

SPIE Limited

(Registered Number: 06275653)

Annual Report and Financial Statements For the year ended 31 December 2020

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SPIE Limited

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SPIE Limited

Officers and advisors

Directors

Robert Goodhew
Antony Wilkinson (resigned 31 March 2021)
Benjamin Hancock (appointed 7 April 2021)

Secretary

Benjamin Hancock

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Societe Generale
SG House
41 Tower Hill
London
EC3N 4SG

Registered Office

2nd Floor
33 Gracechurch Street
London
EC3V 0BT
United Kingdom

SPIE Limited

Strategic Report For the year ended 31 December 2020

Review of the business

The directors present their strategic report on the company for the year ended 31 December 2020.

The principal activity of the company is the provision of building services, mechanical and electrical engineering and facilities management services.

2020 revenues from continuing operations were £192,532,000 (2019: £191,150,000). Consistent revenue has been achieved despite a difficult economic environment caused by COVID-19.

The continuing operations gross profit margin decreased from 14.3% in 2019 to 10.3% in 2020 and was driven mainly by additional costs and reduced operational efficiency relating to Covid-19. Government grants of £3,800,000 credit (2019: £nil) relating to furloughed employees under the Coronavirus Job Retention Scheme are reported separately as Other Income.

The company's continuing operating profit before interest and taxation has decreased from £5,874,000 to a loss of £21,615,000. The decline is mainly a result of non-recurring costs; £20,469,000 of impairment of group debtors owed by the Trios entities at the date of disposal from the SPIE UK Limited group, which is not expected to be recoverable and £4,809,000 of restructuring costs. These restructuring costs consisted of £3,823,000 redundancy costs and £986,000 of costs mainly related to the exit of leasehold properties both of these costs have been incurred as part of a strategic review of the business.

2019's continuing operating profit was decreased by non-recurring items of £2,649,000. Further details of all non-recurring costs are given in note 6.

Taxation for the group was a charge of £2,032,000 (2019: credit of £3,308,000). This is due to movements in the recognition of brought forward tax losses.

Cash balances at 31 December 2020 were £9,132,000 (2019 £12,095,000).

On 21 December 2020 the company issued 20,491,000 new ordinary shares of nominal value £1 to SPIE UK Limited.

The company operates within a competitive environment and must continue to deliver value for money services to retain and grow its long term customer relationships. The company has developed strategic supply chain structures, continuous improvement programmes and employee training plans to support the needs of its customers. The directors remain confident that the continual alignment of the business to the needs of its customers will maintain performance at the anticipated level.

Key performance indicators

The company's key measure of its performance is earnings before interest, tax, depreciation and amortisation (EBITDA) excluding non-recurring items and discontinued activities. The directors' report on continuing EBITDA, a profit of £4,806,000 for the year ended 31 December 2020 (2019: £9,703,000) which mainly reduced as a result of additional costs and reduced operational efficiency relating to Covid-19. This translated to an Operating margin on continuing revenue of 2.5% (2019: 5.1%).

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

Principal Risks and Uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risk relates to changes to the expenditure plans of public and private sector customers. The directors manage this risk by positioning the company within a wide range of relevant markets to reduce the exposure to adverse economic factors in any individual market sector. Project execution risk is continually appraised by both operational management teams and the board of directors.

The company actively manages its cost base to ensure that its services are delivered as efficiently as possible. In addition, the company is committed to actively promoting all measures to protect Health and Safety in the work environment.

COVID-19

The directors, via the COVID-19 Response Committee led by Robert Goodhew, continue to monitor and respond to the COVID-19 crisis not only to minimise the health effects to its employees but also to implement measures to ensure the ongoing wellbeing of the company.

Financial Risk Management

As a matter of policy, the company does not trade in financial instruments nor does it enter into any derivative transactions. In addition to the risks outlined above, the company addresses other financial risks as follows:

Price risk

The company's activities include the procurement and installation of products. Consequently the company is subject to commodity price and other cost inflationary risks. The company manages these risks by entering into, where possible, firm pricing arrangements with its supply chain.

Cash flow risk

The cash flow of the company is exposed to non-payment risk by customers. The company manages this risk by carefully appraising the credit quality of customers prior to entering into contracts, establishing reasonable credit terms, and actively managing cash collections.

Liquidity risk

The directors review the liquidity position on a regular basis and are confident that the business has sufficient cash resources to meet its trading needs.

Credit Risk

Credit risk is managed by careful review of customers' financial standing and appropriate credit checks on potential customers prior to sale.

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

Supplier Payment Policy

As a service company, the Company's principal cost base is its suppliers and subcontractors.

The company's policy in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transactions and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The trade creditor days taken by the company for trade purchases at 31 December 2020 was 42 days (2019: 26 days).

Non-Financial KPI

The company directors monitor the performance of the business by reference to the number of operational accidents in the year. Performance in the financial year and prior year comparatives are contained in the below table:

	2020	2019	Definition
Number of accidents	<u>6</u>	<u>10</u>	Number of operational accidents

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of SPIE Limited consider, both individually and together, that they have acted in a way they consider in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) The likely consequences of any decision in the long term,
- b) The interests of the Company's employees,
- c) The need to foster the Company's business relationships with suppliers, customers and others,
- d) The impact of the Company's operations on the community and the environment,
- e) The desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) The need to act fairly as between members of the Company.

The Board ensures that there is an effective culture that promotes the success of the Company, ensures the values and strategy align with the purpose of the Company, effectively identifies and builds on opportunities, and fosters effective stakeholder relationships.

The Directors confirm that they are compliant with Section 172 of the Companies Act 2006, that is, their duty to promote the success of the Company for the benefit of all members. In doing so the Directors have regard, amongst other matters, to the following :

1. The likely consequences of any decision in the long term

In making decisions concerning the Business Plan and future strategy the Directors have regard to a variety of matters, including the consequences of its decisions in the long-term and its long-term reputation. This reflected in the key activities of the Board in the year.

Strategy development

The Board along with the Senior Leadership Team held strategy days throughout the year to review the existing strategy. Each decision and action thereafter being reviewed alongside its alignment to the strategy. The main focus of the strategy development being to drive long term added value.

Finance

The Board approves the budget for the UK, ahead of each financial year which is reviewed and updated twice annually. At every Board meeting, the Chief Financial Officer (CFO) updates the Board on the financial performance of the SPIE UK group including its subsidiaries. Any risks to achieving the budget are considered by the Board, and appropriate mitigations sought.

