

COMPANY REGISTRATION NUMBER: 04570376

Spectra Group (UK) Limited
Financial Statements
31 July 2021



ELLIS LLOYD JONES AUDIT LIMITED
Chartered accountants & statutory auditor
11 Park Square
Newport
South Wales
NP20 4EL

Spectra Group (UK) Limited

Financial Statements

Year ended 31 July 2021

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Spectra Group (UK) Limited

Officers and Professional Advisers

The board of directors

Mr S Davies
Mrs R Davies (Appointed 19 May 2021)
Mr P Davies (Appointed 19 May 2021)

Company secretary

Mrs R Davies

Registered office

Bridge Court Barn
Kingstone
Hereford
HR2 9ES

Auditor

Ellis Lloyd Jones Audit Limited
Chartered accountants & statutory auditor
11 Park Square
Newport
South Wales
NP20 4EL

Spectra Group (UK) Limited

Strategic Report

Year ended 31 July 2021

Principal activities

Spectra Group (UK) Limited, hereafter Spectra and Spectra US (Inc) are providers of secure voice, data and satellite communications, for locations with limited or compromised infrastructure.

The group's main customers are members of the Defence & Security Organisations.

Fair review of the group's business

2021 has been another successful year for Spectra Group.

In addition to supporting its longstanding customers and contracts, Spectra also continued to focus its efforts on the growth of the business, making new contacts and establishing relationships in new countries and markets, this included continuing to grow its presence in the US, through its US Subsidiary Spectra Group (US) Inc.

Spectra regularly responds to Customers' feedback and is constantly looking to improve its products. For that reason, research and development into new variants and improvements to existing products has continued in the year and much progress has been made during the year.

Spectra has continued to increase its manufacturing capabilities during the year and has been able to maintain its delivery lead times to 3 weeks, on average.

The group became a UK reseller of another communication product, known as Troposcatter, in 2019 and has started to see an increase in both turnover and gross profit as a result of this in 2021.

Financial performance and position at the year end

During the 2021 financial year, Spectra group achieved turnover of £12,062,675 (2020: £10,834,172) and a gross profit figure of £4,186,849 (2020: £3,194,522). These figures are explained in more detail in the key performance indicator section below.

As at 31 July 2021, Spectra group had net current assets of £3,866,784 (2020: £2,759,528) and total shareholders' funds of £4,183,481 (2020: £3,293,948), including profit and loss account reserves of £4,168,872 (2020: £3,279,339).

There was a fairly large increase in net assets as at the 31 July 2021. During 2021, Spectra purchased the property that it formerly leased, a partial mortgage was obtained for this. Additionally, Spectra made a substantial investment in its stock levels at the end of 2021 for its Troposcatter product. This stock has since been sold.

Key performance indicators

The key financial and non-financial performance indicators during the year were as follows (in £ unless otherwise stated):

	2021	2020	Variance
Turnover	12,062,675	10,834,172	+11.34%
Direct Costs	7,875,826	7,639,650	+3.09%

Spectra Group (UK) Limited

Strategic Report *(continued)*

Year ended 31 July 2021

Gross Profit	4,186,849	3,194,522	+31.06%
Gross Profit Percentage	34.71%	29.48%	+17.74%
Overheads	1,402,062	1,713,134	-18.16%
Operating Profit	2,784,787	1,544,384	+80.32%
Operating Profit Percentage	23.09%	14.25%	+62.04%
Slingshot Sales (Systems)	833	685	+21.61%
Slingshot Sales (Components)	1,648	883	+85.59%
Slingshot Units Manufactured (units)	2,258	1,763	+28%

The manufacturing and delivery lead time non KPIs are monitored and reviewed regularly. Spectra uses these for various purposes but largely to demonstrate a growth in business and an improvement in its services.

We are contractually bound to our partners to deliver Slingshot equipment sales within a certain time frame and so ensuring we meet the delivery lead times is essential. As indicated, this is 3 weeks, on average, which is a substantially smaller time frame to the one contracted. To achieve this lead time, Spectra consistently monitors its stock levels, whilst considering potential customer orders and supplier delays (in recent times) and product obsolescence.

