

Registered number: 06740881

## **SPELLER METCALFE LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020**



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**SPELLER METCALFE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S. R. Speller A. J. Metcalfe M. E. Clarke
<b>Company secretary</b>	M. E. Clarke
<b>Registered number</b>	06740881
<b>Registered office</b>	Maple Road Enigma Business Park Malvern Worcestershire WR14 1GQ
<b>Solicitors</b>	Harrison Clark Rickerbys 5 Deansway Worcester Worcestershire WR1 2JG
<b>Independent auditor</b>	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
<b>Bankers</b>	Santander 4 Broad St Worcester WR1 3LH
<b>Financial Advisers</b>	McCarthy Taylor Limited 100 High Street Evesham Worcestershire WR11 4EU

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**SPELLER METCALFE LIMITED**

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## SPELLER METCALFE LIMITED

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### GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2020

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#### Introduction

The principal activities of the Group is as building contractors, undertaking construction projects across a variety of sectors including education, healthcare, commercial, sports and leisure, retail and housing.

#### Business review

Following a challenging period for the business in 2018/19, the Directors are pleased to report that the Group has returned to profitability in the period covered by these financial statements. This is solid evidence that the measures implemented since March 2019 to protect the Group and increase profitability have proved successful, with a profit after tax of £1,484,381 for the period October 2019 – March 2020.

As detailed in the Group's strategic report for the period ending September 2019 and following a period of market uncertainty and accelerated growth, the Group posted its first ever post-tax loss. While external factors had a significant part to play, we have reassessed our business model internally to identify key areas of risk:

- Extending our geographical reach beyond our existing tried and tested supply chain;
- High value schemes with limited experience in delivery;
- High risk projects, particularly within the private sector;
- New sectors – although diversifying has proved successful on previous occasions, this has not applied to all sectors;
- Increase in operating costs that fell out of line with turnover.

As a result of this analysis the Group has managed to reassess its priorities and has shifted its path from one of growth to a robust, three-year business plan based on a sustainable business model that reflects the Speller Metcalfe ethos. By concentrating on our areas of expertise and as a result of the above, the Group is better able to manage its principal risks.

Within this model each operating division has its own development plan to identify strengths and goals, with divisional plans aligned to the overall Group strategy. This process has enabled us to be more selective, delivering projects more suited to the appropriate division and available staff capabilities, while targeting improved margins.

A key area of focus has been appointment to frameworks - particularly within the public sector - where historically we have had proven success. At the end of this reporting period we are now appointed to a significant number of frameworks (majority public sector), bringing government-funded work streams into the business. With the current state of the economy and the government's plan to 'Build, Build, Build', this presents the Company with an enviable ongoing pipeline of opportunities that puts us in a comparably strong position within the industry. Framework allocations include SEWSCAP, Department for Work and Pensions, Homes England DPP3, Crown Commercial Services, Pagabo, Procure Partnerships Minor Works Framework, Gloucestershire County Council Major Construction Works and Westworks.

Internally our 'ReFocus' strategy to optimise operating expenditure has enabled the Group to significantly reduce its operating costs, achieving a £2 million saving on overheads since March 2019. The Directors will continue to review this process to ensure it mirrors the needs of the business, as well as encourage investment in meeting the needs of our staff and the wider industry.

By moving from a path of growth to consolidation, working collaboratively within our capabilities and areas of expertise, investing in our workforce and reducing risk we have been able to realise a positive trend of profitability and work to a strategy better aligned with the ethos that Speller Metcalfe was founded on. The Directors consideration of Going Concern is detailed in the Directors Report.

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## SPELLER METCALFE LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

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#### Principal risks and uncertainties

##### COVID 19

The full impact of this global pandemic is still an unknown quantity for the construction sector. At the start of the pandemic all Speller Metcalfe site operations were paused to ensure we could meet government guidelines for social distancing and safe working. All site operations have since resumed with contingency plans in place, however we will continue to have to react to events as they unfold, which so far have included disruption to our sub-contract workforce, limited supply of materials in some circumstances and project delays from clients looking to minimise their own risk. The Directors are pleased that our staff, supply chain and clients have all reacted positively to the challenges that have been presented by this pandemic and will ensure that the high standards that the Group has set itself are not allowed to drop. The Directors regularly review the evolving guidance and will adapt the Group's site operating procedures to ensure the health safety and welfare of everybody working on or visiting our sites and offices.

##### Financial

The Group manages and monitors our liquidity risk to ensure we are able to meet our liabilities both in the short and medium-term. This includes effective cash-forecasting, working capital management and collaborative engagement with banks, lenders and sureties.

##### Health and Safety

Within the business of construction the Group undertakes activities that have the potential to cause injury or hazards to our workforce, site visitors, members of the public and the environment. To minimise risk, reputational damage or potential liability we work to stringent policies and procedures, which are regularly reviewed.

##### Workforce

The industry as a whole is at risk of an aging workforce and a lack of skilled workers. Speller Metcalfe invests in training and development of our staff, as well as recruiting from outside of the business across all levels. This includes development of our own apprenticeship scheme, an Adopt-a-School initiative to provide training, development and job opportunities with local schools, and supporting our supply chain with professional development as our projects require.

##### Cyber security and GDPR

Some notable UK businesses have been subject to severe malware attacks in recent months, which could impact on our ability to both deliver our projects and our reputation as a trusted brand. Robust controls and procedures are in place to help mitigate these issues, including continual review of our IT infrastructure and data protection procedures.

##### Credit

Our credit risk and exposure is regularly reviewed and stress tested by the Board of Directors, with funding arrangements put in place as required. The credit insurance market has shown a significant hardening position since the end March 19, the Directors recognise that there is a government-backed scheme for trade and credit insurance, unfortunately in the initial stages of this take up appears to be low and it is sincerely hoped that the major insurance firms do utilise this facility to ease the burden on the industry.

