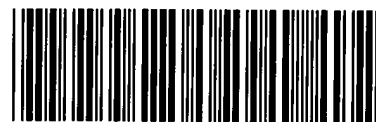


Registration number: 06740881

SPELLER METCALFE LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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SPELLER METCALFE LIMITED

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SPELLER METCALFE LIMITED

COMPANY INFORMATION

Directors	S R Speller
	A J Metcalfe
	M E Clarke
Company secretary	M E Clarke
Registered office	Maple Road Enigma Business Park Malvern Worcestershire WR14 1GQ
Solicitors	Harrison Clark Rickerbys 5 Deansway Worcester Worcestershire WR1 2JG
Bankers	Santander 4 Broad street Worcester WR1 3LH
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

SPELLER METCALFE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

The principal activity 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. The principal activity of the Company is that of a holding company.

Fair review of the business

The results for the year which are set out in the profit and loss account show turnover of £104,705,312 (2020 - £65,106,944) and an operating profit of £590,005 (2020 - £1,684,987). At 31 March 2021, the Group had net assets of £982,568 (2020 - £510,785). The Directors consider the performance for the year and the financial position at the year end to be satisfactory. The results for the period ended 31 March 2020 reflect a period of six months.

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. The Group is able to report a profit after tax of £471,783 for the year ended 31 March 2021. These results have served to increase the Group's net assets to £982,568 at the end of March 2021.

There is no doubt that the Group's financial results were adversely affected by the COVID-19 pandemic, in addition to a reduction in turnover, as a result of delayed project handovers, there was pressure on project operating margins. The Group have been able to find pragmatic solutions to these delays through working with clients, consultants and our supply chain, with all parties sharing the risk equitably. All new contracts now being entered into will have COVID-19 protection clauses in them.

As detailed in the Group's strategic report for the period ending 31 March 2020, the Group secured a CLBILS loan facility with our bank, whilst this remains in place there has been no need, and there continues to be no forecast requirement to call on this facility. It will, however, continue to be available to support working capital should the need arise in the future.

The Group continues to focus on frameworks and identifying clients with multiple opportunities to create a sustainable pipeline of work to support the continued development of the Group. While uncertainties still exist, the outlook for the Group in the current financial year (to 31 March 22) remains positive. Current secured workload is at 70% of the budget with this increasing to 84% when factoring in projects that we are working under formal pre-contract agreements. The pipeline remains healthy with plenty of suitable opportunities to provide the remaining turnover.

The Directors consideration of Going Concern is detailed in the Directors Report.

The group's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Gross profit	%	7.60	9.70
Profit/ (loss) before tax	%	.50	2.50
Average cash balances during the year	£m	4.60	2.90

Other key performance indicators:

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

	2021	2020
Considerate Constructors Scheme		
Speller Metcalfe average site score	38.0/50	37.7/50
National average site score	38.04/50	36.38/50
Site waste recycling		
Percentage of construction waste	98.00%	98.24%
Accident frequency rate (Per 1,000,000 hours)	2.68	Nil

SPELLER METCALFE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Principal risks and uncertainties

Material availability and price instability

Since the start of the calendar year there has been a steady increase in material prices which has shown a marked increase in the 1st quarter of the new financial year, this is caused by a combination of macro-economic issues including the effects of COVID-19, Brexit, shipping issues and more latterly haulage driver shortages. Whilst it has long been the norm in the construction industry that contractors bear the effect of price increases the Directors do not feel that this can continue to be the case and the Directors are encouraged that the CLC have identified this concern and suggested that parties to a building contract should draw on the experiences during the COVID-19 pandemic and seek to equitably share risk. The Group is currently in negotiation with a number of clients over this specific point and subject to the outcome of this it is not expected to have a material impact on operating margins.

COVID-19

Although the COVID-19 pandemic still represents a risk within the wider economy the Directors are confident that the working practices that have been developed over the past 18 months will enable the Group to deal with any further issues presented by the ongoing pandemic. 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 will review any further 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. The Group 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 of March 2019, 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.

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. Gloucester has 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 matter

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.

Future Development

Following the year end instability of material prices which has become acute, consideration of the impact of this is detailed above.

SPELLER METCALFE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Section 172(1) statement

The Board of Directors welcomes the 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 Group 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.

Engagement with 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 regularly 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 12 months initiatives have focused on health and safety and mental health, particularly as the workforce was coming out of the enforced pandemic lockdown and remote working. This included a specifically designed training programme offered to all staff covering 6 different areas focused on raising awareness of mental health issues. The Directors are pleased that 65% of staff took advantage of this.

Engagement with suppliers, customers and other relationships

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. The Group 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. We unfortunately had to suspend this due to the ongoing COVID-19 pandemic, when the climate permits, the Directors are committed to bringing this back.

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. The Group 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.

Valuing the communities in which we operate - and the individuals who live and work in them - is intrinsic to how Speller Metcalfe operates. The Group 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.