Spectra hasn't always been a manufacturing business and this division has grown over recent years. Spectra has invested financially in its operations with regard to its staffing, training, tooling, machinery and premises. Therefore, its outputs, in terms of manufacturing quantities, is of great interest to the management team and Spectra's shareholders.

Turnover

There was an increase in turnover of 11.34% during the 2021 financial year. This was largely due to the continuing growth of its Slingshot equipment and airtime sales. It was also partly due to the Coronavirus pandemic causing a delay on customer orders on the Slingshot product in quarter 4 of the 2020 financial year. These sales materialised at the start of the 2021 period instead.

The information below provides an analysis of the turnover split across the business over the last eight years:

	Total	Slingshot	Satellite Specialised		
	Turnover		Services	Projects	Other
	£	£	£	£	£
2014	9,607,108	1,474,209	2,123,575	5,325,752	683,572
2015	7,236,338	658,950	2,987,558	3,387,500	202,330
2016	12,159,579	3,207,347	5,265,000	3,513,962	173,270
2017	14,834,976	5,915,689	6,858,553	1,756,000	304,734
2018	12,433,337	7,857,151	2,411,946	1,418,847	745,393
2019	11,995,958	7,954,012	2,369,659	1,170,383	501,904
2020	10,834,172	8,680,157	861,366	1,028,017	264,632
2021	12,062,675	9,670,812	214,208	1,680,194	497,461

During 2021, the Slingshot revenue has continued to be Spectra's main revenue stream accounting for 80% of the total turnover in 2020 and 2021. This has been as a direct result of marketing the product and its increased popularity within its existing customer base.

There has been a decline in recent years on services supplied under the satellite services contracts as a result of the decline in customer requirements. This has been expected and

Spectra Group (UK) Limited

Strategic Report *(continued)*

Year ended 31 July 2021

Spectra Group doesn't anticipate this reduction causing any financial issues.

Specialised project work usually involves the design and development of systems and the ongoing support and or provision of airtime. We have seen a decline in this type of turnover during recent years due to such projects ending. There is, however, a remaining project that has been generating income since 2014 which was renewed in 2022 and is set to continue for several years. The renewal of this project is expected to increase turnover during the 2022 and 2023 financial years.

Included in other turnover in 2021 is a sale of a Troposcatter System, which is a fairly new product of Spectra. There have been further substantial sales of Troposcatter in 2022. Troposcatter sales are expected to form a larger part of the turnover from 2022 onwards.

Gross Profit

The gross profit achieved during the 2021 financial period has increased by 17.74% to 34%. The gross profit margin on the various products and services offered by Spectra varies and, subsequently, the gross profit margin fluctuates depending on the sales mix of the business.

Spectra regularly reviews its supplier costs, buying practices and manufacturing processes to make savings where possible. This has meant that Spectra have been able to continuously improve their products without having to increase customer pricing.

Overheads

Spectra saw a dramatic reduction in its overheads during the 2021 financial year. This was largely due to a reduction in its business development costs due to many cancelled exhibitions and their associated travel costs. Many of the exhibitions were postponed and have happened in 2022. Overheads are expected to increase in 2022 to a similar level of that of 2019.

The increase in gross profit and reduction of overheads have increased the operating profit in 2021 to 23.09% (2020:14.25%).

Spectra Group (UK) Limited

Strategic Report *(continued)*

Year ended 31 July 2021

Risks faced by the business

Currency

Spectra is exposed to both transactional and operational currency risk. The majority of its airtime is purchased from US suppliers, who require payment in US Dollars. Where possible, Spectra manage this risk by requesting that their customers also pay them in US Dollars, however, this isn't always possible, due to the nature of the customer. Where this is not possible, Spectra insist on reduced payment terms in order to reduce the period between the date the invoice is raised and payment received. Spectra continually monitors the currency markets and, if necessary, plans for volatile markets by forward buying.