##### Market

With the level of uncertainty still in place surrounding Brexit and the ongoing global effect of COVID-19, we continue to monitor market changes and review Group and Company business plans to ensure we are as well positioned as possible to respond to changing marketing conditions and ensure the continued delivery our services, which may become vulnerable during an economic downturn. As of July 2020, the Group has secured 74% of its expected turnover to the financial year ending March 2021.

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**SPELLER METCALFE LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**Financial key performance indicators**

The Group measures its financial performance for the year using the following indicators:

	2019-20	2018-19
Gross profit %	9.7%	5.3%
Profit/(loss) before tax %	2.5%	(3.2)%
Average cash balances during the year	£2.9m	£6.8m

**Other key performance indicators**

The Group measures its non-financial performance using the following indicators:

	2019-20	2018-19
<i>Considerate Constructors Scheme:</i>		
Speller Metcalfe Malvern average site score	37.7/50	37.5/50
National average site score	36.38/50	36.38/50
<i>Site waste recycling:</i>		
Percentage of construction waste diverted from landfill	98.24%	97.7%
Accident frequency rate (per 1,000,000 hours)	0.00	5.38

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## SPELLER METCALFE LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

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#### **Directors' statement of compliance with duty to promote the success of the Group**

The Board of Directors welcomes the new reporting requirement as an opportunity to explain how dialogue with stakeholders has informed and helped to shape its decisions.

Through working collaboratively with staff throughout our organisational structure and listening to feedback, the directors' act in good faith to ensure consideration is made of the impact of the decision-making process on all of our stakeholders, and how they will most likely promote the success of the Company both in the short and longer-term.

Led by our two founding members, Steve Speller and Andy Metcalfe, the board works hard to ensure our approach is aligned with our family values, which are based upon a non-adversarial approach and a teamwork ethos that runs throughout the business.

#### **Employees**

Speller Metcalfe is a people-first employer, and we consistently look to promote a diverse and healthy workforce, both physically and mentally, while providing access to all through our Equal Opportunities policy. We recognise that our staff are the key to our success, helping us to maintain a strong reputation for high standards of business conduct, which is evidenced by our Investors in People 'Silver' accreditation.

*Training and development opportunities are regular discussed at personal development reviews. Staff are encouraged to pursue mentoring opportunities and further qualifications within their specialist areas (for example chartered status within MCIOB, MRICS, MCIPR, CIM etc.).*

In the past 18 months initiatives have focused on health and safety, diversity, inclusion and mental health. This includes training and visibility of MHFA England trained Mental Health First Aiders throughout the business, on-site Black Hat safety champions and signing the Time to Change Employer Pledge to help end mental health discrimination, supported by our Mental Health and Wellbeing policy.

#### **Clients and Partners**

Our teamwork ethos and family values are what marks our ability to develop long-term relationships, with a substantial part of our business procured through direct negotiation.

The directors commit considerable time, effort and resources into understanding and responding to the needs of our clients and partners, meeting the highest standards and working quickly to resolve any isolated disagreements that may arise from time-to-time.

We are passionate about sharing knowledge to improve the industry for all, having established free CPD events across three UK regions under our 'Bill Munn Knowledge Series' brand, which brings together professionals from throughout the industry and beyond to share knowledge, best practice and provide insight into topical issues.

#### **Supply Chain**

The directors have established company procedures to individually verify external suppliers to ensure they meet with the health and safety, regulatory and financial security standards required by Speller Metcalfe and our clients. We performance mark our supply chain on a monthly basis in order to identify the best and worst performers, enabling us to reward our best performers and form long-term relationships. We seek feedback from suppliers on our own performance and hold regular Meet the Buyer events, as well as provide opportunities for one-to-one consultations and communications through a dedicated supply chain newsletter, The Link.

Speller Metcalfe targets a minimum of 70% sub-contract and materials orders to be placed within 30 miles of a project, recognising the need to ensure strong supply chains and support the local economy. We are committed to fair payment terms of our supply chain, which average 37 days across our operations.

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## SPELLER METCALFE LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

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#### **Community and the Environment**

Valuing the communities in which we operate - and the individuals who live and work in them – is intrinsic to how Speller Metcalfe operates. We work to identify opportunities for us to help support, invest in and regenerate the places where we work, creating safer communities and empowering people to reach their full potential. This is undertaken through a range of initiatives in line with the Considerate Constructors Scheme and by adhering to our own Social Value Charter core values.

We work closely with education providers across all age groups and needs to promote the industry and opportunities within construction, including mentoring, work experience placements, careers advice and Speller Metcalfe's own Apprenticeship Academy and Adopt-A-School schemes.

Our considerate and environmentally sustainable approach is award-winning, and an integral part of our DNA. Supported by our in-house SHEQ team (Safety, Health, Environment and Quality) we are always looking for ways to improve and innovate our practices to continually improve and help negate our environmental impact, and support our supply chain partners in doing the same.

We set targets for ourselves on both cross-organisational and project specific levels to support us in three key aims; reducing waste, reducing our CO2 emissions and protecting and enhancing biodiversity. Our Carbon Reduction Policy, established in 2014, enables us to identify our relative carbon footprint and benchmark our reporting, referenced in the Streamlined Energy and Carbon Reporting (SECR) report (June 2020). We are also UKAS ISO14001 certified to ensure effective environmental management systems are in place and adhered to.

#### **Standards and conduct**

The Speller Metcalfe Group and our subsidiary companies have a series of defined codes of practice regarding ethical standards and the conduct of business, which reflect our five core values:

- Forward-thinking
- Collaborative
- Sustainable
- Considerate
- Trustworthy

These are reinforced through our company policies and clearly communicated to every staff member, whom we expect to adhere to and enforce these codes of working practice. Many of our employees who have gained chartered membership status also adhere to extended codes of ethical conduct that all members must sign up to (e.g. CIOB, RICS etc.).

#### **Employment policies**

The Group places great importance on ensuring Health and Safety regulations are complied with in order to maintain the safety of its employees and other site visitors. The Group and all of the Speller Metcalfe subsidiaries have achieved OHSAS 18001, an occupational Health and Safety recognition for our investment in the workforce.

