrielle, CS 40082, 42402 Saint Chamond Cedex, France	Holding company of Spear & Jackson France SA	Ordinary	100%
Spear & Jackson France SA	Le Coin, Zone Industrielle, CS 40082, 42402 Saint Chamond Cedex, France	Marketing, distribution and sale of garden tools, hand tools and other related products	Ordinary	100%
Spear & Jackson (Australia) Pty Limited	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia	Marketing, distribution and sale of garden tools, hand tools and other related products	Ordinary	100%
Spear & Jackson (New Zealand) Limited	DFK Oswin Griffiths Carlton, Level 4, 52 Symonds Street, Auckland, 1010, New Zealand	Marketing, distribution and sale of garden tools, hand tools and other related products	Ordinary	100%

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

11. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Eclipse Tools North America, Inc	442 Millen Road, Units 9 & 10, Stoney Creek, Ontario, L8E 6H2, Canada	Marketing, distribution and sale of magnetic products, hand tools and other related products	Ordinary	100%
Eclipse Tools Manufacturing Company Limited	Building 4, No. 128, Jiangmu Road, Gaoxin District, Jiangmen City, Guangdong Province, China	Manufacture, distribution and sale of hacksaw blades	Ordinary	100%

In each case where the registered office is listed as Sheffield, UK, the full address is Atlas Way, Atlas North, Sheffield, S4 7QQ.

SPEAR & JACKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Fixed asset investments (continued)

The Company has investments in other dormant companies. The following dormant companies are wholly owned by the Company. In each case, the registered office is Atlas Way, Atlas North, Sheffield, S4 7QQ:

Name	Name
Abbey Dropforgings Ltd	Magnetic Rubber Ltd
Applied Magnetic Systems Ltd	Mastercraft Tools Ltd
Atlas Tools Ltd	Moore & Wright (Sheffield) Ltd
Atlas Works Ltd	Neill Tool Group Ltd
Atlas World Ltd	S & J Metrology Limited
Brades Skelton & Tyzack Ltd	S&J Groundforce Ltd
Composite Steel Works Ltd	Sheffield Alloy Steel Co Ltd
Coventry Gauge Limited	Spear & Jackson (Tools) Ltd
Craft Supplies Limited	Spear & Jackson Groundforce Ltd
Dawn Tools Ltd	Spear & Jackson Industrial Saws Ltd
Drabble & Sanderson Ltd	Spear Tools Ltd
Eclipse Tools Ltd	Spearwell Tools Ltd
Edward & William Lucas Ltd	Speedicut Saws Ltd
E-L Special Tools Ltd	Spiralux Engineering Ltd
Elliott-Lucas Ltd	Spiralux Tools Ltd
FBT Saws Ltd	St Pauls Road Developments Ltd
FBT Services Ltd	Steadfast Tools Ltd
Hallamshire Sheet Mills Ltd	The Avia Street & Tool Co Ltd
Isaac Nash & Sons Ltd	The Hallamshire Steel & File Co Ltd
James Neill (Napier Street) Ltd	The Standard Hacksaw Co Ltd
James Neill (Services) Ltd	The Tool & Engineering Co Ltd
James Neill (Sheffield) Ltd	The United Manufacturers Services Limited
James Neill Tools Ltd	The Wormald Patent Locks Company Ltd
John Bedford & Sons Ltd	Tool Manufacturers Ltd
John Shaw & Sons, Wolverhampton, Ltd	Vanguard Engineering Products Ltd
John Shaw Tools Ltd	William Hunt & Sons (The Brades) Ltd
Joseph Tyzack & Sons Ltd	William Smith Tool & Steel Co Ltd

The Company also has investments in overseas dormant companies. The following dormant companies are wholly owned by the Company:

Name	Registered office
E H Collis Pty Ltd *	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia
E H Collis (NSW) Pty Ltd *	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia
James Neill Canada Inc *	Registered in Canada, c/o Atlas Way, Atlas North, Sheffield, S4 7QQ
James Neill USA Inc *	Barrick, Switzer, Long, Balsley & Van Evera LLP, 6833 Stalter Drive, Rockford, Illinois 61108, United States of America
Umcos (Australia) Pty Ltd *	Building 2, 82 Greens Road, Dandenong South, VIC 3175, Australia

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

12. Debtors

	2021 £	2020 £
Amounts owed by subsidiary undertakings	14,070,288	13,683,672
Amounts owed by group undertakings	5,361	5,365
Amounts owed by parent undertakings	5,186,611	5,190,317
	<u>19,262,260</u>	<u>18,879,354</u>

13. Financial Instruments

	2021 £	2020 £
Foreign currency derivative contracts	-	2,298
	<u>-</u>	<u>2,298</u>

The fair values for the above contracts have been estimated using relevant market exchange and interest rates.

The Company enters into significant medium term currency exposures that are not expected to be off-set by other currency transactions. They are considered to be part of an economic hedge arrangement but have not been formally designated. The foreign exchange forward contracts relate primarily to forward purchases of Hong Kong Dollars. At 30 September 2021, no contracts were held (2020 - the cash flows were expected to occur before 31 December 2020).

14. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	12	120
	<u>12</u>	<u>120</u>

SPEAR & JACKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Retirement benefit obligation

The Company is a guarantor to a group pension plan, the James Neill Pension Plan, (the "Plan") which at 30 September 2021 was operated by James Neill Holdings Limited ("JNH"), a subsidiary undertaking. Up to 30 March 2017, the Plan was operated by the Company. The Plan is a contributory defined benefit pension plan covering certain of the employees in the UK-based subsidiaries of Spear & Jackson Group Limited. The benefits covered by the Plan are based on years of service and compensation history. The Plan's assets, held separately from the assets of the Spear & Jackson Group Limited, are administered by the Plan's trustees and managed professionally. The Plan is not open to new entrants.

The pension charge attributable to the annual contributions payable to the Plan by the Company amounted to £nil (2020 - £nil).

Full disclosure of the net pension liability is included in the financial statements of JNH.

The latest formal valuation of the Plan was carried out at 5 April 2019 by Isio, the actuarial advisors to the Plan and was agreed by the Trustees of the Plan and the Company on 30 April 2020. Following the finalisation of the 2019 actuarial valuation, a long-term funding plan was agreed between the Plan and the Company which provided for a fixed annual contribution of £2.8 million commencing from 1 July 2020 and extending to 29 February 2032.

This contribution schedule is based on the recovery of a deficit of £59.2 million as indicated by the triennial valuation at 5 April 2019. In addition to recovering the deficit, the annual fixed contributions also cover the funding of the annual ongoing accrual and the annual Pension Protection Fund Levy which is borne directly by the Plan. The revised schedule is subject to UK pension regulatory approval, and may be liable to revision and amendments in future periods dependent on fluctuations, both favourable and adverse, in the actuarially determined value of the Plan investments and liabilities and the financial strengths and cash flow requirements of the Plan's sponsoring employers.

Guarantees have been provided by the Company and Bowers Group Limited, a fellow subsidiary undertaking, to secure certain obligations ("the guaranteed obligations") relative to the Plan in the event of a contribution default by any of the participating companies in certain other circumstances.

The guaranteed obligations represent all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to the maximum amount that is equal to the lowest non-negative amount which, when added to the assets of the Plan, would result in the Plan being at least 105% funded on the date on which any liability under the guarantee crystallised based on an actuarial valuation of the Plan carried out on that date.