Spectra has experienced a substantial amount of currency volatility over the last 12 months, largely due to the impact of Brexit and more recently the Corona Virus. Spectra is working hard to mitigate these risks by continually monitoring the market and seeking independent third party advice to aid in this.

Spectra has not seen any direct impacts of the UK leaving the Economic Union. Outside of the UK, most of Spectra's sales are derived from the US, and, consequently, it does not trade a great deal direct within the EU. Spectra has, however, ensured that they have researched this risk thoroughly and are fully aware of any new reporting and compliance requirements on them.

Limited Customers/Competing Technologies/Suppliers

Much of Spectra's work is carried out for the Defence and Security Sector. Demand is very much event driven and is outside of the control of the business. Spectra has noticed an increase in recent years in the number of competing businesses and their products. This is a risk to Spectra due to the limited number of suppliers and customers within this sector. The company, therefore, always ensures that it provides the highest level of services and creates secure and trusted relationships with its customers and suppliers.

Commercially, Spectra also carry out detailed due diligence on customers, partners and suppliers and create what they believe to be fair contracts, in order to protect all parties. The company also mitigates these risks by continually monitoring the market place and improving the services and products that they offer. Spectra's recently expanded Business Development team is working hard to achieve this.

Product Obsolescence

Due to the technology required in manufacturing Spectra's various products, obsolescence and lead times of products are continually monitored, both inhouse and by Spectra's suppliers. Where there are concerns over product obsolescence or the product lead times, alternative products are investigated or advanced bulk buying is carried out.

Exposure to credit, liquidity and price risk

Spectra allocates appropriate payment terms and credit limits to their customers and regularly monitors the sales ledger for older balances which require chasing.

Spectra produces and analyses monthly management accounts against budgets to ensure that all parties involved have the most up to date information for decision making purposes.

Spectra Group (UK) Limited

Strategic Report *(continued)*

Year ended 31 July 2021

Spectra also maintains a cashflow forecasting tool which is invaluable for decision making.

Due to the specialised nature of its products and services, it is difficult for Spectra to compare its prices to other businesses within the industry. As a result, it can only ensure that its prices remain reasonable and that it offers good value for money and high quality service.

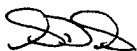
Coronavirus

Spectra has invested a substantial amount of time and resources in recent years, creating a business continuity plan, which was put into action when the pandemic broke. This meant that the infrastructure and business practices required for home working, and manufacturing, were already in place and so there was little impact on Spectra's operations as a result of Coronavirus. Spectra's offices reopened in July 2021, with the appropriate safety measures in place.

Various networking events and foreign visits to new and potential customers were postponed. Where possible, meetings and demonstrations were being carried out virtually and Spectra was able to maintain its customer relationships.

Spectra has several contracts that have been renewed since the social distancing measures have been in place as a result of Coronavirus, and has also continued to receive a good amount of Slingshot hardware and airtime orders. The management team has ensured that safety measures have been put into place for business to continue as normal. Additionally, Spectra has not experienced any issues with its suppliers as a result of Coronavirus.

This report was approved by the board of directors on **Apr 29, 2022** and signed on behalf of the board by:



Mr S Davies
Director

Registered office:
Bridge Court Barn
Kingstone
Hereford
HR2 9ES

Spectra Group (UK) Limited

Directors' Report

Year ended 31 July 2021

The directors present their report and the financial statements of the group for the year ended 31 July 2021.

Directors

The directors who served the company during the year were as follows:

Mr S Davies	
Mrs R Davies	(Appointed 19 May 2021)
Mr P Davies	(Appointed 19 May 2021)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Future developments

The main objective for the future, for Spectra, is to grow the group turnover and increase profitability, whilst maintaining financial stability. Spectra is hopeful that the efforts made to date, with regards to increasing its global reach, securing funding for potential acquisitions, increasing manufacturing capabilities, etc will support in this.

Spectra realises that, in order to facilitate this growth, it must continue to invest in its customer and supply chain relationships and also maintain its current experienced labour force.