The Group has achieved Silver Standard accreditation with Investors in People.

#### **Environmental matters**

The Group acknowledges that its activities have an impact on the environment and strives to minimise any harmful effect by adopting a responsible attitude to these issues. The Group is ISO 14001 accredited. All relevant legislation and regulations are met and where practicable exceeded.



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**SPELLER METCALFE LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**Future developments**

The Global Covid-19 pandemic continues to develop and impact on working environments. Consideration of the impact of this is detailed above.

This report was approved by the board on *24 August 2020* and signed on its behalf.

  
**M. E. Clarke**  
Secretary

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## SPELLER METCALFE LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2020

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*The Directors present their report and the financial statements for the period ended 31 March 2020.*

#### **Directors' responsibilities statement**

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £1,484,381 (2019 - loss £4,998,505).

#### **Directors**

The Directors who served during the period were:

S. R. Speller  
A. J. Metcalfe  
M. E. Clarke

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## SPELLER METCALFE LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

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#### Going concern

At 31 March 2020 the Group had shareholder's funds of £510,785 (September 2019 deficit £973,596), demonstrating that the improving trading results that have been experienced since March 19 have continued. The Group continues to trade profitably and with a strong order book this will strengthen its balance sheet further.

As noted in the Strategic Report, in the period before signing these accounts the Group - along with the rest of the country - was affected by COVID-19. Whilst initially this had an adverse effect on turnover levels the Directors are encouraged that all of its sites are now operational and production levels are achieving what the Directors expected at the start of the pandemic. During these unprecedented times the Group has taken advantage of government support that has been available through the Coronavirus Job Retention Scheme, deferral of HMRC payments (VAT and PAYE) and in the period just before signing off these accounts has secured a £4m CLIBLS facility that will serve to support the business further through these periods of uncertainty.

These financial statements are prepared on a Going Concern basis and while, due to events outside of the Directors control, the future in relation to the COVID pandemic remains uncertain the Directors are confident in the Group's ability to deal with any future changes in guidance or restrictions, which would be expected to be short-term in their impact.

#### Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption for the period are

(Data for the period 1 April 2019 to 30 September 2019)

Electricity (kWh)	279,356.22
Gas (kWh)	11,775.00
Fuel (litres)	68,685.21
Transport fuel (litres)	67,032.04
Water (m3)	4,309.27

Associated Greenhouse gas emissions Tonnes CO2 equivalent 436.97

Intensity ratio Emissions per £1m turnover 30.54

#### Methodologies

To allow for accurate and representative data to include within our Streamlined Energy and Carbon Reporting, strategic procedures were identified and followed to determine appropriate calculations for data disclosures. The following methodologies were utilised to ensure verifiable data was obtained, where reasonably practicable:

Electricity: meter reading data was obtained directly from the supplier, accessed from invoices provided to our internal accounts department. Data was provided in 'kWh' (Kilowatt Hour, measure of energy) figures, allowing for direct input into our monitoring & data collecting process.

Gas: similarly, meter reading data obtained directly from the supplier, provided to accounts department through invoices. Figures were also given in 'kWh', enabling direct input into data graphs for trend collection.

Water: data usage was obtained from water rates invoices, provided directly to our internal accounts department, by specific water providers. Usage rates were given in metres cubed (m3), for the date period stated.

Once this activity data (energy usage) had been obtained, the following equation was utilised to calculate the GHG emissions caused from energy consumption.

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## SPELLER METCALFE LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

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Activity Data (energy usage) x Emission Factor = GHG Emissions

To convert the energy usage data into GHG emissions, the quantity of energy used was multiplied by the Carbon Conversion Factor. These were as follows:

Electricity: 1 kWh is equivalent to 0.2556 Kg Co2e;

Gas: 1 kWh is equivalent to 0.18385 Kg CO2e;

Water: 1m3 is equivalent to 0.344 Kg CO2e.

The conversion factors used were sourced from the Government Conversion Factors

#### Energy efficient action taken

##### Carbon & Sustainable Development Policy

Throughout the financial year, we have adopted a pragmatic approach to reviewing our Carbon and Sustainable Development Policy, initially developed in line with the National Targets set in the UK Climate Change Act 2008, to reduce the UK's carbon footprint by 80% from 1990 levels, by 2050. As such, reduction of (GHG's) at source has become the focus of our company Sustainable Strategy, facilitated through the monitoring of carbon emissions resulting from; employee business travel, commercial vehicles, plant fuel and office energy usage. Furthermore, we have worked with our clients and associate supply chain to reduce their energy use and emission output.

##### Material Sourcing Policy

We have worked in line with our Material Sourcing Policy to increase the procurement of sustainably produced construction materials to reduce embodied carbon in the construction lifestyle. This is achieved through continual use of 'The Green Guide Specification' to reference materials with; high recycled content, low-carbon odours, non-toxic, low global warming potential refrigerants and low-carbon concrete mixes. We have an inter-site programme to co-ordinate reuse of materials on other projects where no longer required, thus reducing waste and further unessential purchasing. Timber products are procured from sustainable sources, with certificated of authenticity (i.e. FSC/PEFC), and we prioritise suppliers who have ISO 14001 environmental accreditation. Furthermore, we limit the buying of materials with high Volatile Organic Compound's (VOCs), such as flooring adhesive and glues and ensure insulation bought has a Global Warming Potential of less than 5, where specification allows.

##### Company Behavioural Changes

We have systematically adopted our company working attitudes and behaviour to allow for a more sustainable working pattern, in line with reducing our energy usage as a company. These adjustments include reducing our business travel facilitated through virtual communication, web meetings and increased use of online platforms to reduce both commuting time and distance. Furthermore, flexible working, such as remote working from home has been encouraged to increase business production whilst reducing commuting emissions.