SPELLER METCALFE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

The Directors 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.

The Directors 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.

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.).

Approved by the Board on 27/09/2021 and signed on its behalf by:



.....
M E Clarke
Director

SPELLER METCALFE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the consolidated financial statements for the year ended 31 March 2021.

Directors of the company

The directors who held office during the year were as follows:

S R Speller

A J Metcalfe

M E Clarke

Financial instruments

The group's financial instruments comprise of cash and liquid resources, and various other items such as trade debtors, trade creditors etc that arise directly from its operations. The main purpose of these financial instruments is to finance the operations of the group. The main risk arising from the group's financial instruments are set out below.

Credit risk

The group's principal financial assets are bank balances, cash, trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The group's policy are aimed at minimising such losses through satisfactory credit worthiness procedures. The amounts presented in the balance sheet are, where appropriate, net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counter parties are banks with high credit - ratings assigned by international credit - rating agencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the group and constantly monitors the group's trading results to ensure that the group can meet its future obligations as they fall due.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on variable rate loans.

The group is exposed to interest rate risk and the risk that increases in interest rates could impact the financial results and cash flow for the group. The board monitor interest rate regularly to mitigate the impact on the group's results and when refinancing seek to achieve the best possible rate available at the time. The directors aim to ensure that the group has sufficient liquid resources to meet its operational requirements. This is closely monitored by the directors.

Streamlined Energy and Carbon Report

Speller Metcalfe Malvern Limited & Speller Metcalfe Limited are entities which both meet the qualifying requirements for Streamlined Energy & Carbon Reporting. The energy consumption for these entities is as follows:

Speller Metcalfe Malvern Limited

		2021	2020
Electricity	kWh	767,895	223,369
Gas	kWh	-	-
Fuel	Litres	123,450	68,685
Transport fuel	Litres	122,014	67,032
Water	m ³	8,689	3,754

Scope 1 emissions in metric tonnes CO₂e are as follows: fuel 329.61 CO₂e (2020 - 186.38 CO₂e), transport fuel 132.60 CO₂e (2020 - 73.72 CO₂e). Scope 2 emissions in metric tonnes CO₂e are as follows: purchase of electricity 196.27 CO₂e (2020 - 49.79 CO₂e).

SPELLER METCALFE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Speller Metcalfe Limited

		2021	2020
Electricity	kWh	40,860	55,987
Gas	kWh	18,014	11,775
Fuel	Litres	-	
Transport fuel	Litres	5,447	8,019
Water	m ³	300	555

Scope 1 emissions in metric tonnes CO₂e are as follows: transport fuel 3.7 CO₂e (2020 - 3.61 CO₂e). Scope 2 emissions in metric tonnes CO₂e are as follows: purchase of electricity 10.44 CO₂e (2020 - 14.31 CO₂e).

This translates into a carbon footprint of 854 tonnes CO₂e (2020 - 401.86 tonnes CO₂e) for Speller Metcalfe Malvern Limited and 25 tonnes CO₂ (2020 - 37.47 tonnes CO₂e) for Speller Metcalfe Holdings Limited. Speller Metcalfe Malvern Limited has a carbon intensity of 9.21 tonnes CO₂e/£M turnover from April 2020 - March 2021. Speller Metcalfe Holdings Limited has a carbon intensity of 9.88 tonnes CO₂e/£M turnover from April 2020 - March 2021.

Group Carbon Footprint

Whilst they do not qualify as entities under the Streamlined Energy & Carbon Reporting Scheme, as part of our commitment to group wide carbon reduction, carbon is also measured for Speller Metcalfe Gloucester Limited and Speller Metcalfe Living Limited. The group carbon footprint is 1,107.7 tonnes CO₂e (2020 - 439.33 CO₂e). The group carbon intensity is 9.23 tonnes of CO₂e/£M turnover (2020 - 8.46 tonnes of CO₂e/£M turnover) from April 2020 - March 2021.

In the group's baseline year for streamline energy and carbon reporting (2019-2020) the carbon intensity was 8.46 tonnes of tonnes of CO₂e/£M, meaning that there has been a slight rise in intensity over the two periods. Whilst fuel used from transport did significantly reduce due to lockdowns during the COVID-19 pandemic, the group has had some significant large projects out with the core geographical region of the Midlands - chiefly, Yeovil Keyworker Accommodation, Tarka Leisure Centre (Barnstaple) and Chard Leisure centre resulting in increased travel distances. Secondly, overall turnover has been suppressed due to the COVID-19 pandemic and site closures (all sites were mothballed but kept in a safe state), with no work taking place for a minimum of 4 weeks during March - May 2021. The reduction in turnover has also contributed to the slight increase in intensity ratio; as energy was still expended on sites during this period of non-productivity in order to keep sites safe and buildings environmentally stable.