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

2. The interests of the Company's employees

Leadership and employees

Health, safety and wellbeing of our employees and those who work with the Company is highly valued and is extremely important. The Board leads on the culture of health and safety, and it is our aim to provide the best possible practices and procedures to ensure that both our permanent and temporary workforce operates in a safe and healthy environment. The Company has organised mental health well-being support and put in place mental health first aiders to support this.

The Board reviews employee succession planning, ensuring the talent pipeline is successfully developed to enable the business to successfully address business challenges. This includes regional, divisional and functional CEDRES (SPIE's talent management and succession planning process) and subsequent matching to UK and Group development programmes as well as extensive mentoring.

The EDI Policy (Equality, Diversity & Inclusivity) was reviewed by the CSR (Corporate Social Responsibility) Committee and the action plan is updated annually with revised objectives.

The employee share programme was approved at Group level and a regular scheme has been put in place. The Board reviews the framework to ensure the tax liabilities are understood and communicated.

Engagement with Employees

The Company's Human Resource Team communicates to European employees about settlement, employment rights and government guidelines and is currently reviewing recruitment policies and UK Border Agency legislation. The number of European employees and GDPR implications are shared with the Board.

The business engages with employees directly through our ECC (Employee Consultation Committee) meetings, normally held twice a year. These are attended by members of the senior leadership team including the Board and employee representatives from different areas of the business.

The ECC's remit includes the following:

- a) To provide a forum for effective communication and to give employees an opportunity to be informed of the Company's performance, strategy and values;
- b) The Shadow Board and their Embrace project to connect with young talent right across SPIE has improved engagement and connected these communities with the Board;
- c) Our Appraisal process which gives our employees the opportunity to give and receive feedback around their own performance and the business' performance;
- d) Our on-line training system, known as SMILE, which has been significantly upgraded with new modules that support key topics; ethics, bribery, risk & corruption, unconscious bias etc.
- e) Our So SPIE Ladies network with various initiatives raising the profiles of women in our industry and the value they bring to the workplace also promoting their skills in more senior roles.

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

3. The need to foster the Company's business relationships with suppliers, customers and others

Engagement with shareholders and wider stakeholder group

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business, including at Board level. It helps us gain a better understanding of the impact of our decisions on stakeholder interests as well as gain an insight into their needs and concerns. It underpins good governance, which is embedded throughout our business.

Engagement with Shareholders and investors

SPIE Limited is a part of SPIE SA Global group with the headquarters in France. Communication with investors and voting advisory agencies is managed by SPIE SA. Further information can be found on the website www.spie.com. Regular communication is maintained between the directors of SPIE Limited and SPIE SA global group. The Group treat shareholders fairly and equally, so they too may benefit from the successful delivery of our plan.

An active employee Shareholder policy is a strategic foundation for the Group's profitable development. It is our belief that allowing employees to invest in the SPIE SA Group enables the construction of a common vision of the Group's strategy and objectives.

Engagement with Subcontractors and Suppliers

We value the relationships we hold with our supply chain, and we aim to treat all fairly whilst ensuring their compliance with our high standards. Before engagement, we review their policies to ensure they match ours as set by the Board. The Company's policy in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transactions and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The Company has a two-way communication with Subcontractors and Suppliers. The Company receives regular questions and questionnaires which are responded promptly and with due care.

The Company recognises its subcontractors and suppliers as key stakeholders in its business and is committed to understanding and developing its supply chain to maximise value to the business and to enable the delivery of its sustainability commitments.

Suppliers are categorised according to business impact and size of expenditure. In addition, suppliers who are deemed "critical" to the Company on-going business activities are identified and we work with them to ensure they have effective Business Continuity plans.

Regular review meetings are scheduled with key suppliers to ensure that:

- a) Operational performance requirements are met and any issues are corrected,
- b) The Company achieves best value from any contract or agreement,
- c) Strategic opportunities for continuous mutual improvement are identified and implemented, and
- d) Action plans are implemented.

SPIE UK's procurement policy and processes are in place to ensure that we achieve the best value whilst acting in an ethical, safe, socially, environmentally and commercially responsible manner and ensure compliance with all relevant legislation and best practice.

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

Engagement with Customers

The Company values its longstanding customer relationships. The importance of the Company's contracts portfolio, and the limited size of its average orders allow it to benefit from a diversified business model and to be well placed to earn stable revenue.

From our senior team members to our operational staff, they all understand the importance of regular and effective communication with our customers and ensure that they assess their satisfaction on a regular basis.

We put our customer in the centre of all our decisions and communicate this at all levels internally to ensure consistency.

We conduct customer surveys annually reviewing set key performance indicators. Customer insight is critical to our decision making and we take feedback very seriously. The results are analysed to ensure we provide continuous improvement of our services.

The Company values its Customer feedback and any issues raised by customers are collated and shared with the Procurement and Commercial teams for consideration when planning future design and specification. Customer complaints are analysed and reviewed by the Executive Committee to agree actions to resolve the root causes. The Board oversees management of the contract portfolio so that we answer customer's expectations.

Engagement with Tax authorities

Our objective is that relationships between the Company's businesses and tax authorities are transparent, constructive and based on mutual trust. More details on tax strategy and policy can be found on the website www.spieuk.com/about/tax-strategy.

The following taxes are covered by the Tax Policy: Corporation Tax, Payroll Taxes, VAT and EC Sales, Construction Industry Scheme (CIS), Relevant Contracts Tax (RCT).

4. The impact of the Company's operations on the community and the environment

The Company places huge importance on Corporate Social Responsibility and the Company's plan is centred on Society, Sociological, Economic and Environmental matters.

Societal topics relevant to the community include the Company's apprentices programme, EDI policy which promotes equality, diversity, and inclusion in the workforce, and Time 4 Society whereby each employee is permitted 1 working day per year for charitable or community causes.

Sociological activities are regularly launched to promote safety, mental health, and wellbeing at work.

Economy topics include ethical conduct, sustainable procurement, and employee shareholding.

Environmental actions include reducing our carbon footprint and working with clients and suppliers on green initiatives, and we are fully committed to doing our part to prevent and mitigate climate change. Part of these actions include the review of our NEC (net environmental contribution) and Green Share impact which has been done at Group and UK levels. This assessment has been performed on the basis of the analysis of how the services delivered by our various business units enable our clients to achieve their energy and climate transition.

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

5. The desirability of the Company maintaining a reputation for high standards of business conduct

It is the Board intention to promote behaving responsibly and maintaining a reputation for high standards of business conduct. Ethical business conduct constitutes a fundamental element of the Company's approach, which is a belief that a firm's economic performance cannot be separated from its ethical responsibility. The SPIE SA group has created its eight principles on ethical business conduct to regulate its activities.