In addition to the above, we are progressively undertaking an internal transport review with the Energy Saving Trust, in order to assess where alternative fleet transport (hybrid and electric vehicles) can be effectively utilised to reduce our energy consumption, fossil fuel output and GHG emissions from business vehicles. At our office headquarters in Malvern, we have an electric car charging point, which is utilised by existing employees with electric cars. On our construction projects, we have ensured the hire of eco-cabins since 2014, for site offices, sub-contractor offices and welfare facilities, which allow for a CO2 saving of 20-30% compared to normal construction cabins. This is facilitated through Passive Infrared Sensors (PIR) for lighting and heating with timers, fully insulated floors/ceilings/walls, double-glazed windows to reduce energy escape, non-concussive aerated taps to minimize water usage and waterless technologies where possible.

During the initial phase of a project starting, many site cabin set-ups are reliant on fuel generators due to the nature and/or location of many construction projects. We take great efforts to ensure these set-ups are established and connected to mains power as soon as possible, as this results in a lower carbon factor/input.

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**SPELLER METCALFE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**Disclosure of information to auditor**

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

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

**Post balance sheet events**

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the Company. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Group has obtained a CLBILs loan facility from the Bank of £4m to provide additional working capital required as a result of the Covid-19 pandemic.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *24 August 2020* and signed on its behalf.



**M. E. Clarke**  
Secretary

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## **SPELLER METCALFE LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF SPELLER METCALFE LIMITED**

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#### **Opinion**

We have audited the financial statements of Speller Metcalfe Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 March 2020, which comprise the Group Statement of Income and Retained Earnings, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## **SPELLER METCALFE LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF SPELLER METCALFE LIMITED (CONTINUED)**

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#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

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**SPELLER METCALFE LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF SPELLER METCALFE LIMITED (CONTINUED)**

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**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

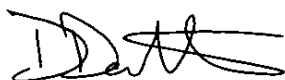
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

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



Dave Darlaston (Senior Statutory Auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

28/8/2020



SPELLER METCALFE LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE PERIOD ENDED 31 MARCH 2020**

	Note	Six months to 31 March 2020 £	<i>Eighteen months to 30 September 2019 £</i>
Turnover	4	<b>65,106,944</b>	197,215,939
Cost of sales		<b>(58,809,270)</b>	186,814,288
<b>Gross profit</b>		<b>6,297,674</b>	10,401,651
Administrative expenses		<b>(4,646,032)</b>	(16,707,298)
Other operating income	5	<b>33,345</b>	45,865
<b>Operating profit/(loss)</b>	6	<b>1,684,987</b>	(6,259,782)
Interest receivable and similar income	10	<b>1,311</b>	12,110
Interest payable and expenses	11	<b>(59,179)</b>	(21,800)
<b>Profit/(loss) before tax</b>		<b>1,627,119</b>	(6,269,472)
Tax on profit/(loss)	12	<b>(142,738)</b>	1,270,967
<b>Profit/(loss) after tax</b>		<b>1,484,381</b>	(4,998,505)
Retained earnings at the beginning of the period		<b>(1,073,596)</b>	4,184,909
Profit/(loss) for the period attributable to the owners of the parent		<b>1,484,381</b>	(4,998,505)
Dividends declared and paid		-	(260,000)
<b>Retained earnings at the end of the period</b>		<b>410,785</b>	(1,073,596)
<b>Non-controlling interest at the end of the period</b>			

The notes on pages 19 to 35 form part of these financial statements.

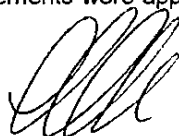
**SPELLER METCALFE LIMITED**  
**REGISTERED NUMBER: 06740881**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	31 March 2020 £	30 September 2019 £
<b>Fixed assets</b>			
Intangible assets	14	1,245	1,471
Tangible assets	15	871,137	949,700
		<u>872,382</u>	<u>951,171</u>
<b>Current assets</b>			
Stocks	17	2,363,745	2,363,745
Debtors: amounts falling due within one year	18	26,582,414	23,705,770
Cash at bank and in hand		7,169,997	4,832,446
		<u>36,116,156</u>	<u>30,901,961</u>
Creditors: amounts falling due within one year	19	(35,220,788)	(32,105,823)
<b>Net current assets/(liabilities)</b>		<u>895,368</u>	<u>(1,203,862)</u>
<b>Total assets less current liabilities</b>		<u>1,767,750</u>	<u>(252,691)</u>
<b>Provisions for liabilities</b>			
Other provisions	22	(1,256,965)	(720,905)
		<u>(1,256,965)</u>	<u>(720,905)</u>
<b>Net assets/(liabilities)</b>		<u><u>510,785</u></u>	<u><u>(973,596)</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	100,000	100,000
Profit and loss account		410,785	(1,073,596)
<b>Equity attributable to owners of the parent Company</b>		<u>510,785</u>	<u>(973,596)</u>
		<u><u>510,785</u></u>	<u><u>(973,596)</u></u>

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

**S. R. Speller**  
Director



**A. J. Metcalfe**  
Director

26 August 2020  


The notes on pages 19 to 35 form part of these financial statements.

**SPELLER METCALFE LIMITED**  
**REGISTERED NUMBER: 06740881**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2020**

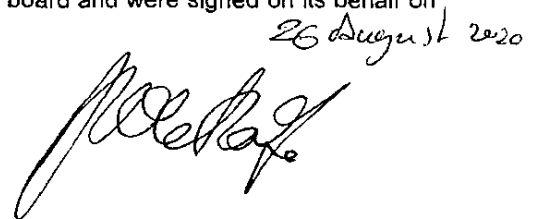
	Note	31 March 2020 £	30 September 2019 £
<b>Fixed assets</b>			
Tangible assets	15	360,312	371,426
Investments	16	120,002	120,002
		<u>480,314</u>	<u>491,428</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	18	698,842	1,047,997
Cash at bank and in hand		42,134	77,814
		<u>740,976</u>	<u>1,125,811</u>
Creditors: amounts falling due within one year	19	(697,831)	(971,829)
<b>Net current assets</b>		<u>43,145</u>	<u>153,982</u>
<b>Total assets less current liabilities</b>		<u>523,459</u>	<u>645,410</u>
<b>Provisions for liabilities</b>			
Deferred taxation	21	(3,327)	(16,792)
<b>Net assets</b>		<u><u>520,132</u></u>	<u><u>628,618</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	100,000	100,000
Profit and loss account brought forward		528,618	797,383
Loss for the period		(108,486)	(8,765)
Other changes in the profit and loss account		-	(260,000)
		<u>420,132</u>	<u>528,618</u>
<b>Profit and loss account carried forward</b>		<u><u>520,132</u></u>	<u><u>628,618</u></u>

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

**S. R. Speller**  
 Director



**A. J. Metcalfe**  
 Director

*26 August 2020*  


The notes on pages 19 to 35 form part of these financial statements.