Methodology statement

To allow for accurate and representative data to include with our Streamlined Energy and Carbon Reporting and wider group carbon footprint monitoring, strategic procedures continue to determine appropriate calculations for data disclosures. The following methodologies were used to ensure verifiable data was obtained, where reasonably practicable:

Electricity: meter reading data for fixed office locations was obtained directly from the supplier, accessed from invoices provided to our internal accounts department. At construction sites with an electrical supply, the group install electricity meters to temporary or permanent supplies feeding site operations; site management teams submit kWh meter readings through site diaries on a monthly basis with all data being gathered by the SHEQ (Safety, Health, Environmental & Quality) team who verify and convert to carbon footprint.

Gas: the process for gas is similar, with meter readings being obtained directly from the supplier, provided to the accounts department through invoices. Data is provided in kWh and entered by the SHEQ team as part of the overall monitoring and calculation process. No gas is used to supply our construction sites.

Water: meter reading data for fixed office locations was obtained directly from the supplier, accessed from invoices provided to our internal accounts department - consumption figures are in m³ water. At construction sites with a water supply, the group install electricity meters to temporary or permanent supplies feeding site operations; site management teams submit m³ meter readings through site diaries on a monthly basis with all data being gathered by the SHEQ (Safety, Health, Environmental & Quality) team who verify and convert to carbon footprint.

SPELLER METCALFE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Transport Fuel: Consumption is calculated from vehicle mileage records with mileage records submitted for both company owned fleet and vehicles owned by individuals who are using personal vehicles for business purposes. Mileage covered is converted into litres per km data using recognised conversion factors, which then allows a carbon conversion factor per litre of fuel used to be applied.

Fuel: Site management teams submit a record of fuel used in litres on site in site diaries on a monthly basis with all data being gathered by the SHEQ (Safety, Health, Environmental & Quality) team who verify and convert to carbon footprint.

Once this activity data (energy usage) has been obtained, the following conversion factors:

Fuel Use:

1 litre of diesel = 2.67 KgCO₂ (Europa conversion)

Vehicle Efficiencies

Car - 5.1L per 100km, 100/5.1 = 19.6km per L

Van - 6.3L per 100km., 100/6.3 = 15.8km per L

Gas - conversion factor of 0.18385 per kWh

Electricity - conversion factor of 0.2556 per kWh

Water - conversion factor of 0.344 per m³

Energy Efficiency Actions

Speller Metcalfe recognise the UK Government's legal obligation to be Net Zero Carbon by 2050 as amended in the Climate Change Act 2019. The group are acutely aware of the need for all organisations and individuals to play their part in Green House Gas reduction strategies, and join many of clients, industry bodies and competitors in recognising the Climate Emergency.

Significant focus continues on measures to reduce our own energy consumption and by inference, carbon emissions. Wherever possible, the group also bring our expertise in sustainable construction to bear in influencing the ability of our Clients to reduce carbon emissions from their refurbished or newly construction built assets. Actions include:

- **UKAS ISO14001 Environmental Management System** - the group has now maintained accreditation since 2006 with an external auditing body verifying systems on an annual basis. The demonstrate mature and robust measures for mitigating the groups environmental impact.
- **Material Specification** - the group continues to utilise the Green Guide to Specification when involved in co-ordination building design - analysis is further by project specific cradle to cradle life cycle assessments to inform material selection taking account of embodied carbon.
- **Material Sourcing** - we seek to source materials from ISO14001 or BES6001 accredited sources where possible. The group source timber from FSC or PEFC sustainable sourcing certification. We limit the amount of materials we purchase with high Volatile Organic Compounds (VOCs).
- **Carbon Reduction Plan** - the group have now declared a commitment to being Net Zero Carbon for our Scope 1 & 2 carbon emissions by 2032. To support this commitment the group has employed a SHEQ graduate with the specific remit of working on energy use and carbon reduction.
- **Local Sourcing Policy** - to reduce carbon emissions associated with travel to our projects, we aim to source 70% of subcontract & material trade packages by value, within 30 miles of a site.
- **Site Won Material Re-use** - In Line with the CL:AIRE Definition of Waste Code of Practice, on viable projects where material is proven not to present a risk to human health or the environment, Material Management Plans are and will be implement to maintain material on site. This will reduce offsite disposal and associated transportation as well as virgin material use and associated transportation.
- **Site Welfare Facilities** - the group hire site accommodation meeting an Energy Performance Certificate Rating of 'A' under the 2013 building regulations. As such, 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.

SPELLER METCALFE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

- **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, flexible working, such as remote working from home has been encouraged to increase business production whilst reducing commuting emissions.

- **Fleet Electrification** - transition continues with all new company cars now fully electric or electric hybrid; a salary sacrifice scheme introduced to encourage employees to change their vehicles to electric or electric hybrid, and electrification of our commercial vehicle fleet now in progress. Additional electrical vehicle charging infrastructure has been installed at our fixed location offices to support this transition.