Spectra also plans to continue business development for the sales of Troposcatter and other telecommunication products and also plans to continue exploring the market for new opportunities.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the business review and information regarding the principal risks and uncertainties faced by the business, required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, has been set out in the strategic report and forms part of this report by cross reference.

Directors' responsibilities statement

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 the profit or loss of the group for that period.

Spectra Group (UK) Limited

Directors' Report *(continued)*

Year ended 31 July 2021

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

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

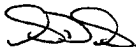
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on Apr 29, 2022 and signed on behalf of the board by:



Mr S Davies
Director

Registered office:
Bridge Court Barn
Kingstone
Hereford
HR2 9ES

Spectra Group (UK) Limited

Independent Auditor's Report to the Members of Spectra Group (UK) Limited

Year ended 31 July 2021

Opinion

We have audited the financial statements of Spectra Group (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated 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 FRS 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 July 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;
- 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 or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Spectra Group (UK) Limited

Independent Auditor's Report to the Members of Spectra Group (UK) Limited (continued)

Year ended 31 July 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 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.

Spectra Group (UK) Limited

Independent Auditor's Report to the Members of Spectra Group (UK) Limited *(continued)*

Year ended 31 July 2021

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Spectra Group (UK) Limited

Independent Auditor's Report to the Members of Spectra Group (UK) Limited (continued)

Year ended 31 July 2021

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 gained an understanding of the legal and regulatory framework applicable to the company, and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery and intentional misrepresentations, or through collusion.

We focussed on the laws and regulations which could rise to a material misstatement in the financial statements, including but not limited to, the Companies Act 2006 and UK tax legislation. As in all of our audits, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and misappropriation of assets. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and reviewing journal entries to ensure that we understood the reasoning behind them and agreeing that they were appropriate;
- Selecting a sample of transactions and tracing to documentation to establish that they are bonafide transactions;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Agreeing the financial statement disclosures to underlying supporting documentation.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected within the financial statements, the less likely we would become aware of it. We did

Spectra Group (UK) Limited

Independent Auditor's Report to the Members of Spectra Group (UK) Limited *(continued)*

Year ended 31 July 2021

not identify any key audit matters relating to irregularities, including fraud.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Spectra Group (UK) Limited


Independent Auditor's Report to the Members of Spectra Group (UK) Limited (continued)

Year ended 31 July 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.


Kara Williams (Apr 29, 2022 14:22 GMT+1)

Kara Williams BSc BFP FCA (Senior Statutory Auditor)

For and on behalf of
Ellis Lloyd Jones Audit Limited
Chartered accountants & statutory auditor
11 Park Square
Newport
South Wales
NP20 4EL

Apr 29, 2022
Date

Spectra Group (UK) Limited
Consolidated Statement of Comprehensive Income
Year ended 31 July 2021

	Note	2021 £	2020 £
Turnover	4	12,062,675	10,834,172
Cost of sales		<u>7,875,826</u>	<u>7,639,650</u>
Gross profit		4,186,849	3,194,522
Distribution costs		35,536	52,153
Administrative expenses		1,378,026	1,629,483
Other operating income	5	<u>11,500</u>	31,498
Operating profit	6	2,784,787	1,544,384
Other interest receivable and similar income	10	150	8,122
Interest payable and similar expenses	11	<u>42,577</u>	<u>29,387</u>
Profit before taxation		2,742,360	1,523,119
Tax on profit	12	<u>175,345</u>	294,052
Profit for the financial year and total comprehensive income		<u>2,567,015</u>	<u>1,229,067</u>

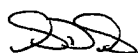
All the activities of the group are from continuing operations.