The main areas of this are compliance with laws, accuracy of payment accounts, confidentiality agreements, labour standards, corruption, respect for property, and conflicts of interest.

The Company has an Ethics committee which oversees and reviews the Ethics policies, training and communication for employees and all whistle blowing reports are referred to the ethics committee for investigation.

The Company is committed to procure in an ethical manner and to work collaboratively to ensure our supply chain is sustainable by complying with all relevant legislation, including but not limited to:

- Bribery Act 2010
- Unfair Contract Terms Act 1977
- Contracts (Rights of Third Parties) Act 1999
- Commercial Agents (Council Directive) regulations 1993
- Late Payments of Commercial Debts (Interest) Act 1998

Plus ensuring the procurement function is managed by professional buyers who understand the principles of procurement, avoiding supplier agreements that could be considered anti-competitive and not abusing the market position held by our business so that our suppliers are unable to supply us or our customers fairly.

Modern slavery statement

As a business, we have continued to develop our understanding of risks associated with Modern Slavery and we have put effective responses in place to minimise that risk. We review and update the Modern slavery act each year. More on our policy around ensuring there is no forced labour or human trafficking within any part of our business can be found www.spieuk.com/about/modern-slavery-statement.

SPIE Limited

Strategic Report (continued) For the year ended 31 December 2020

6. The need to act fairly as between members of the Company

Acting fairly as between the members of the Company and employee engagement is of paramount importance in a people business. During the Covid-19 crisis we have worked hard to communicate with everyone at work and those that we unfortunately had to furlough. Key activities have included; putting in place an expanded UK Employee Collective Consultation Committee who meet via SPIE's conferencing facility. During this meeting proposals to mitigate job losses, explanations of the COVID Job Retention Program (CJRP) and other topics raised by our employees are covered. Employee representatives are able to ask the Board questions on how we are managing the unprecedented situation and to share their ideas and challenges.

The online learning system, SMILE was opened up to furloughed employees to be able to voluntarily further their development and or competence whilst they are unable to work. Regular written communication has been posted to home addresses and a welcome back pack of communication is being pulled together so employees can hit the ground running.

Providing a safe working environment for our employees, ensuring that they are treated and remunerated fairly while adopting a customer centric approach to our high standard work ethic are all key parts of our strategy.

The Board uses the above Section 172 requirement as a real opportunity to communicate the key messages on the Company's strategies as well as its core values.

On behalf of the Board



Robert Goodhew
Director
14 May 2021

SPIE Limited

Report of the Directors For the year ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Results and Dividend

The company's loss for the financial year was £23,647,000 (2019: profit £9,115,000). The directors do not recommend payment of a dividend (2019: £nil). The company made no political donations during the year (2019: £nil).

On 21 December 2020 the company issued 20,491,000 new ordinary shares of nominal value £1 to SPIE UK Limited.

Future Developments

The directors do not anticipate any changes to the activities of the company in the foreseeable future.

Corporate Governance Report

Together with the Companies Act 2006, the SPIE UK corporate governance framework is structured around The UK Corporate Governance Code and The Wates Corporate Governance Principles for Large Private Companies. SPIE UK, the parent company, sets the governance framework for its subsidiaries to comply with conducting business and also maintains a legislation register to identify applicable legislation.

In addition, as the UK business is part of SPIE Group, some French and EU legislation, as well as Group Standards and other requirements set by SPIE Group, also apply to SPIE UK.

Some of the corporate governance is designed and delivered through directives, processes and systems that are rolled out across the Group for use by the business operations in the Group's trading subsidiaries, like SPIE Limited.

Some of the corporate governance is also managed by SPIE UK, which as parent, has responsibility to oversee, approve or authorise practices and decisions by its trading subsidiaries, such as SPIE Limited.

The Wates Principles are voluntary principles for large private companies that demonstrate an "apply and explain" approach over six principles of corporate governance.

The Board has adopted the disclosure in our 2020 Report and Accounts and set out below is how we have applied the Principles over the past year throughout our work.

1. Purpose and Leadership
2. Board Composition
3. Directors' Responsibilities
4. Opportunity and Risk
5. Remuneration
6. Stakeholder Relationships and Engagement

SPIE Limited

Report of the Directors (continued) For the year ended 31 December 2020

Principle 1 - Purpose and Leadership

The Board effectively develops and promotes the purpose of the Company and ensures that its values, strategy and culture align with that purpose. The values and culture are explained and integrated into the different functions and operations of the business. This includes internal assurance, employment practices, risk management and compliance functions.

The Board provides guidance and leadership for internal stakeholders and provides regular updates to the external stakeholders which were described in the paragraphs 1-3 of the section 172 statement.

The Board promotes the success of the company and has a clear understanding of the views of stakeholders through established communication channels. The Directors act with integrity and lead by example, setting the tone from the top, building positive relationships with all stakeholders, particularly the workforce.

Corporate governance framework

The Company's strategy has at heart to focus on our six pillars which are:

- Health & Safety
- Corporate Social Responsibility
- People
- Cash & Profit
- Command and Control
- Customers

The board sets out strategy, 3-year plan and objectives. It reviews corporate, operational structure and line-management structure on annual basis. The Board oversees communication and training strategy.

Board committees review and approve budgets, policies, processes, procedures and other documentation to ensure its compliance with the corporate governance framework. More information on strategy is in paragraph 1 of Section 172.

Principle 2 - Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

Robert Goodhew was appointed Chief Executive Officer of SPIE UK in May 2017. He acts as a chair and is responsible for managing the Executive Board. The Executive Board for the company comprises the senior leaders from the business including functional representation. This ensures that all parts of the business are represented at the board to allow effective decision making to take place.

The management team structure represents the balance and diversity. It comprises a mix of executive directors working as Chief Executive Officer (Robert Goodhew), HSEQ Director (Röd Glenn), HR Director (Trevor Nunes); Marketing Communication Director (Jeff Evans), Chief Financial Officer (Tony Wilkinson), Managing Director Scotland MTS (Jim Skivington); Managing Director Build and Connect (Steve Farmer) and Legal (Ben Hancock). The size and structure of the management team ensures that the directors have a broad range of skills and experience with differential as well as complementary skill set. The blend of skills is a key feature in determining the Board's effectiveness.

There is annual Corporate Criminal Offences (CCO) training and regular training for key staff in different business divisions: Central Finance, Procurement, Facilities, Legal, Strategy, EE/MSS, B&C North, B&C South and Scotland. The training is reflected in the CCO training matrix.