**SPELLER METCALFE LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2020**

	<b>31 March 2020 £</b>	<b>30 September 2019 £</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial period	<b>1,484,381</b>	<b>(4,998,505)</b>
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>226</b>	<b>704</b>
Depreciation of tangible assets	<b>119,716</b>	<b>470,150</b>
Loss on disposal of tangible assets	<b>-</b>	<b>(6,796)</b>
Government grants	<b>(26,659)</b>	<b>-</b>
Interest paid	<b>59,179</b>	<b>21,800</b>
Interest received	<b>(1,311)</b>	<b>(12,110)</b>
Taxation charge	<b>142,738</b>	<b>(1,270,967)</b>
Decrease/(increase) in stocks	<b>-</b>	<b>(1,151,988)</b>
(Increase)/decrease in debtors	<b>(3,012,359)</b>	<b>1,334,142</b>
Increase in creditors	<b>3,055,786</b>	<b>2,679,809</b>
Increase/(decrease) in provisions	<b>536,060</b>	<b>(360,535)</b>
Corporation tax (paid)	<b>(7,023)</b>	<b>(196,443)</b>
<b>Net cash generated from operating activities</b>	<b>2,350,734</b>	<b>(3,490,739)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(41,153)</b>	<b>(193,234)</b>
Sale of tangible fixed assets	<b>-</b>	<b>122,427</b>
Government grants received	<b>26,659</b>	<b>-</b>
Interest received	<b>1,311</b>	<b>12,110</b>
<b>Net cash from investing activities</b>	<b>(13,183)</b>	<b>(58,697)</b>
<b>Cash flows from financing activities</b>		
Other new loans	<b>59,179</b>	<b>1,720,789</b>
Dividends paid	<b>-</b>	<b>(260,000)</b>
Interest paid	<b>(59,179)</b>	<b>(21,800)</b>
<b>Net cash used in financing activities</b>	<b>-</b>	<b>1,438,989</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,337,551</b>	<b>(2,110,447)</b>
Cash and cash equivalents at beginning of period	<b>4,832,446</b>	<b>6,942,893</b>
<b>Cash and cash equivalents at the end of period</b>	<b>7,169,997</b>	<b>4,832,446</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		

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**SPELLER METCALFE LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

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	<b>31 March 2020 £</b>	<b>30 September 2019 £</b>
Cash at bank and in hand	<b><u>7,169,997</u></b>	<b><u>4,832,446</u></b>

The notes on pages 19 to 35 form part of these financial statements.

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## SPELLER METCALFE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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#### 1. General information

Speller Metcalfe Limited is a company registered in England and Wales, registration number 06740881. The registered office is Maple Road, Enigma Business Park, Malvern, Worcestershire, WR14 1GQ.

Speller Metcalfe Limited acts as a holding company and provides management and administration services to its subsidiary undertakings. The principal activity of its subsidiary undertakings is that of buildings contractors.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial year end has been shortened to cover the six month period ended 31 March 2020 for commercial reasons.

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

##### 2.3 Going concern

At 31 March 2020 the Group had shareholder's funds of £510,785 (September 2019 deficit £973,596), demonstrating that the improving trading results that have been experienced since March 19 have continued. The Group continues to trade profitably and with a strong order book this will strengthen its balance sheet further.

As noted in the Strategic Report, in the period before signing these accounts the Group - along with the rest of the country - was affected by COVID-19. Whilst initially this had an adverse effect on turnover levels the Directors are encouraged that all of its sites are now operational and production levels are achieving what the Directors expected at the start of the pandemic. During these unprecedented times the Group has taken advantage of government support that has been available through the Coronavirus Job Retention Scheme, deferral of HMRC payments (VAT and PAYE) and in the period just before signing off these accounts has secured a £4m CLIBLS facility that will serve to support the business further through these periods of uncertainty.

These financial statements are prepared on a Going Concern basis and while, due to events outside of the Directors control, the future in relation to the COVID pandemic remains uncertain the Directors are confident in the Group's ability to deal with any future changes in guidance or restrictions, which would be expected to be short-term in their impact.

##### 2.4 Turnover

Turnover comprises both the invoiced value of goods and services supplied, exclusive of Value Added Tax and Trade discounts, driven by third party surveyor valuations, adjusted for unbilled amounts recoverable on contracts calculated by internal surveyor valuations.

Turnover on non-contract housing projects is recognised upon the exchange of contracts of each property sale.

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

The estimated useful lives range as follows:

Software	-	5	years
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**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	- 2% straight line
Motor vehicles	- 20% - 25% straight line
Plant, fixtures & fittings	- 20% - 25% straight line

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.9 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans to related parties.

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## SPELLER METCALFE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### Debtors

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

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less provision for foreseeable losses. Surveyor valuations of individual contracts are used as the basis for establishing the attributable profit or foreseeable loss at the balance sheet date.

##### Creditors

Short term creditors are measured at the transaction price.

Payments received on account are deducted from amounts recoverable on contracts. Excess progress payments are included in creditors as payments received on account.

#### 2.10 Share options

The Company operates an Enterprise Management Incentive (EMI) share option scheme. Where material these options are accounted for in accordance with applicable accounting standards.