The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited
Consolidated Statement of Financial Position
31 July 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	2,920	67,228
Tangible assets	15	<u>1,326,634</u>	<u>571,882</u>
		1,329,554	639,110
Current assets			
Stocks	17	2,795,812	1,527,020
Debtors	18	1,862,139	1,402,376
Cash at bank and in hand		<u>3,276,960</u>	<u>2,839,818</u>
		7,934,911	5,769,214
Creditors: amounts falling due within one year	19	<u>4,068,127</u>	<u>3,009,686</u>
Net current assets		3,866,784	2,759,528
Total assets less current liabilities		5,196,338	3,398,638
Creditors: amounts falling due after more than one year	20	946,602	44,790
Provisions			
Taxation including deferred tax	22	<u>66,255</u>	<u>59,900</u>
Net assets		<u>4,183,481</u>	<u>3,293,948</u>
Capital and reserves			
Called up share capital	26	10,014	14,609
Capital redemption reserve	27	4,595	-
Profit and loss account	27	<u>4,168,872</u>	<u>3,279,339</u>
Shareholders funds		<u>4,183,481</u>	<u>3,293,948</u>

These financial statements were approved by the board of directors and authorised for issue on .Apr.29,2022....., and are signed on behalf of the board by:



Mr S Davies
Director

Company registration number: 04570376

The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited
Company Statement of Financial Position

31 July 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	2,920	67,228
Tangible assets	15	1,326,634	571,882
Investments	16	305	305
		<u>1,329,859</u>	<u>639,415</u>
Current assets			
Stocks	17	2,795,812	1,527,020
Debtors	18	2,482,629	1,899,626
Cash at bank and in hand		3,273,686	2,824,628
		<u>8,552,127</u>	<u>6,251,274</u>
Creditors: amounts falling due within one year	19	<u>4,067,707</u>	<u>3,005,347</u>
Net current assets		<u>4,484,420</u>	<u>3,245,927</u>
Total assets less current liabilities		<u>5,814,279</u>	<u>3,885,342</u>
Creditors: amounts falling due after more than one year	20	946,602	44,790
Provisions			
Taxation including deferred tax	22	66,255	59,900
Net assets		<u>4,801,422</u>	<u>3,780,652</u>
Capital and reserves			
Called up share capital	26	10,014	14,609
Capital redemption reserve	27	4,595	–
Profit and loss account	27	4,786,813	3,766,043
Shareholders funds		<u>4,801,422</u>	<u>3,780,652</u>

The profit for the financial year of the parent company was £2,698,253 (2020: £1,357,437).

The company statement of financial position
continues on the following page.

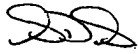
The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited

Company Statement of Financial Position *(continued)*

31 July 2021

These financial statements were approved by the board of directors and authorised for issue on ~~Apr.29,2022....~~, and are signed on behalf of the board by:



Mr S Davies
Director

Company registration number: 04570376

The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited
Consolidated Statement of Changes in Equity
Year ended 31 July 2021

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 August 2019	14,589	–	3,640,550	3,655,139
Profit for the year			1,229,067	1,229,067
Total comprehensive income for the year	–	–	1,229,067	1,229,067
Issue of shares	20	–	–	20
Dividends paid and payable	13	–	(1,590,278)	(1,590,278)
Total investments by and distributions to owners	20	–	(1,590,278)	(1,590,258)
At 31 July 2020	14,609	–	3,279,339	3,293,948
Profit for the year			2,567,015	2,567,015
Total comprehensive income for the year	–	–	2,567,015	2,567,015
Issue of bonus shares	–	4,595	–	4,595
Dividends paid and payable	13	–	(1,614,553)	(1,614,553)
Cancellation of subscribed capital	(4,595)	–	–	(4,595)
Redemption of shares	–	–	(62,929)	(62,929)
Total investments by and distributions to owners	(4,595)	4,595	(1,677,482)	(1,677,482)
At 31 July 2021	10,014	4,595	4,168,872	4,183,481

The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited
Company Statement of Changes in Equity
Year ended 31 July 2021