SPIE Limited

Report of the Directors (continued) For the year ended 31 December 2020

Principle 3 – Directors' Responsibilities

Each Executive Board member has a clear area of accountability with all areas of the company represented on the Executive Board. They implement the decisions taken at the board within their area and ensure that all policies and ensure procedures are adhered to within their area.

The Executive Board has a programme eleven principle meetings every year, plus additional days for strategic planning and additional ad-hoc meetings (if required). As part of every Executive Board meeting, the governance of the Group is included as a standing agenda item. The Board's key areas of focus in 2020 are in the Section 172 statement. The company has several committees which operate throughout the year:

- Commercial Review Board
- Ethics Committee
- Risk and Audit Committee
- ECC (Employee Consultation Committee)
- COVID-19 Response Committee
- Governance Review Board

Board meetings are held twice a year to review statutory requirements, the Terms of Reference and performance of the Executive Board and other committees and to sign the annual financial statements of the Company. Additional ad-hoc meetings are held, if required.

The Commercial Review Board meets regularly to review tenders and contracts with a higher value and/or unusual risk profile. It also meets quarterly to review the tendering and contracting processes.

The Company's Ethics Committee is held four times per year and meets on an ad-hoc basis to review any potentially serious whistle-blowing reports. It oversees and reviews ethics policies, training and communication for employees and all whistle blowing reports. More details are described in a paragraph 5 of Section 172.

The Risk and Audit Committee usually meets quarterly. It reviews and decides the risk profile of the UK group, identifies mitigation actions and oversees implementation, and oversees the annual internal audit programme. More details can be found in principle 6.

ECC meetings normally held twice a year. These are attended by members of the senior leadership team including the Board and employee representatives from different areas of the business. More details are discussed in a paragraph 2 and 6 of Section 172.

Additionally the Executive Board set up the following sub-committees during 2020:

- COVID-19 Response Committee – this committee was set up to manage the company's response to Covid-19, ensure actions were implemented promptly and to identify and manage any associated risks.
- Governance Review Board – to oversee, monitor and review the management framework under which policies and processes are implemented and rolled-out across the business.

All committees are accountable to the Board (and sub-committees to the Executive Board) which provides guidance, direction and ensures the integrity of information.

SPIE Limited

Report of the Directors (continued) For the year ended 31 December 2020

Principle 4 - Opportunity and Risk

The Executive Board reviews the success against the agreed business plan and identify any specific risks and opportunities to this plan. There will be Executive Board level ownership of these risks and opportunities to ensure they are mitigated and maximised as relevant with a quarterly review of risks and opportunities which is shared with SPIE UK's parent Company.

The company's key operational risks and mitigations are outlined in the Strategic Report. The Commercial Review Board also considers all major contracts (as defined by their value and risk profile) and approves them before any bids are finalised.

The Risk and Audit Committee, consisting of Executive Committee members and business unit and functional leads, ensures that inherent and emerging risks are identified and managed appropriately and in a timely manner. Its focus in 2020 was on monitoring the effectiveness of the Company's approach to risk identification, classification and mitigation.

The introduction of the six Corporate Governance Principles has highlighted a need for to focus on Opportunities as well as Risks. This has now been included in the quarterly Risk and Audit Committee meetings. Some of the opportunities that have been considered include diversification of portfolio, further investment opportunities and benefits of cost rationalisation and simplification of the group.

Principle 5 – Remuneration

The parent, SPIE SA, takes an active role in the setting remuneration of the board. Ensuring that payments are in line with the achievement of agreed targets and the Company's internal HR policies.

The parent's primary objective is to set remuneration at a level that will enhance the company's resources by securing and retaining quality senior management who can deliver the Group's strategic ambitions in a manner consistent with both its purpose and the interests of its shareholders.

Principle 6 - Stakeholder Relationships and Engagement

The Executive Board takes very seriously communication with the internal and external stakeholders. More details are provided in paragraphs 2 & 3 in the Section 172 statement.

The Board oversees the Risk and Audit committee, which reviews and decides the risk profile of the UK group, in particular identifying and documenting the principal risks alongside our risk appetite and its external impacts. This is supported by our risk matrix which is used to map the risk ratings of our principal risks, and any mitigating controls or actions.

The Executive Board oversees the constant review and update of the Company policies and procedures and updates them according to the any changes in the group structure or any changes in legislation and regulation.

The Executive Board reviewed the risks associated with the prevention of facilitation of tax evasion, and updated policies where required.

SPIE Limited

Report of the Directors (continued) For the year ended 31 December 2020

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below.

Robert Goodhew

Antony Wilkinson (resigned 31 March 2021)

Benjamin Hancock (appointed 7 April 2021)

Covid-19

The company and the SPIE SA Group has faced significant operational disruptions related to the Covid-19 epidemic. In this context, the company has implemented all the necessary actions to protect its employees and stakeholders, and to limit the consequences on its operations and financial results.

From mid-March 2020, continuity plans have been put in place through strong measures, in particular, by:

- Keeping as number one priority the health and safety of our employees, subcontractors and customers. The company thus assessed with each of its clients activities that could continue during the containment period;
- Implementing vigorous cost saving actions to secure net income and cash flow;
- Using government measures such as the Coronavirus Job Retention Scheme to protect jobs impacted by Covid-19 until such time as that impact came to an end.

Throughout year 2020, SPIE SA Group has significant financial headroom to face the sanitary crisis impacts. Liquidity at end of December 2020 remains high enough, both in terms of its net cash position and its undrawn revolving credit facility for an amount of €600 million. Finally, the Group is facing no debt maturity before 2023.

SPIE Limited

Report of the Directors (continued) For the year ended 31 December 2020

Streamlined Energy and Carbon Reporting (SECR)

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. Businesses in scope need to comply for financial years starting on or after 1 April 2019 and therefore the SECR requirements are relevant to SPIE Limited for the first time for the year ended 31 December 2020.

Disclosures below are for the UK only, and cover SPIE UK Limited and its subsidiary businesses. Comparative information is not required in the first year of reporting.

	2020
Energy (electricity) consumption used to calculate emissions (kWh)	600,742
Renewable Energy consumption (kWh)	326,977
Total Energy (electricity) consumption (kWh)	927,719
Emissions from combustion of gas (scope 1) tCO ₂ e	221.68
Emissions from combustion of fuel for transport purposes (scope 1) tCO ₂ e	2,267.98
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	94.07
Emissions from purchased electricity (scope 2, location based) tCO ₂ e	140.06
Total gross tCO ₂ e	2,723.79
Intensity ratio - tCO ₂ e per £100,000 revenue	1.07
Water used per annum (m ³)	1,903.99

Methodology

We have followed the UK Government environment reporting (including SECR) guidance (March 2019 update). To calculate the kg and/or t of CO₂e emissions we have used the 2020 CO₂ & GHG UK Government's Conversion factors document. The kgCO₂e was mainly calculated using actual data, where actual data wasn't available it was estimated using comparable sites. Examples of how we calculated emissions:

- Fleet: Litres used by vehicle x CO₂ conversion factor
- Properties: kWh of electricity consumed x CO₂ conversion factor.