- **Construction Sustainability Measures** - the group undertakes the construction of sustainable builds, for example, BREEAM (Building Research Establishment Environmental Assessment Method) and Passivhaus. Several employees hold qualification as BREEAM accredited professionals, or Passivhaus Tradespersons. This expertise means we are able add significant value in advising Clients on low carbon construction methodologies, and crucially the group have the skillsets to build out designs. The group also hold capability to carry out dynamic energy modelling of buildings, assisting in co-ordinating design proposals to ensure low operational energy use.

Future developments

Future developments are covered within the Strategic Report for the year.

Going concern

The directors have assessed the group's ability to continue as a going concern for a period of twelve months from the date of approval of these financial statements. The directors are of the opinion that there is sufficient working capital and access to additional finance by way of a CBILS loan which would provide headroom on funding projects. On the basis of this information, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the auditor

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Hazlewoods LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 27/09/2021 and signed on its behalf by:



.....
M E Clarke
Director

SPELLER METCALFE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

SPELLER METCALFE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPELLER METCALFE LIMITED

Opinion

We have audited the financial statements of Speller Metcalfe Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, 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 the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The 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 matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

SPELLER METCALFE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPELLER METCALFE LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our 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 Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, 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.

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:

- We obtained an understanding of the legal and regulatory requirements applicable to the group and parent company financial statements or that had a fundamental effect on their operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws;
- We understood how the group and parent company is complying with those legal and regulatory frameworks by making inquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the group's and parent company's financial statements to material misstatement including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries, in particular any journal entries with unusual characteristics.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

SPELLER METCALFE LIMITED

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Paul Fussell (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 27/09/2021....

SPELLER METCALFE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

			6 months to 31 March 2020
	Note	2021 £	£
Turnover	3	104,705,312	65,106,944
Cost of sales		<u>(96,699,929)</u>	<u>(58,809,270)</u>
Gross profit		8,005,383	6,297,674
Administrative expenses		(8,096,543)	(4,646,032)
Other operating income	4	<u>681,165</u>	<u>33,345</u>
Operating profit	5	590,005	1,684,987
Other interest receivable and similar income	6	410	1,311
Interest payable and similar charges	7	<u>(54,375)</u>	<u>(59,179)</u>
Profit before tax		536,040	1,627,119
Taxation	11	<u>(64,257)</u>	<u>(142,738)</u>
Profit for the financial year		<u>471,783</u>	<u>1,484,381</u>
Profit attributable to:			
Owners of the company		<u>471,783</u>	<u>1,484,381</u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

The notes on pages 20 to 37 form an integral part of these financial statements.

SPELLER METCALFE LIMITED

(REGISTRATION NUMBER: 06740881)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	794	1,245
Tangible assets	13	<u>728,442</u>	<u>871,137</u>
		<u>729,236</u>	<u>872,382</u>
Current assets			
Stocks	15	-	2,363,745
Debtors	16	21,354,011	26,582,414
Cash at bank and in hand	17	<u>7,909,903</u>	<u>7,169,997</u>
		29,263,914	36,116,156
Creditors: Amounts falling due within one year	18	<u>(27,776,602)</u>	<u>(35,220,788)</u>
Net current assets		<u>1,487,312</u>	<u>895,368</u>
Total assets less current liabilities		2,216,548	1,767,750
Provisions for liabilities	20	<u>(1,233,980)</u>	<u>(1,256,965)</u>
Net assets		<u>982,568</u>	<u>510,785</u>
Capital and reserves			
Called up share capital	22	100,000	100,000
Profit and loss account		<u>882,568</u>	<u>410,785</u>
Total equity		<u>982,568</u>	<u>510,785</u>

Approved and authorised by the Board on 27/09/2021 and signed on its behalf by:

.....
S R Speller
Director

.....
A J Metcalfe
Director


The notes on pages 20 to 37 form an integral part of these financial statements.

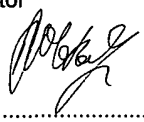
SPELLER METCALFE LIMITED**(REGISTRATION NUMBER: 06740881)
BALANCE SHEET AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	351,154	360,312
Investments	14	<u>120,002</u>	<u>120,002</u>
		<u>471,156</u>	<u>480,314</u>
Current assets			
Debtors	16	1,028,412	698,842
Cash at bank and in hand		<u>73,220</u>	<u>42,134</u>
		1,101,632	740,976
Creditors: Amounts falling due within one year	18	<u>(1,184,040)</u>	<u>(697,831)</u>
Net current (liabilities)/assets		<u>(82,408)</u>	<u>43,145</u>
Total assets less current liabilities		388,748	523,459
Provisions for liabilities	20	<u>-</u>	<u>(3,327)</u>
Net assets		<u>388,748</u>	<u>520,132</u>
Capital and reserves			
Called up share capital	22	100,000	100,000
Profit and loss account		<u>288,748</u>	<u>420,132</u>
Total equity		<u>388,748</u>	<u>520,132</u>

The company made a loss after tax for the financial year of £131,384 (2020 - loss of £108,486).