#### 2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.12 Provisions for liabilities

Provisions are charged as an expense to the Income Statement in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into accounts relevant risks and uncertainties.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made included:

##### Recognition of contracts:

Internal and third party surveyors valuations of individual contracts are used as the basis for establishing turnover and the attributable profit or foreseeable loss recognised at the balance sheet date. Amounts recoverable on contracts, which are included in debtors, arise where internal surveyor valuations are in excess of third party valuations. Third party valuations in excess of internal valuations are deducted from turnover and included within creditors as payments on account. Costs to complete are consistently monitored and updated to ensure correct profitability is recognised.

Each contract is monitored against the specific terms and conditions and where additional liabilities or penalties become due these are provided for based on management assesment of end situation taking in independent opinion as and when required.

A specific provision for maintenance costs is allocated to each contract based on an internal surveyor's judgement and experience.



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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**4. Turnover**

The whole of the turnover is attributable to the principal activity of the Group.

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>Six months to 31 March 2020 £</b>	<i><b>Eighteen months to 30 September 2019 £</b></i>
Miscellaneous income	<b>19</b>	15,865
Government grants receivable	<b>26,659</b>	-
Rental income	<b>6,667</b>	30,000
	<b>33,345</b>	45,865

**6. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>Six months to 31 March 2020 £</b>	<i><b>Eighteen months to 30 September 2019 £</b></i>
Depreciation of tangible fixed assets	<b>119,716</b>	470,150
Amortisation of intangible assets, including goodwill	<b>226</b>	704
Operating lease rentals	<b>281,177</b>	928,096
	<b>400,667</b>	1,397,542

**7. Auditor's remuneration**

	<b>31 March 2020 £</b>	<i><b>30 September 2019 £</b></i>
Fees payable to the Group's auditor for the audit of the subsidiaries	<b>35,500</b>	60,000
Other services relating to taxation and accounting matters	<b>13,862</b>	25,592

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**8. Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>5,628,656</b>	15,988,574
Social security costs	<b>680,925</b>	2,118,462
Cost of defined contribution scheme	<b>391,527</b>	1,271,942
	<b>6,701,108</b>	19,378,978

Non-statutory/non-contractual severance payments were paid to 2 (2019: 4) individuals totalling £1.313 (2019: £73,300).

The average monthly number of employees, including the Directors, during the period was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Management and administration	<b>126</b>	143
Site operatives and supervisors	<b>90</b>	106
	<b>216</b>	249

**9. Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>285,030</b>	667,684
Company contributions to defined contribution pension schemes	<b>16,081</b>	75,096
	<b>301,111</b>	742,780

During the period retirement benefits were accruing to 3 Directors (2019 - 4 in respect of defined contribution pension schemes).

The highest paid Director received remuneration of £151,418 (2019 - £248,062).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2019 - £19,259).

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**10. Interest receivable**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank & other interest receivable	<b>1,311</b>	<b>12,110</b>

**11. Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other interest payable	<b>59,179</b>	<b>21,800</b>

**12. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the period	<b>(15,007)</b>	<b>(240,214)</b>
Adjustments in respect of previous periods	<b>-</b>	<b>(240,403)</b>
<b>Total current tax</b>	<b>(15,007)</b>	<b>(480,617)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>240,011</b>	<b>(777,740)</b>
Adjustments in respect of previous periods	<b>-</b>	<b>(12,610)</b>
Effect of tax rate change on opening balance	<b>(82,266)</b>	<b>-</b>
<b>Total deferred tax</b>	<b>157,745</b>	<b>(790,350)</b>
<b>Taxation on profit/(loss) on ordinary activities</b>	<b>142,738</b>	<b>(1,270,967)</b>

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**12. Taxation (continued)**

**Factors affecting tax charge for the period**

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

	2020 £	2019 £
Profit/ (loss) on ordinary activities before tax	<u>1,627,442</u>	<u>(6,269,370)</u>
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>309,214</b>	<b>(1,191,180)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,856	60,458
Fixed asset timing differences	3,157	9,223
Additional deduction for R&D Expenditure	(94,972)	(191,095)
Surrender of losses for R&D tax credit refund	4,657	74,549
Adjustments to corporate tax charge in respect of prior periods	-	(240,403)
Adjustments to deferred tax charge in respect of prior periods	-	(12,610)
Adjust deferred tax to average rate	(82,265)	91,500
Losses carried back	-	127,773
Other permanent differences	91	818
<b>Total tax charge for the period</b>	<u><b>142,738</b></u>	<u><b>(1,270,967)</b></u>

**Factors that may affect future tax charges**

Deferred tax has been provided at 19% (2019 - 17%) as this is the rate at which the Directors expect these timing differences to reverse. There were no other factors that may affect future charges.

**13. Dividends**

	31 March 2020 £	30 September 2019 £
Dividends paid	<u>-</u>	<u>260,000</u>

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SPELLER METCALFE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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14. Intangible assets

Group and Company

	Software £
<b>Cost</b>	
At 1 October 2019	2,406
At 31 March 2020	<u>2,406</u>
<b>Amortisation</b>	
At 1 October 2019	935
Charge for the period on owned assets	226
At 31 March 2020	<u>1,161</u>
<b>Net book value</b>	
At 31 March 2020	<u>1,245</u>
At 30 September 2019	<u>1,471</u>

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**15. Tangible fixed assets**

**Group**

	Freehold property £	Motor vehicles £	Plant, fixtures & fittings £	Total £
<b>Cost</b>				
At 1 October 2019	337,221	570,306	2,026,470	2,933,997
Additions	-	11,704	29,449	41,153
At 31 March 2020	<u>337,221</u>	<u>582,010</u>	<u>2,055,919</u>	<u>2,975,150</u>
<b>Depreciation</b>				
At 1 October 2019	26,093	488,049	1,470,155	1,984,297
Charge for the period on owned assets	2,373	19,470	97,873	119,716
At 31 March 2020	<u>28,466</u>	<u>507,519</u>	<u>1,568,028</u>	<u>2,104,013</u>
<b>Net book value</b>				
At 31 March 2020	<u><u>308,755</u></u>	<u><u>74,491</u></u>	<u><u>487,891</u></u>	<u><u>871,137</u></u>
At 30 September 2019	<u><u>311,128</u></u>	<u><u>82,257</u></u>	<u><u>556,315</u></u>	<u><u>949,700</u></u>

Included in freehold property is freehold land of £100,000 which is not depreciated.