	Called up share capital £	redemption reserve £	Profit and loss account £	Total £
At 1 August 2019	14,589	-	3,998,884	4,013,473
Profit for the year	<u> </u>	<u> </u>	1,357,437	1,357,437
Total comprehensive income for the year	-	-	1,357,437	1,357,437
Issue of shares	20	-	-	20
Dividends paid and payable	13	-	(1,590,278)	(1,590,278)
Total investments by and distributions to owners	20	-	(1,590,278)	(1,590,258)
At 31 July 2020	14,609	-	3,766,043	3,780,652
Profit for the year	<u> </u>	<u> </u>	2,698,253	2,698,253
Total comprehensive income for the year	-	-	2,698,253	2,698,253
Issue of bonus shares	-	4,595	-	4,595
Dividends paid and payable	13	-	(1,614,553)	(1,614,553)
Cancellation of subscribed capital	(4,595)	-	-	(4,595)
Redemption of shares	-	-	(62,930)	(62,930)
Total investments by and distributions to owners	(4,595)	4,595	(1,677,483)	(1,677,483)
At 31 July 2021	<u>10,014</u>	<u>4,595</u>	<u>4,786,813</u>	<u>4,801,422</u>

The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited
Consolidated Statement of Cash Flows
Year ended 31 July 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	2,567,015	1,229,067
<i>Adjustments for:</i>		
Depreciation of tangible assets	159,399	177,675
Amortisation of intangible assets	64,308	78,826
Government grant income	(11,500)	(31,498)
Other interest receivable and similar income	(150)	(8,122)
Interest payable and similar expenses	42,577	29,387
Loss/(gains) on disposal of tangible assets	1,066	(6,999)
Tax on profit	175,345	294,052
Accrued income	(237,471)	(1,770,219)
<i>Changes in:</i>		
Stocks	(1,268,792)	(605,217)
Trade and other debtors	(459,763)	414,104
Trade and other creditors	1,768,118	(1,243,682)
Cash generated from operations	<u>2,800,152</u>	<u>(1,442,626)</u>
Interest paid	(42,577)	(29,387)
Interest received	150	8,122
Tax paid	(62,743)	(342,397)
Net cash from/(used in) operating activities	<u>2,694,982</u>	<u>(1,806,288)</u>
Cash flows from investing activities		
Purchase of tangible assets	(926,794)	(58,047)
Proceeds from sale of tangible assets	11,577	7,907
Net cash used in investing activities	<u>(915,217)</u>	<u>(50,140)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	20
Purchase of own shares	(62,929)	-
Proceeds from borrowings	338,818	262,677
Government grant income	11,500	31,498
Payments of finance lease liabilities	(15,459)	(15,459)
Dividends paid	(1,614,553)	(1,590,278)
Net cash used in financing activities	<u>(1,342,623)</u>	<u>(1,311,542)</u>

The consolidated statement of cash flows
continues on the following page.

The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited

Consolidated Statement of Cash Flows *(continued)*

Year ended 31 July 2021

	Note	2021 £	2020 £
Net increase/(decrease) in cash and cash equivalents		437,142	(3,167,970)
Cash and cash equivalents at beginning of year		<u>2,839,818</u>	<u>6,007,788</u>
Cash and cash equivalents at end of year		<u>3,276,960</u>	<u>2,839,818</u>

The notes on pages 23 to 40 form part of these financial statements.

Spectra Group (UK) Limited

Notes to the Financial Statements

Year ended 31 July 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Bridge Court Barn, Kingstone, Hereford, HR2 9ES.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The Director and Management Team have assessed the current and future stability of Spectra Group.

As part of the review, they considered the impact of Covid-19 on the business operations. Although the full impact of Covid-19 on the economy is still unknown, Spectra hasn't seen a material impact to its operations to date. Spectra is aware that there is a possibility the pandemic may yet have a negative impact on business in the future, due to a reduction in business development carried out over the last 12 months, but has tried to mitigate against this by carrying out business development tasks remotely. Additionally, due its products and services largely being for Government and Military end use, it does not foresee any substantial decline in its customers' requirements nor in cash flows arising from these sales.