Approved and authorised by the Board on 27/09/2021. and signed on its behalf by:


.....
S R Speller
Director


.....
A J Metcalfe
Director

The notes on pages 20 to 37 form an integral part of these financial statements.

SPELLER METCALFE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY

	Share capital £	Profit and loss account £	Total £
At 1 April 2020	100,000	410,785	510,785
Profit for the year	-	471,783	471,783
At 31 March 2021	<u>100,000</u>	<u>882,568</u>	<u>982,568</u>

	Share capital £	Profit and loss account £	Total £
At 1 October 2019	100,000	(1,073,596)	(973,596)
Profit for the period	-	1,484,381	1,484,381
At 31 March 2020	<u>100,000</u>	<u>410,785</u>	<u>510,785</u>

The notes on pages 20 to 37 form an integral part of these financial statements.

SPELLER METCALFE LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021**

	Share capital £	Profit and loss account £	Total £
At 1 April 2020	100,000	420,132	520,132
Loss for the year	-	(131,384)	(131,384)
At 31 March 2021	<u>100,000</u>	<u>288,748</u>	<u>388,748</u>

	Share capital £	Profit and loss account £	Total £
At 1 October 2019	100,000	528,618	628,618
Loss for the period	-	(108,486)	(108,486)
At 31 March 2020	<u>100,000</u>	<u>420,132</u>	<u>520,132</u>

The notes on pages 20 to 37 form an integral part of these financial statements.

SPELLER METCALFE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

		2021	6 months to 31
	Note	£	March
			2020
			£
Cash flows from operating activities			
Profit for the year		471,783	1,484,381
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	235,782	119,942
Government grants		(622,409)	(26,659)
Profit on disposal of tangible assets		(26,355)	-
Finance income	6	(410)	(1,311)
Finance costs	7	54,375	59,179
Income tax expense	11	64,257	142,738
		<u>177,023</u>	<u>1,778,270</u>
Working capital adjustments			
Decrease in stocks		2,363,745	-
Decrease/(increase) in trade debtors		2,740,318	(3,012,359)
(Decrease)/increase in trade creditors		(3,319,995)	3,055,786
(Decrease)/increase in provisions		<u>(102,985)</u>	<u>536,060</u>
Cash generated from operations		1,858,106	2,357,757
Income taxes received/(paid)		<u>159,605</u>	<u>(7,023)</u>
Net cash flow from operating activities		<u>2,017,711</u>	<u>2,350,734</u>
Cash flows from investing activities			
Interest received		410	1,311
Acquisitions of tangible assets		(92,636)	(41,153)
Proceeds from sale of tangible assets		26,355	-
Government grants received		<u>622,409</u>	<u>26,659</u>
Net cash flows from investing activities		<u>556,538</u>	<u>(13,183)</u>
Cash flows from financing activities			
Interest paid		(54,375)	(59,179)
Loan advance		-	59,179
Repayment of other borrowings		<u>(1,779,968)</u>	<u>-</u>
Net cash flows from financing activities		<u>(1,834,343)</u>	<u>-</u>
Net increase in cash and cash equivalents		739,906	2,337,551
Cash and cash equivalents at 1 April	17	<u>7,169,997</u>	<u>4,832,446</u>
Cash and cash equivalents at 31 March	17	<u><u>7,909,903</u></u>	<u><u>7,169,997</u></u>

The notes on pages 20 to 37 form an integral part of these financial statements.

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Maple Road
Enigma Business Park
Malvern
Worcestershire
WR14 1GQ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the group and company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

The comparative financial information is for 6 months period to 31 March 2020.

Summary of disclosure exemptions

Speller Metcalfe Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments and presentation of a statement of cashflows.

No profit or loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2021.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

2 Accounting policies (continued)

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The directors have assessed the group's ability to continue as a going concern for a period of twelve months from the date of approval of these financial statements. The directors are of the opinion that there is sufficient working capital and access to additional finance by way of a CBILS loan which would provide headroom on funding projects. On the basis of this information, the directors consider it appropriate to prepare the financial statements on a going concern basis, but acknowledge, it is difficult to accurately forecast the exact effect that COVID-19 might have on the group in the next 12 months.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

Other than set out in these accounting policies, the following key sources of estimation uncertainty have been identified by management in preparing these financial statements.

Contract Revenue

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 costs incurred to date compared to the total costs required to complete the contract. Estimates of the total costs to complete 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.

Recoverability of trade debtors and retentions

The group makes an estimation of the recoverable value of trade debtors including historic retention balances. When assessing impairment of the trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtor and historical experience.

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

2 Accounting policies (continued)

Revenue recognition

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.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is measured by the proportion that costs incurred to date bear to the anticipated final contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than freehold land over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% straight line
Motor vehicles	20% - 25% straight line
Fixtures, fittings and equipment	20% - 25% straight line

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

2 Accounting policies (continued)

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Intangible assets are 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.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	5 years straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Investments in subsidiaries are measured at cost less accumulated impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

Inventories

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 included 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 and loss.