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SPELLER METCALFE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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15. Tangible fixed assets (continued)

Company

	Freehold property £	Plant, fixtures & fittings £	Total £
<b>Cost</b>			
At 1 October 2019	337,221	250,493	587,714
Additions	-	3,797	3,797
At 31 March 2020	337,221	254,290	591,511
<b>Depreciation</b>			
At 1 October 2019	26,093	190,195	216,288
Charge for the period on owned assets	2,373	12,538	14,911
At 31 March 2020	28,466	202,733	231,199
<b>Net book value</b>			
At 31 March 2020	308,755	51,557	360,312
At 30 September 2019	311,128	60,298	371,426

Included in freehold property is freehold land of £100,000 which is not depreciated.

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SPELLER METCALFE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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16. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 October 2019	150,002
At 31 March 2020	150,002
<b>Impairment</b>	
At 1 October 2019	30,000
At 31 March 2020	30,000
<b>Net book value</b>	
At 31 March 2020	120,002
At 30 September 2019	120,002

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Speller Metcalfe Malvern Limited	Ordinary	100%
Speller Metcalfe Gloucester Limited	Ordinary	100%
Speller Metcalfe London Limited	Ordinary	100%
Speller Metcalfe Living Limited	Ordinary	100%
Speller Metcalfe Developments (Bromsberrow) Limited	Ordinary	100%

The registered office of all subsidiaries is Maple Road, Enigma Business Park, Malvern, Worcestershire, WR14 1GQ.



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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**17. Stocks**

	<b>Group 31 March 2020 £</b>	<i>Group 30 September 2019 £</i>
Work in progress	<b>2,363,745</b>	<i>2,363,745</i>

Stock recognised in cost of sales during the period as an expense was £nil (2019 - £283,003)

**18. Debtors**

	<b>Group 31 March 2020 £</b>	<i>Group 30 September 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 30 September 2019 £</i>
Trade debtors	<b>16,762,911</b>	<i>12,932,213</i>	<b>480</b>	<i>480</i>
Amounts owed by group undertakings	<b>-</b>	<i>-</i>	<b>112,180</b>	<i>319,551</i>
Other debtors	<b>3,811,676</b>	<i>3,245,783</i>	<b>479,123</b>	<i>469,431</i>
Prepayments and accrued income	<b>285,242</b>	<i>447,511</i>	<b>107,059</b>	<i>258,535</i>
Amounts recoverable on long term contracts	<b>5,181,068</b>	<i>6,381,001</i>	<b>-</b>	<i>-</i>
Deferred taxation	<b>541,517</b>	<i>699,262</i>	<b>-</b>	<i>-</i>
	<b>26,582,414</b>	<i>23,705,770</i>	<b>698,842</b>	<i>1,047,997</i>

**SPELLER METCALFE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

**19. Creditors: Amounts falling due within one year**

	<b>Group 31 March 2020 £</b>	<i>Group 30 September 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 30 September 2019 £</i>
Other loans	<b>1,779,968</b>	1,720,789	-	-
Payments received on account	<b>3,539,983</b>	3,061,745	-	-
Trade creditors	<b>28,193,432</b>	26,345,958	<b>52,825</b>	69,621
Amounts owed to group undertakings	-	-	<b>454,256</b>	439,948
Other taxation and social security	<b>1,471,173</b>	607,499	<b>189,957</b>	177,813
Other creditors	<b>192,931</b>	343,428	<b>760</b>	284,413
Accruals and deferred income	<b>43,301</b>	26,404	<b>33</b>	34
	<b>35,220,788</b>	32,105,823	<b>697,831</b>	971,829

Other loans are secured by a fixed charge over stock held in Speller Metcalfe (Bromsberrow) Limited and a floating charge over all other property of that Company. Speller Metcalfe Limited has given a joint and several guarantee to the lenders to cover cost overruns and interest on the development.

**20. Financial instruments**

	<b>Group 31 March 2020 £</b>	<i>Group 30 September 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 30 September 2019 £</i>
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<b>21,899,418</b>	19,848,593	<b>375,177</b>	360,862
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(30,209,945)</b>	(28,646,500)	<b>(53,618)</b>	(354,068)

Financial assets measured at amortised cost comprise of trade debtors, amounts recoverable on contracts.

Financial liabilities measured at amortised cost comprise of contract provisions, trade creditors, amounts owed to group undertakings, other creditors, other loans and accruals.

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**21. Deferred taxation**

**Group**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At beginning of period	<b>699,262</b>	<b>(91,088)</b>
Charged to profit or loss	<b>(157,745)</b>	<b>790,350</b>
<b>At end of period</b>	<b>541,517</b>	<b>699,262</b>

**Company**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At beginning of period	<b>(16,792)</b>	<b>(21,615)</b>
Charged to profit or loss	<b>13,465</b>	<b>4,823</b>
<b>At end of period</b>	<b>(3,327)</b>	<b>(16,792)</b>

The deferred tax asset is made up as follows:

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>31 March</b>	<i>30 September</i>	<b>31 March</b>	<i>30 September</i>
	<b>2020</b>	<i>2019</i>	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>	<b>£</b>	<i>£</i>
Fixed asset timing differences	<b>65,314</b>	<i>65,647</i>	<b>17,508</b>	<i>16,792</i>
Short term timing differences	<b>(20)</b>	<i>(66)</i>	<b>-</b>	<i>-</i>
Losses and other deductions	<b>(606,811)</b>	<i>(764,843)</i>	<b>(14,181)</b>	<i>-</i>
	<b>(541,517)</b>	<i>(699,262)</i>	<b>3,327</b>	<i>16,792</i>

The Directors have considered the future forecasts of the Group, together with the comfort that being appointed to framework agreement provides in forecasting sales. As a result of this and continued cost cutting they are confident that the group losses will be utilised against profit in the foreseeable future. As a result the deferred tax asset has been provided.