Energy Efficiency Action

In the period covered by the report SPIE UK group has relocated to homeworking due to the pandemic and employed a full-time CSR (Corporate Social Responsibility) Co-ordinator. The Co-ordinator has been key in energy tracking and setting targets for the upcoming years, in addition to setting up a CSR support group, looking at CSR activities and initiatives.

We are working to align with the 2015 Paris Agreement and UK Net Zero target, as well as having signed up to the UN Global Compact 17 sustainable goals. Working along with SPIE SA's target of a 4% linear reduction until 2025 (after which new targets will be established).

SPIE Limited

Report of the Directors (continued) For the year ended 31 December 2020

Directors' Liability Insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employees

Health, safety and wellbeing of our employees and those who work with the company is highly valued and is extremely important. It is the company's policy to provide the best possible practice and procedures to ensure that all our staff and contractors workforce operate in a healthy, safe environment. The company is committed to the continuous improvement of our performance in terms of health, safety and environmental management vigorously maintaining our accreditation to BSI OHSAS 18001 Health & Safety and ISO 14001 Environmental standards, consistently striving to exceed them.

The company contributes to a defined contributions pension scheme for employees. Following listing of SPIE SA, its ultimate parent, on the Euronext Paris, the company has operated an employee savings plan.

The company's policy is to ensure the health, safety and welfare of everyone engaged in, or affected by, its activities. A Health and Safety manual is distributed to all employees and the company provides clearly defined training schedules. Within the limitations of its business, the company's policy is to engage disabled persons and to provide training, career development and promotion opportunities within standard terms of employment. It is also our policy to retain and re-train those employees who have become disabled.

There is communication with employees by means of a regular in-house magazine called 'Rencontres', as well as an annual "Town Hall" business meeting, which deals with company results, forecasts, and strategy. The aim of these communications are to ensure staff are aware of the financial and economic factors that affect the performance of the company. Any other matters which may be of concern to them in their capacity as employees are communicated to staff via written correspondence.

Statement of Directors' Responsibilities

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "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 company and of the profit or loss of the company for that period. In preparing the 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 company will continue in business.

SPIE Limited

Report of the Directors (continued) For the year ended 31 December 2020

Statement of Directors' Responsibilities (continued)

The directors 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.

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

Directors' confirmations

In the case of each director in office at the date the Report of the Directors is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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.

Going Concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. The directors have received confirmation of financial support from the parent company SPIE SA sufficient to enable the Company to continue in business for at least 12 months from the date of approval of these financial statements. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Matters covered in the strategic report

Items required under Schedule 7 to be disclosed in the annual report are set out in the strategic report, in accordance with s.414C(11) CA 2006.

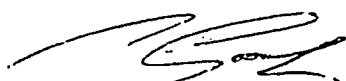
Section 172(1) report

All aspects of the section 172(1) report required to be covered in the Directors' Report are covered in the Strategic Report.

Independent Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 14 May 2021 and signed on its behalf.



Robert Goodhew
Director
14 May 2021



Independent auditors' report to the members of SPIE Limited

Report on the audit of the financial statements

Opinion

In our opinion, SPIE Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "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 Statement of financial position as at 31 December 2020; the Statement of income and retained earnings and the Statement of changes in equity for the year then ended; and 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 company 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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Checking the mathematical accuracy of management's cash flow forecast and confirming the opening cash position.
- Obtaining a letter of support from the parent company, SPIE SA, to confirm its intention and ability to provide continuous financial support to the company for a period of at least twelve months from the date of approval of these financial statements.
- Assessing the ability of the parent company SPIE SA to provide sufficient financial support for at least twelve months from the date of approval of these financial statements.
- Reviewing the completeness and appropriateness of management's going concern disclosures in the financial statements.

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.

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.

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

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

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 Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2020 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

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, 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 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.

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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of employment laws, health and safety regulations, data protection, and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Enquiries and discussions with management and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing minutes of meetings held by the Executive Board as those charged with governance.
- Challenging assumptions made by management in making their significant accounting estimates, in particular in relation to revenue.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journals posted containing unusual words in the account descriptions, journal entries posted by unexpected users, journal entries posted during unusual periods, where any such journal entries were identified.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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. 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 obtained 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 May 2021

SPIE Limited

Statement of income and retained earnings for the year ended 31 December 2020

	Note	2020 Continuing operations £'000	2019 Continuing operations £'000	2019 Discontinued operations £'000	2019 Total £'000
Revenue	3	192,532	191,150	5	191,155
Cost of sales		(172,685)	(163,845)	(96)	(163,941)
Gross Profit / (Loss)		19,847	27,305	(91)	27,214
Administrative expenses		(45,241)	(21,534)	24	(21,510)
Other income	5	3,779	103	-	103
Operating Profit / (Loss)		(21,615)	5,874	(67)	5,807
<i>Operating Profit / (Loss) before depreciation, amortisation and non-recurring items</i>		<i>4,806</i>	<i>9,703</i>	<i>(67)</i>	<i>9,636</i>
Depreciation	5	(541)	(546)	-	(546)
Software amortisation	5	(602)	(602)	-	(602)
Goodwill amortisation	5	-	(32)	-	(32)
Restructuring costs	6	(4,809)	(1,948)	-	(1,948)
Impairment of group debtors	6	(20,469)	-	-	-
Other non-recurring items	6	-	(701)	-	(701)
<i>Operating Profit / (Loss) after depreciation, amortisation and non-recurring items</i>		<i>(21,615)</i>	<i>5,874</i>	<i>(67)</i>	<i>5,807</i>
Finance costs		-	-	-	-
Profit / (Loss) before taxation		(21,615)	5,874	(67)	5,807
Tax on profit / (Loss)	8	(2,032)	3,308	-	3,308
Profit / (Loss) for the financial year		(23,647)	9,182	(67)	9,115
Accumulated losses at 1 January		(136,893)			(146,008)
Accumulated losses at 31 December		(160,540)			(136,893)

Discontinued operations in 2019 related to the trading and loss on disposal of the Distribution and Transmission (D&T) line of business. There are no Discontinued operations in 2020.