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

2 Accounting policies (continued)

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share based payments

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

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

2 Accounting policies (continued)

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	31 March 2021 £	6 months to 31 March 2020 £
Construction contracts	<u>104,705,312</u>	<u>65,106,944</u>

The total turnover of the group has been derived from its principal activity wholly undertaken in the United Kingdom.

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	31 March 2021 £	6 months to 31 March 2020 £
Other operating income	58,756	6,686
Government grants	622,409	26,659
	<u>681,165</u>	<u>33,345</u>

Coronavirus Job Retention Scheme

The group received grants in relation to the Coronavirus Job Retention Scheme (CJRS) which are accounted for as revenue grants. £622,409 (2020 - £nil) was credited to the profit and loss account in relation to this grant.

The group did not directly or indirectly benefit from any other forms of government assistance.

5 Operating profit

Arrived at after charging

	2021 £	6 months to 31 March 2020 £
Depreciation expense	235,331	119,716
Amortisation expense	451	226
Operating lease expense	<u>217,582</u>	<u>281,177</u>

6 Other interest receivable and similar income

	31 March 2021 £	6 months to 31 March 2020 £
Other interest receivable	47	563
Interest income on bank deposits	363	748
	<u>410</u>	<u>1,311</u>

7 Interest payable and similar expenses

	31 March 2021 £	6 months to 31 March 2020 £
Other interest payable	<u>54,375</u>	<u>59,179</u>

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

8 Staff costs

Group

The aggregate payroll costs (including directors' remuneration) were as follows:

		6 months to 31 March 2020
	2021	2020
	£	£
Wages and salaries	9,087,119	5,628,656
Social security costs	997,923	680,925
Pension costs, defined contribution scheme	488,542	391,527
	<u>10,573,584</u>	<u>6,701,108</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

		6 months to 31 March 2020
	2021	2020
	No.	No.
Production	92	90
Administration and support	108	126
	<u>200</u>	<u>216</u>

Company

The aggregate payroll costs (including directors' remuneration) were as follows:

		6 months to 31 March 2020
	2021	2020
	£	£
Wages and salaries	1,602,153	1,098,998
Social security costs	171,271	140,672
Pension costs, defined contribution scheme	95,602	74,682
	<u>1,869,026</u>	<u>1,314,352</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

		6 months to 31 March 2020
	2021	2020
	No.	No.
Administration and support	37	31

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	31 March 2021 £	6 months to 31 March 2020 £
Remuneration	373,338	285,030
Contributions paid to money purchase schemes	18,472	16,081
	<u>391,810</u>	<u>301,111</u>

During the year the number of directors who were receiving benefits was as follows:

	31 March 2021 No.	6 months to 31 March 2020 No.
Accruing benefits under defined contribution pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	31 March 2021 £	6 months to 31 March 2020 £
Remuneration	<u>105,893</u>	<u>151,418</u>

10 Auditors' remuneration

	31 March 2021 £	6 months to 31 March 2020 £
Audit of these financial statements	<u>34,000</u>	<u>35,500</u>
Other fees to auditors		
Other services relating to taxation and accounting matters	<u>16,000</u>	<u>13,862</u>

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

11 Taxation

Tax charged/(credited) in the profit and loss account

	2021 £	6 months to 31 March 2020 £
Current taxation		
UK corporation tax	-	(15,007)
UK corporation tax adjustment to prior periods	204,345	-
	<u>204,345</u>	<u>(15,007)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	14,957	240,011
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(155,045)	(82,266)
Total deferred taxation	<u>(140,088)</u>	<u>157,745</u>
Tax expense in the income statement	<u>64,257</u>	<u>142,738</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	31 March 2021 £	6 months to 31 March 2020 £
Profit before tax	<u>536,040</u>	<u>1,627,119</u>
Corporation tax at standard rate	101,848	309,153
Effect of revenues exempt from taxation	(577)	-
Effect of expense not deductible in determining taxable profit (tax loss)	2,058	2,856
Surrender of losses for R&D tax credit refund	-	4,657
Other permanent differences	(47,120)	153
Adjustment in respect of prior periods	49,300	-
Adjust deferred tax to average rate	-	(82,266)
Fixed asset timing differences	3,997	3,157
Tax decrease from effect of adjustment in research and development tax credit	-	(94,972)
Research and development enhanced loss	<u>(45,249)</u>	<u>-</u>
Total tax charge	<u>64,257</u>	<u>142,738</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These included a reduction to the main rate to 17% from 1 April 2020, however this reduction in rate was reversed in the 2020 budget and remains at 19%. Deferred taxes at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements. Further changes to the UK corporation tax system were announced in the Budget on 3 March 2021. These include an increase in the main rate of corporation tax to 25% with effect from 1 April 2023. As the change to 25% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

11 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

**31 March
2021**

**Asset
£**

Fixed asset timing difference	(52,839)
Losses and other deductions	759,926
Short term timing differences	(25,482)
	<u>681,605</u>

**6 months to 31 March
2020**

**Asset
£**

Fixed asset timing difference	(65,314)
Losses and other deductions	606,811
Short term timing differences	20
	<u>541,517</u>

Company

Deferred tax assets and liabilities

**31 March
2021**

**Asset
£**

Fixed asset timing difference	(16,962)
Losses and other deductions	46,018
Short term timing differences	2,618
	<u>31,674</u>

**6 months to 31 March
2020**

**Liability
£**

Fixed asset timing difference	17,508
Losses and other deductions	(14,181)
Short term timing differences	-
	<u>3,327</u>

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 management 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 recognised.