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**22. Provisions**

**Group**

	Maintenance provision £	Latent defect provision £	Total £
At 1 October 2019	720,905	-	720,905
Charged to profit or loss	436,060	100,000	536,060
<b>At 31 March 2020</b>	<b>1,156,965</b>	<b>100,000</b>	<b>1,256,965</b>

**23. Share capital**

	31 March 2020 £	30 September 2019 £
<b>Allotted, called up and fully paid</b>		
100,000 (2019 - 100,000) Ordinary shares of £1.00 each	<b>100,000</b>	100,000

The Company has share options in issue under the Speller Metcalfe Limited Enterprise Management Incentives Share Option Scheme. On 21 February 2012, the Company granted 11,428 share options at an exercise price of £35 per share. The options are exercisable in the ten year period from date of granting, subject to certain criteria being met. There are 8,571 options outstanding at 31 March 2020.

**24. Pension commitments**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the period end there were outstanding contributions of £NIL (2019 - £NIL).

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**25. Contingent liabilities**

Various Surety guarantees have been issued on behalf of Group companies:

At the period end Surety guarantees issued to Speller Metcalfe Malvern Limited amounted to £4,063,077 (2019 - £5,534,752).

At the period end Surety guarantees issued to Speller Metcalfe Gloucester Limited amounted to £1,696,050 (2019 - £1,696,050).

At the period end Surety guarantees issued to Speller Metcalfe Living Limited amounted to £650,625 (2019 - £650,625).

Parent Company Cross guarantees issued on behalf of Group companies amounted to £961,471 (2019 - £531,381).

The Group is currently in dispute regarding various penalties and costs in relation to certain contracts. The Directors have included provision in the accounts for a prudent outcome to these disputes after consulting independent advice. As a result there is a further contingent liability of £973,000 which would result if this disputed claim was payable in full.

**26. Commitments under operating leases**

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 31 March 2020 £</b>	<i>Group 30 September 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 30 September 2019 £</i>
Not later than 1 year	<b>217,582</b>	331,937	<b>130,911</b>	377,272
Later than 1 year and not later than 5 years	<b>333,769</b>	333,086	<b>25,053</b>	461,423
	<b>551,351</b>	665,023	<b>155,964</b>	838,695

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**SPELLER METCALFE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**27. Related party transactions**

At the period end there were overdrawn loan accounts in respect of certain Directors included in Other Debtors amounting to £77,016 (2019 - £88,474).

*There is no interest charged or conditions attached to overdrawn loan accounts.*

During the period the Group leased two properties from Speller Metcalfe Retirement Trust at a cost of £30,000 (2019 - £90,000). The Trust is controlled by S R Speller and A J Metcalfe.

**Key Management Remuneration**

The Directors are the only individuals who have authority and responsibility for planning, directing and controlling the activities of the Company and are considered to be key management personnel. Total remuneration in respect of these individuals is disclosed in note 9.

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SPELLER METCALFE LIMITED

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COMPANY DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 MARCH 2020

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	Six months to 31 march 2020 £	30 September 2019 £
Turnover	1,512,270	5,790,236
Other operating income	1,837	1,593
<b>Less: overheads</b>		
Administration expenses	(1,651,496)	(5,820,285)
<b>Operating loss</b>	<b>(137,389)</b>	<b>(28,456)</b>
Interest receivable	431	264
Tax on profit/(loss) on ordinary activities	28,472	19,427
<b>Loss for the period</b>	<b>(108,486)</b>	<b>(8,765)</b>

Approved by the board on 26 August 2020

S. R. Speller  
Director



A. J. Metcalfe  
Director



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**SPELLER METCALFE LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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	Six months to 31 march 2020 £	<i>Eighteen months to 30 September 2019 £</i>
<b>Turnover</b>		
Rental recharges	35,800	105,000
Management charges	1,475,670	5,681,835
Other income	800	3,401
	<u>1,512,270</u>	<u>5,790,236</u>
	<u><u>31 March 2020 £</u></u>	<u><u>30 September 2019 £</u></u>
<b>Other operating income</b>		
Other operating income	19	1,593
Government grants receivable	1,818	-
	<u>1,837</u>	<u>1,593</u>



**SPELLER METCALFE LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

	Six months to 31 march 2020 £	Eighteen months to 30 September 2019 £
<b>Administration expenses</b>		
Directors salaries	178,662	667,684
Directors national insurance	49,289	109,610
Directors pension costs	6,872	75,096
Staff salaries	673,456	2,540,621
Staff national insurance	74,684	275,840
Staff pension costs	60,219	212,255
Staff training	(1,491)	38,829
Staff costs and welfare	32,805	80,522
Entertainment	6,957	43,975
Hotels, travel and subsistence	46,277	191,511
Printing and stationery	5,793	23,033
Telephone and fax	14,138	29,039
Computer costs	3,618	24,240
Advertising and promotion	5,009	74,969
Trade subscriptions	23,303	46,823
Charity donations	476	2,643
Legal and professional	44,126	176,814
Audit and accountancy fees	2,395	3,228
Bank charges	519	1,459
Sundry expenses	4,397	3,042
Rent - operating leases	36,483	108,690
Rates	8,030	14,968
Light and heat	2,144	6,525
Insurances	310,731	777,828
Repairs and maintenance	47,693	172,078
Depreciation - plant and machinery	12,539	44,204
Depreciation - motor vehicles	-	30,364
Depreciation - freehold property	2,372	7,117
Profit/loss on sale of tangible assets	-	7,278
Impairment - investment in subsidiaries	-	30,000
	<b>1,651,496</b>	<b>5,820,285</b>