The fair value of the assets held by the Plan as at 30 September 2021 and 30 September 2020, together with the liabilities at those dates calculated on the above bases, are as follows:

	2021 £	2020 £
Total market value of Plan assets	118,749,000	116,481,000
Present value of Plan liabilities	(151,265,000)	162,197,000
Deficit in the Plan	(32,516,000)	(45,716,000)
Related deferred tax asset	7,993,000	8,686,000
Net pension liability	(24,523,000)	(37,030,000)

SPEAR & JACKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Retirement benefit obligation (continued)

On 28 March 2014, a Flexible Apportionment Agreement was entered into whereby the employment of members of the Plan in certain participating employers was transferred to the Company. The Company became the Principal Employer of the Plan and the liabilities of the relevant participating employers were apportioned and transferred to the Company. At the same time the relevant participating employers entered into separate agreements with the Trustees of the Plan whereby they guaranteed all present and future monies, obligations and liabilities whether actual or contingent and whether owned jointly or severally.

In addition to cash contributions made to the Plan, a second legal charge has been executed in favour of the Plan representing 50% of Spear & Jackson Group Limited's freehold land and buildings at Atlas Way, Sheffield, England.

Furthermore, guarantees have been provided by the Company and Bowers Group Limited, to secure certain obligations ("the guaranteed obligations") relative to the Plan in the event of a contribution default by any of the participating employers or in certain other circumstances.

The guaranteed obligations represent all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to a maximum amount that is equal to the lowest non-negative amount which, in when added to the assets of the Plan, would result in the Plan being at least 105% funded on the date on which any liability under the guarantee crystallised based on an actuarial valuation of the Plan carried out on that date.

16. Deferred taxation

The Company has capital losses available of approximately £551,000 (2020 - £551,000) which have not been recognised in these accounts. There is insufficient evidence to suggest that these assets will be recoverable within the meaning of FRS 102, section 29 "Income Tax".

17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 (2020 - 1,000) Ordinary shares of £0.10 each	100	100

SPEAR & JACKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

18. Contingent liabilities

Pledge of assets

At the reporting date, the banking facilities of the UK subsidiaries of Spear & Jackson Group Limited (the "UK Group") with HSBC UK Bank plc comprise asset-backed lending facilities (confidential invoice discounting and inventory borrowing line).

The asset-backed lending facilities are secured on certain trade receivables and inventories in the UK trading operations of the UK Group.

Additionally, the UK Group's net cash balances with HSBC form a pooled fund. Individual account balances may be in an overdrawn position but, collectively a positive net pooled position is required. As part of this pooled fund arrangement, the Company has entered into a cross guarantee to guarantee any bank borrowings within that pooled fund. At 30 September 2021, the extent of this guarantee was £22,043,000 (2020 - £20,675,000). The net pooled cash position at 30 September 2021 was £126,000 (2020 - £50,000).

Refer to note 15 in respect of the security and guarantees that are in place in relation to the James Neill Pension Plan.

Other

The Company is, from time to time, subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to personal injury claims, customer contract matters, employment claims and environmental matters.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, the directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the financial position or results of operations of the Company.

19. Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of Spear & Jackson Group Limited, a company registered in the United Kingdom. The entire issued share capital of Spear & Jackson Group Limited is held by Pantene Global Holdings Limited, a company registered in Hong Kong.

Pantene Global Holdings Limited is a wholly owned subsidiary of Kings Victory Limited, a company incorporated in the British Virgin Islands with limited liability. Kings Victory Limited is a wholly owned subsidiary of SNH Global Holdings Limited, a privately-owned company incorporated in the British Virgin Islands with limited liability.

The smallest group in which the results of the company are consolidated is that headed by Spear & Jackson Group Limited. The address of Spear & Jackson Group Limited's registered office is Atlas Way, Atlas North, Sheffield, S4 7QQ. Copies of the consolidated accounts of Spear & Jackson Group Limited may be obtained from Companies House, Cardiff, CF14 3UZ.

SPEAR & JACKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

20. Related party transactions

The Company has taken advantage of the exemption under FRS 102 section 33.1A, "Related Party Disclosures", not to disclose transactions with other wholly owned subsidiaries of the group headed by Spear & Jackson Group Limited.

Key management personnel include all directors and a number of senior managers across the company who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided was £293,000 (2020 - £233,000).