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

12 Intangible assets

Group	Software £
Cost	
At 1 April 2020 & 31 March 2021	<u>2,406</u>
Amortisation	
At 1 April 2020	1,161
Amortisation charge	<u>451</u>
At 31 March 2021	<u>1,612</u>
Carrying amount	
At 31 March 2021	<u>794</u>
At 31 March 2020	<u>1,245</u>

13 Tangible assets

Group	Freehold property £	Plant, fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2020	337,221	2,055,919	582,010	2,975,150
Additions	-	75,098	17,538	92,636
Disposals	-	(582)	(83,072)	(83,654)
At 31 March 2021	<u>337,221</u>	<u>2,130,435</u>	<u>516,476</u>	<u>2,984,132</u>
Depreciation				
At 1 April 2020	28,466	1,568,028	507,519	2,104,013
Charge for the year	4,744	194,007	36,580	235,331
Eliminated on disposal	-	(582)	(83,072)	(83,654)
At 31 March 2021	<u>33,210</u>	<u>1,761,453</u>	<u>461,027</u>	<u>2,255,690</u>
Carrying amount				
At 31 March 2021	<u>304,011</u>	<u>368,982</u>	<u>55,449</u>	<u>728,442</u>
At 31 March 2020	<u>308,755</u>	<u>487,891</u>	<u>74,491</u>	<u>871,137</u>

Included within the net book value of freehold property above is £100,000 (2020 - £100,000) in respect of freehold land which is not depreciated.

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

13 Tangible assets (continued)

Company

	Freehold property £	Furniture, fittings and equipment £	Total £
Cost			
At 1 April 2020	337,221	254,290	591,511
Additions	-	21,057	21,057
At 31 March 2021	<u>337,221</u>	<u>275,347</u>	<u>612,568</u>
Depreciation			
At 1 April 2020	28,466	202,733	231,199
Charge for the year	4,744	25,471	30,215
At 31 March 2021	<u>33,210</u>	<u>228,204</u>	<u>261,414</u>
Carrying amount			
At 31 March 2021	<u>304,011</u>	<u>47,143</u>	<u>351,154</u>
At 31 March 2020	<u>308,755</u>	<u>51,557</u>	<u>360,312</u>

Included within the net book value of freehold property above is £100,000 (2020 - £100,000) in respect of freehold land which is not depreciated.

14 Investments

Company

	31 March 2021 £	31 March 2020 £
Investments in subsidiaries	<u>120,002</u>	<u>120,002</u>

Subsidiaries

£

Cost

At 1 April 2020 and 31 March 2021	<u>150,002</u>
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Provisions

At 1 April 2020 and 31 March 2021	<u>30,000</u>
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Carrying amount

At 31 March 2021	<u>120,002</u>
At 31 March 2020	<u>120,002</u>

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

14 Investments (continued)

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Speller Metcalfe Malvern Limited	Maple Road, Enigma Business Park, Malvern, Worcestershire, England & Wales, WR14 1GQ	Ordinary	100%	100%
Speller Metcalfe Gloucester Limited	Maple Road, Enigma Business Park, Malvern, Worcestershire, England & Wales, WR14 1GQ	Ordinary	100%	100%
Speller Metcalfe London Limited	Maple Road, Enigma Business Park, Malvern, Worcestershire, England & Wales, WR14 1GQ	Ordinary	100%	100%
Speller Metcalfe Living Limited	Maple Road, Enigma Business Park, Malvern, Worcestershire, England & Wales, WR14 1GQ	Ordinary	100%	100%
Speller Metcalfe Developments (Bromsberrow) Limited	Maple Road, Enigma Business Park, Malvern, Worcestershire, England & Wales, WR14 1GQ	Ordinary	100%	100%

15 Stocks

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
Raw materials and consumables	-	540	-	-
Work in progress	-	2,363,205	-	-
	<u>-</u>	<u>2,363,745</u>	<u>-</u>	<u>-</u>

16 Debtors

		Group		Company	
	Note	2021	2020	2021	2020
		£	£	£	£
Trade debtors		14,015,278	16,762,911	-	480
Amounts owed by related parties		-	-	124,323	112,180
Other debtors		761,773	3,811,676	449,450	479,123
Prepayments		519,846	285,242	419,934	107,059
Gross amount due from customers for contract work		5,375,509	5,181,068	-	-
Deferred tax assets	11	<u>681,605</u>	<u>541,517</u>	<u>34,705</u>	<u>-</u>
Total current trade and other debtors		<u>21,354,011</u>	<u>26,582,414</u>	<u>1,028,412</u>	<u>698,842</u>