Management information is prepared on a monthly basis. This is continually reviewed and compared to forecasts and budgets to enable the director to make the necessary management decisions in order to maintain its financial stability. Management accounts prepared since the year end show that the results for the year to 31 July 2021 should show an increase in both turnover and profitability for the group.

Spectra group had a very strong balance sheet at the year end, with good cash reserves, and this continues to be the case. The director also closely monitors its trade debtors' balances and does not anticipate recoverability issues, largely due to the fact that much of its work is secured under contracts which have payment terms imposed.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

3. Accounting policies *(continued)*

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Spectra Group (UK) Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Revenue recognition

Turnover is the amount derived from the provision of good and services, measured at the fair value of the consideration received or receivable, net of discounts, other sales taxes and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

3. Accounting policies *(continued)*

Income tax *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. They represent development costs and are capitalised when it is probable that the future economic benefits that are attributable to them will flow to the entity; and the cost of the asset can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Plant & Machinery	-	25% reducing balance
Fixtures & Fittings	-	25% reducing balance
Motor vehicles	-	20% straight line
Office Equipment	-	20% reducing balance
Software	-	20% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

3. Accounting policies *(continued)*

Government grants *(continued)*

Grants relating to assets are recognised in income on a systematic basis 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 and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance; and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	5,508,537	3,906,698
Rendering of services	6,554,138	6,927,474
	<u>12,062,675</u>	<u>10,834,172</u>

The turnover is derived from classes of businesses and geographical markets that substantially differ from each other. An analysis of each is given below:

Geographical markets

	2021	2020
	£	£
United Kingdom	7,849,263	7,471,655
Overseas	4,213,412	3,362,517
	<u>12,062,675</u>	<u>10,834,172</u>

Business classes

	2021	2020
	£	£
Satellite services	10,382,481	8,881,742
Cyber services	1,680,194	1,952,430
	<u>12,062,675</u>	<u>10,834,172</u>

5. Other operating income

	2021	2020
	£	£
Government grant income	<u>11,500</u>	<u>31,498</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	64,308	78,826
Depreciation of tangible assets	159,399	177,675
Loss/(gains) on disposal of tangible assets	1,066	(6,999)
Operating lease rentals	26,444	25,954
Foreign exchange differences	<u>4,249</u>	<u>98,627</u>

Amortisation of development costs is included in administrative expenses in the profit and loss account.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>9,785</u>	<u>9,500</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>2,265</u>	<u>2,195</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Engineers	11	10
Administration	13	13
Logistics	2	2
Sales and marketing	<u>5</u>	<u>6</u>
	<u>31</u>	<u>31</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	1,284,939	1,249,191
Social security costs	144,558	146,055
Other pension costs	<u>76,555</u>	<u>72,343</u>
	<u>1,506,052</u>	<u>1,467,589</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	73,754	72,282
Company contributions to defined contribution pension plans	<u>13,208</u>	<u>11,475</u>
	<u>86,962</u>	<u>83,757</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	<u>3</u>	<u>1</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

10. Other interest receivable and similar income

	2021	2020
	£	£
Interest on cash and cash equivalents	<u>150</u>	<u>8,122</u>

11. Interest payable and similar expenses

	2021	2020
	£	£
Other interest payable and similar charges	<u>42,577</u>	<u>29,387</u>

12. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	412,133	320,342
Adjustments in respect of prior periods	<u>(243,143)</u>	<u>(14,927)</u>
Total current tax	<u>168,990</u>	<u>305,415</u>
Deferred tax:		
Origination and reversal of timing differences	<u>6,355</u>	<u>(11,363)</u>
Tax on profit	<u>175,345</u>	<u>294,052</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	<u>2,742,360</u>	<u>1,523,119</u>
Profit on ordinary activities by rate of tax	521,049	289,393
Adjustment to tax charge in respect of prior periods	<u>(243,143)</u>	<u>(14,928)</u>
Effect of expenses not deductible for tax purposes	25,138	37,666
Effect of capital allowances and depreciation	14,550	2,585
Effect of different UK tax rates on some earnings	<u>(125,413)</u>	-
Research and development tax credits	<u>(16,836)</u>	<u>(20,664)</u>
Tax on profit	<u>175,345</u>	<u>294,052</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021	2020
	£	£
Equity dividends on ordinary shares	<u>1,614,553</u>	<u>1,590,278</u>