There was no other comprehensive income 2019 or 2020 other than that included within the statement of income and retained earnings.

The notes on pages 26 to 42 form part of these financial statements.

SPIE Limited


Registered number: 06275653

Statement of financial position as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed Assets			
Intangible assets	9	895	1,504
Property, plant and equipment	10	<u>1,729</u>	<u>2,285</u>
		2,624	3,789
Current assets			
Debtors (including £5,889,000 (2019: £7,921,000) due after more than one year)	11	93,453	76,282
Cash at bank and in hand		<u>9,132</u>	<u>12,095</u>
		102,585	88,377
Creditors: amounts falling due within one year	12	<u>(88,194)</u>	<u>(73,180)</u>
Net current assets		14,391	15,197
Total assets less current liabilities		17,015	18,986
Provisions for liabilities	13	<u>(2,521)</u>	<u>(1,336)</u>
Net assets		14,494	17,650
Capital and reserves			
Called up share capital	15	50,491	30,000
Share premium account	16	124,543	124,543
Accumulated losses	16	<u>(160,540)</u>	<u>(136,893)</u>
Total equity		14,494	17,650

The notes on pages 26 to 42 form part of these financial statements.

The financial statements on pages 26 to 42 were approved by the board of directors on 14 May 2021 and were signed on its behalf by:



Robert Goodhew
Director
14 May 2021

SPIE Limited

Statement of changes in equity For the year ended 31 December 2020

	Ordinary Shares	Share premium account	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 Jan 2019	30,000	124,543	(146,008)	8,535
Profit and total comprehensive income for the year	-	-	9,115	9,115
Balance as at 31 December 2019	30,000	124,543	(136,893)	17,650
Loss and total comprehensive expense for the year	-	-	(23,647)	(23,647)
Issue of ordinary shares (see note 15)	20,491	-	-	20,491
Balance as at 31 December 2020	50,491	124,543	(160,540)	14,494

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

1 General information

SPIE Limited ('the company') is a private company limited by shares and it is incorporated in the United Kingdom. The address of its registered office and principal place of business is 2nd Floor, 33 Gracechurch Street, London, EC3V 0BT United Kingdom.

The principal activity of the company is the provision of building services, engineering and facilities management services. In June 2018, SPIE Limited sold the contracts and related assets of the Distribution and Transmission line of business. As this resulted in the disposal of a line of business, this has been treated as a discontinued operation.

2 Accounting Policies

2.1 Basis of preparation and statement of compliance

The individual financial statements of SPIE Limited have been prepared on a going concern basis, under the historical cost convention, 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.

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 2.21.

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:

2.2 Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. The directors have received confirmation of financial support from the ultimate parent company SPIE SA sufficient to enable the Company to continue in business for at least 12 months from the date of approval of these financial statements. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The company has taken advantage of the following disclosure exemptions:

- i) from the requirement to prepare a statement of cash flows as required by Section 7 of FRS 102 and paragraph 3.17(d); and
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

2 Accounting Policies (continued)

2.3 Exemptions for qualifying entities under FRS 102 (continued)

- iii) from certain disclosure requirements of Section 26 in respect of share based payments provided that as the share based payment concerns equity instruments of another group entity and the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

2.4 Foreign currencies

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling, presented to the nearest thousand.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income except when deferred in other comprehensive income.

2.5 Revenue

Revenue from the provision of services by the company is recognised, exclusive of VAT, as soon as the amount can be reliably estimated. The outcome of a transaction can be estimated reliably when all the following conditions are met:

- the amount of revenue from ordinary activities can be measured reliably;
- it is probable that the economic benefits will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably;
- the costs incurred for the transaction and the costs to complete the transaction can be measured.

When the outcome of a transaction involving the provision of services can be estimated reliably, the income from ordinary activities associated with the transaction must be recognised by reference to the stage of completion of the transaction at the reporting date.

The stage of completion is measured by reference to the proportion that costs incurred to date bear to the estimated total costs. Profit is not recognised if the stage of completion of the contract cannot be estimated reliably.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

2 Accounting Policies (continued)

2.5 Revenue (continued)

In the event that a loss on completion of a contract is forecast, a provision for losses to contract completion is recognised irrespective of the stage of completion of the contract, by reference to the best estimate of the forecast results measured on a reasonable basis. Provisions for losses on contract completion are presented as liabilities in the statement of financial position.

The amount of revenue less related payments on account received is included within Debtors as accrued income.

Payments on account received in excess of costs incurred and attributable profit are included Creditors. Foreseeable losses, if any, in excess of costs incurred less related payments on account are included in Creditors as appropriate.

2.6 Employee Benefits

The company provides a range of benefits to employees, including benefits in kind, termination costs, bonus, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received. Annual leave is recognised as an expense and liability in the years of which it relates. Holiday pay is accrued for weekly staff, but monthly staff have a policy to utilise leave by the end of the financial year.

(ii) Defined contribution pension plans

Employee benefits comprise of defined contribution schemes only. Defined contribution schemes are post-employment benefit schemes under the terms of which the company pays defined contributions to various institutions. The contributions are paid in return for services rendered by the employees during the year. They are recognised as expenses of the year in which they are incurred since the company has no legal or constructive obligation to pay additional contributions in the event the scheme has insufficient assets.

(iii) Annual bonus plan

The company operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

2 Accounting Policies (continued)

2.7 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

(ii) Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and the profits included in the statement of income. These timing differences arise from the inclusion of income and expenses in tax assessments in years 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 year end and that are expected to apply to the reversal of the timing difference.

(iii) Research and development tax credits

Research and development tax credits are recognised as other income, when it is probable that they will be received.

2.8 Intangible assets

Intangible assets are comprised of computer software and purchased goodwill. Goodwill is calculated as the capitalised excess of purchase consideration over the fair value of net assets acquired on business combinations.

Goodwill relates to brand name and customer relationships. The material part of the cost of goodwill relates to the acquisition of SPIE Matthew Hall Limited, this was fully amortised during 2017.

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of five to seven years, on a straight line basis.

Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

2 Accounting Policies (continued)

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. 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 charged once assets are available for use, and is provided at rates calculated to write off the cost of property, plant and equipment by equal annual instalments over their expected useful lives, having regard to their residual values. The carrying amounts of property, plant and equipment are also subject to an impairment review at each reporting date. The annual depreciation rates applicable are as follows:

Short term leasehold	-	Over the life of the residual lease
Office equipment	-	4 to 5 years on a straight line basis
Fixtures and Fittings	-	3 years on a straight line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The effect of any change is accounted for prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating income'.