SPELLER METCALFE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
(CONTINUED)**

17 Cash and cash equivalents

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
Cash on hand	2,351	2,425	-	-
Cash at bank	7,907,552	7,167,572	73,220	42,134
	<u>7,909,903</u>	<u>7,169,997</u>	<u>73,220</u>	<u>42,134</u>

18 Creditors

	Group		Company	
	6 months to 31 March		6 months to 31 March	
	2021	2020	2021	2020
Note	£	£	£	£
Due within one year				
Trade creditors	16,005,825	23,739,476	361,992	52,825
Amounts due to related parties	-	-	422,612	454,256
Social security and other taxes	2,473,020	1,471,173	298,507	189,957
Contract provisions	6,342,073	4,453,956	-	-
Other creditors	65,072	192,931	46,191	760
Accrued expenses	342,964	43,301	54,738	33
Payments received on account	2,547,648	3,539,983	-	-
Loans and borrowings	-	1,779,968	-	-
	<u>27,776,602</u>	<u>35,220,788</u>	<u>1,184,040</u>	<u>697,831</u>

19 Loans and borrowings

	Group		Company	
	6 months to 31 March		6 months to 31 March	
	31 March 2021	2020	31 March 2021	2020
	£	£	£	£
Current loans and borrowings				
Other borrowings	-	1,779,968	-	-
	<u>-</u>	<u>1,779,968</u>	<u>-</u>	<u>-</u>

20 Provisions for liabilities

Group			
	Maintenance provision £	Latent defect provision £	Total £
At 1 April 2020	1,156,965	100,000	1,256,965
Decrease in existing provisions	(22,985)	-	(22,985)
At 31 March 2021	<u>1,133,980</u>	<u>100,000</u>	<u>1,233,980</u>

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

20 Provisions for liabilities (continued)

The maintenance provision is recognised when it is probable that costs will be incurred during the defect liability period.

The latent defect provision is recognised when it is probable that costs will be incurred outside of the defect liability period.

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £488,542 (2020 - £391,527).

22 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares at £1.00 each of £1 each	100,000	100,000	100,000	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 2021.

23 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	31 March 2021	31 March 2020
	£	£
Not later than one year	112,894	217,582
Later than one year and not later than five years	227,068	333,769
	<u>339,962</u>	<u>551,351</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £217,582 (2020 - £281,177).

Company

Operating leases

The total of future minimum lease payments is as follows:

	31 March 2021	31 March 2020
	£	£
Not later than one year	26,023	130,911
Later than one year and not later than five years	8,667	25,053
	<u>34,690</u>	<u>155,964</u>

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

23 Obligations under leases and hire purchase contracts (continued)

The amount of non-cancellable operating lease payments recognised as an expense during the year was £130,911 (2020 - £188,636).

24 Contingent liabilities

Group

At the period end Surety guarantees issued to Speller Metcalfe Malvern Limited amount to £3,139,311 (2020 - £4,063,077).

At the period end Surety guarantees issued to Speller Metcalfe Gloucester Limited amounted to £nil (2020 - £1,696,050).

At the period end Surety guarantees issued to Speller Metcalfe Living Limited amounted to £nil (2020 - £650,625).

25 Analysis of changes in net debt

Group

	At 1 April 2020 £	Financing cash flows £	At 31 March 2021 £
Cash and cash equivalents			
Cash on hand	2,425	(74)	2,351
Cash at bank	<u>7,167,572</u>	<u>739,980</u>	<u>7,907,552</u>
	7,169,997	739,906	7,909,903
Borrowings			
Other borrowings	<u>(1,779,968)</u>	<u>1,779,968</u>	<u>-</u>
	<u>5,390,029</u>	<u>2,519,874</u>	<u>7,909,903</u>

26 Related party transactions

Group

At 31 March 2021, there were overdrawn loan accounts in respect of certain Directors included in other debtors amounting to £95,313 (2020 - £77,016). There is no interest charged or conditions attached to these loans.

During the period the Group leased a property from Speller Metcalfe Retirement Trust at a cost of £60,000 (2020 - £30,000). The Trust is controlled by S R Speller and A J Metcalfe.

SPELLER METCALFE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

27 Financial instruments

Group

Items of income, expense, gains or losses

31 March 2021	Income £	Expense £	Net gains £	Net losses £
Financial liabilities measured at amortised cost	-	54,375	-	-
6 months to 31 March 2020	Income £	Expense £	Net gains £	Net losses £
Financial liabilities measured at amortised cost	-	59,179	-	-

The total interest expense for financial liabilities not measured at fair value through profit or loss is £54,375 (2020 - £59,179).

28 Control

The company is controlled by S R Speller and A J Metcalfe.