2.10 Leasing

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals under operating leases are charged to the statement of income on a straight-line basis over the lease term.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continue to credit such lease incentives to the statement of income over the period to the first review date on which the rent is adjusted to market rates.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

2 Accounting Policies (continued)

2.11 Impairment of non-financial assets

At each reporting date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows obtainable as a result of the asset's continued use. The cash flows are discounted using a discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income unless the asset has been revalued when the amount is recognised in the statement of other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income.

2.12 Fixed Asset Investments

Fixed asset investments are valued at cost less impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the business or disposal value if higher.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.14 Jointly controlled operation

Investments in joint arrangements can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. SPIE Limited has a joint arrangement classified as a jointly controlled operation.

The company has certain contractual agreements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The company includes its share of the assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the company's interest in the joint arrangement.

2.15 Cash and cash equivalents

Cash and cash equivalent includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

2 Accounting Policies (continued)

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions

Provisions are made for liabilities where, in the directors' opinion, present obligations exist and it is probable that an outflow of funds will be required to settle the financial liabilities in the future and the amounts can be estimated reliably. Where material, future cash flows are discounted in arriving at the amounts to be provided.

Contingent liabilities are potential obligations that arise from past events and whose existence will be confirmed only by the occurrence of uncertain future events but which have not been recognized either because an outflow of resources is unlikely to be required to extinguish the obligation or because the amount cannot be measured with sufficient reliability. Contingent liabilities are disclosed in the notes to the financial statements.

2.18 Government grants

Grants that compensate the company for expenses incurred are recognised in Statement of income as Other income in the periods in which the grants relate to.

2.19 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities, such as trade and other debtors and creditors and loans from third parties.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Related party transactions

The company has taken advantage of the exemptions as provided by section 33.1A of FRS 102 from disclosing related party transactions with wholly owned entities that are part of the SPIE SA. The company discloses transactions with related parties which are now wholly owned with the same group in note 20.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

2 Accounting Policies (continued)

2.21 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

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) *Revenue recognition*

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contract are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

(ii) *Useful economic lives of property, plant and equipment / intangible asset*

The annual depreciation/amortisation charge for property, plant and equipment/intangible 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 notes 9 and 10 for the carrying amount of the intangible and property, plant and equipment, and note 2.9 for the useful economic lives for each class of assets.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

3 Revenue

	2020 £'000	2019 £'000
Provision of services	<u>192,532</u>	<u>191,155</u>

All revenue is attributable to the principal activity of the company and represents services provided in the United Kingdom. The 2019 number includes £5,000 relating to revenue attributable to discontinued operations.

The company operates in one class of business, being the provision of facilities management, building services and engineering.

4 Discontinued Operations

In 2018 a strategic decision was made to divest of the Distribution and transmission (D&T) line of business. This included the sale of predominantly all contracts and related assets for the Distribution and Transmission business in SPIE Limited and another group company, SPIE Leven. The Distribution and Transmission business in SPIE Limited contributed a pre-tax loss of £67,000 in 2019.

5 Operating Profit/(loss)

Operating profit/(loss), before taxation, is stated after charging/(crediting):

	2020 £'000	2019 £'000
Auditors' remuneration		
Audit of financial statements (see below)	320	316
Other income / (expense)		
Coronavirus Job Retention Scheme credits (note 7)	(3,800)	-
Loss on disposal of computer software	7	-
Loss on disposal of property, plant & equipment	14	-
Research & development tax credits	-	(103)
Depreciation & amortisation		
Goodwill and computer software (note 9)	602	634
Owned assets (note 10)	541	546
Operating lease rentals		
Land & buildings	1,765	1,999
Motor vehicles	<u>1,593</u>	<u>-</u>

Auditors' remuneration

Fees paid to PricewaterhouseCoopers LLP for the audit of financial statements include those for fellow subsidiary companies, SPIE FS Northern UK Limited, SPIE Scotshield Limited, SPIE Environmental Engineering (UK) Limited, SPIE MSS Clean Technology Limited, SPIE Leven Energy Services Limited and SPIE WHS Limited and parent company SPIE UK Limited.

The only non-audit services paid to PricewaterhouseCoopers LLP were £20,000 (2019: £20,000) relating to half-year results reporting to SPIE SA group.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

6 Non-recurring costs

In 2020 the following costs / (income) were considered by the company's management as appropriate to be disclosed separately as non-recurring costs:

	2020 £'000	2019 £'000
Restructuring costs	4,809	1,948
Impairment of group debtors	20,469	-
Employee incentive costs	-	(122)
Historic pension liability	-	823
Total Non-recurring costs	25,278	2,649

In 2020, Restructuring costs consist of £3,823,000 redundancy costs and £986,000 of costs mainly related to the exit of leasehold properties incurred as part of a strategic review of the business. Impairment of group debtors relates to amounts owed by the Trios entities at the date of their disposal from the SPIE group and is not expected to be recoverable.

In 2019, Restructuring costs consist of £1,948,000 redundancy costs incurred as part of a strategic review of the business. The £823,000 cost is related to a payable balance for a historic pension liability.

7 Directors and Employees

Staff costs, including directors, were as follows:

	2020 £'000	2019 £'000
Wages and salaries	47,179	76,548
Social security costs	5,897	7,279
Other pension costs	2,672	7,148
Termination benefits	3,823	1,387
Total staff costs	59,571	92,362

During the year £10,954,000 (2019: £8,436,000) was recharged to other entities within the SPIE UK group in relation to employees carrying out work on behalf of these entities.

Included in wages and salaries costs above is £3,800,000 credit (2019: £nil) for government grants relating to furloughed employees under the Coronavirus Job Retention Scheme.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

7 Directors and Employees (continued)

The monthly average number of employees (including directors) during the year, analysed by category, was as follows:

	2020 Number	2019 Number
Technical & operatives	1,960	2,677
Administration	188	272
Total employees	2,148	2,949

The average number of employees includes all staff employed by SPIE Limited, including staff who work in other SPIE UK group entities and whose costs were recharged, as disclosed above.

The UK based directors are the only directors compensated by the company. They were compensated as follows:

	2020 £'000	2019 £'000
Directors' emoluments	569	532
Company pension contribution	38	39
	607	571

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes. The remuneration of directors disclosed above include the following amounts relating to the highest paid director:

	2020 £'000	2019 £'000
Aggregate remuneration	299	291
Company pension contributions	32	33

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

8 Tax on Profit / (Loss)

	2020 £'000	2019 £'000
Current tax	-	-
Deferred tax		
Timing differences	2,964	(3,308)
Effect of tax rate change on opening balance	(932)	-
Total deferred tax	2,032	(3,308)
Total current and deferred tax	2,032	(3,308)

Factors affecting the tax charge / (credit) for the current year

The assessed tax for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
(Loss) / Profit before taxation	(21,615)	5,807
(Loss) / Profit before taxation multiplied by standard rate of taxation in UK at 19% (2019: 19%)	(4,107)	1,103
Fixed asset differences	19	23
Expenses not deductible for taxation purposes	4,347	406
Group relief surrendered	-	(741)
Change in statutory tax rate	3,963	(83)
Deferred tax not recognised	(2,190)	(4,016)
Income tax charge / (credit)	2,032	(3,308)

Deferred tax

The company has an un-recognised deferred tax asset totalling £14,656,000 (2019: £11,900,000) and no deferred tax liability (2019: £nil).

There exists the following recognised deferred tax asset:

	2020 £'000	2019 £'000
Timing differences	5,889	7,921

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

8 Tax on profit (loss) (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would reduce the tax expense for the year by £1,044,000.

9 Intangible Assets

	Goodwill £'000	Computer Software £'000	Total £'000
Cost			
At 1 January 2020	153,683	4,994	158,677
Disposals	-	(16)	(16)
At 31 December 2020	153,683	4,978	158,661
Accumulated Amortisation			
At 1 January 2020	153,683	3,490	157,173
Charge for the year	-	602	602
Disposals	-	(9)	(9)
At 31 December 2020	153,683	4,083	157,766
Net Book Value			
At 31 December 2020	-	895	895
At 31 December 2019	-	1,504	1,504

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

10 Property, plant and equipment

	Short term Leasehold £'000	Office Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2020	4,390	749	101	5,240
Disposals	(276)	(29)	-	(305)
At 31 December 2020	4,114	720	101	4,935
Accumulated Depreciation				
At 1 January 2020	2,477	390	88	2,955
Charge for the year	417	112	12	541
Disposals	(270)	(20)	-	(290)
At 31 December 2020	2,624	482	100	3,206
Net book value				
At 31 December 2020	1,490	238	1	1,729
At 31 December 2019	1,913	359	13	2,285

11 Debtors

	2020 £'000	2019 £'000
Trade debtors	27,968	21,221
Amounts owed by group undertakings	53,835	38,149
Other debtors	302	59
Deferred tax	5,889	7,921
Prepayments and accrued income	5,459	8,932
	93,453	76,282

Trade debtors are stated after a provision of £nil (2019: £nil). Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Included within debtors are amounts falling due in more than one year, in relation to the deferred tax asset; to the sum of £5,889,000 (2019: £7,921,000).

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

12 Creditors: falling due within one year

	2020 £'000	2019 £'000
Payments received on account	-	9,386
Trade creditors	17,485	11,810
Amounts owed to group undertakings	14,734	14,239
Other creditors	5,621	1,908
Taxation and social security	10,503	3,089
Accruals and deferred income	39,851	32,748
	88,194	73,180

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

13 Provisions for Liabilities

	Onerous contracts £'000	Dilapidations £'000	Pension costs £'000	Total £'000
At 1 January 2020	984	352	-	1,336
Additions in the year	-	921	-	921
Transferred from accruals	128	-	823	951
Utilised in the year	(687)	-	-	(687)
At 31 December 2020	425	1,273	823	2,521

Onerous contracts - This contract is expected to complete within the next two years.

Dilapidations - As part of the company's property leasing arrangements there is an obligation to reinstate some properties to their original conditions. The provision is expected to be utilised at the end of the respective property leases between 2021 and 2027.

Pension costs - The timing for payment of these costs is uncertain.

14 Contingent liabilities

The company has contingent liabilities in respect of bonds and guarantees given to third parties entered in the normal course of business totalling £16,470,000 (2019: £9,776,000).

Provisions are made for the Directors' best estimate of known legal claims, investigations and legal actions relating to the company which are considered more likely than not to result in an outflow of economic benefit. If the Directors consider that a claim, investigation or action relating to the company is unlikely to succeed, or the amount of obligation cannot be measured reliably, no provision is made.

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

15 Called up share capital

	2020 £'000	2019 £'000
Authorised		
57,000,000 (2019: 57,000,000) Ordinary shares of £1 each	<u>57,000</u>	<u>57,000</u>
Allotted, issued and fully paid		
50,491,002 (2019: 30,000,002) Ordinary shares of £1 each	<u>50,491</u>	<u>30,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

On 21 December 2020 the company issued 20,491,000 new ordinary shares of nominal value £1 to SPIE UK Limited.

16 Reserves

Share premium account

The share premium account comprises the total amount received in excess of the nominal value for issued share capital.

Accumulated losses

The accumulated losses reserve comprises of the company's accumulated profits and losses, after deducting any distributions made to the company's shareholders

17 Operating lease commitments

The company had the following future minimum lease payment under non-cancellable operating leases for each of the following years:

	2020 Land and buildings £'000	2020 Motor vehicles £'000	2019 Land and buildings £'000	2019 Motor vehicles £'000
Amounts falling due:				
Within one year	1,255	857	1,780	385
Later than 1 year and not later than 5 years	2,141	575	4,111	556
Later than 5 years	<u>62</u>	<u>-</u>	<u>664</u>	<u>77</u>
	<u>3,458</u>	<u>1,432</u>	<u>6,555</u>	<u>1,018</u>

18 Capital commitments

The company has capital commitments of £nil at the year-end (2019: £nil).

SPIE Limited

Notes to the Financial Statements For the year ended 31 December 2020

19 Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,672,000 (2019: £7,148,000). At the year ended 31 December 2020 contributions totalling £594,000 (2019: £656,000) were payable to the funds.

20 Related party transactions

The company has taken the advantage of the exemption under paragraph 33.1A of FRS 102 "Related Party Transactions" where disclosure is not required on the grounds that it is a wholly owned subsidiary of a company headed by SPIE SA, whose financial statements are publicly available.

21 Ultimate parent and controlling party

The immediate parent and controlling party is SPIE UK Limited, a company registered in England & Wales, by virtue of its controlling interest in the ordinary share capital of the company.

The ultimate parent is SPIE SA, incorporated in France. The smallest and largest group of undertakings for which group financial statements will be drawn up is that headed by SPIE SA. The consolidated financial statements of SPIE SA are available to the public and may be obtained from SPIE SA, 10 avenue de l'entreprise, 95863 Cergy, Pontoise Cedex, France.

In the Directors' opinion there is no ultimate controlling party due to SPIE SA being listed on Euronext Paris.