14. Intangible assets

Group and company	Development costs £
Cost	
At 1 August 2020 and 31 July 2021	<u>394,129</u>
Amortisation	
At 1 August 2020	326,901
Charge for the year	<u>64,308</u>
At 31 July 2021	<u>391,209</u>
Carrying amount	
At 31 July 2021	<u>2,920</u>
At 31 July 2020	<u>67,228</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

15. Tangible assets

Group and company	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Software £	Total £
Cost						
At 1 Aug 2020	–	1,178,483	297,044	130,464	104,917	1,710,908
Additions	850,828	40,663	35,303	–	–	926,794
Disposals	–	(32,977)	(1,369)	–	–	(34,346)
Transfers	–	(3,906)	3,906	–	–	–
At 31 Jul 2021	850,828	1,182,263	334,884	130,464	104,917	2,603,356
Depreciation						
At 1 Aug 2020	–	840,395	191,450	62,551	44,630	1,139,026
Charge for the year	6,308	87,776	29,435	23,822	12,058	159,399
Disposals	–	(20,832)	(871)	–	–	(21,703)
Transfers	–	(905)	905	–	–	–
At 31 Jul 2021	6,308	906,434	220,919	86,373	56,688	1,276,722
Carrying amount						
At 31 Jul 2021	844,520	275,829	113,965	44,091	48,229	1,326,634
At 31 Jul 2020	–	338,088	105,594	67,913	60,287	571,882

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group and company	Motor vehicles £
At 31 July 2021	44,090
At 31 July 2020	59,652

16. Investments

The group has no investments.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

16. Investments *(continued)*

Company	Shares in group undertakings £
Cost	
At 1 August 2020 and 31 July 2021	305
Impairment	
At 1 August 2020 and 31 July 2021	-
Carrying amount	
At 1 August 2020 and 31 July 2021	305
At 31 July 2020	305

Spectra Group (US) Inc and Longe Flyngyeth Limited are included in the consolidated accounts.

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Spectra Group (US) Inc	1775 Tysons BL 500 McLean VA 22102-4271	Ordinary	100
Longe Flyngyeth Limited	Bridge Court Barn Kingstone Herefordshire HR2 9ES	Ordinary	100

17. Stocks

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Raw materials and consumables	2,693,727	1,443,385	2,693,727	1,443,385
Work in progress	102,085	83,635	102,085	83,635
	<u>2,795,812</u>	<u>1,527,020</u>	<u>2,795,812</u>	<u>1,527,020</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

18. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	543,926	787,028	410,522	787,028
Prepayments and accrued income	750,714	536,991	750,714	536,991
Directors loan account	561,264	–	564,841	–
Other debtors	6,235	78,357	756,552	575,607
	<u>1,862,139</u>	<u>1,402,376</u>	<u>2,482,629</u>	<u>1,899,626</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	323,262	–	323,262	–
Trade creditors	2,230,783	489,918	2,230,783	489,919
Accruals and deferred income	986,725	1,224,196	986,725	1,224,196
Corporation tax	442,688	336,441	442,688	336,441
Social security and other taxes	56,747	32,465	56,747	32,465
Obligations under finance leases and hire purchase contracts	15,459	15,459	15,459	15,459
Director loan accounts	–	901,715	–	897,795
Other creditors	12,463	9,492	12,043	9,072
	<u>4,068,127</u>	<u>3,009,686</u>	<u>4,067,707</u>	<u>3,005,347</u>

The amounts included in obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The bank loan and overdraft facilities are secured by a debenture dated 15th November 2019 over all assets of the company and a first legal charge dated 5th February 2021 over the company's freehold premises at Bridge Court Barn, Kingston, Hereford, Herefordshire, HR2 9ES

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	917,271	–	917,271	–
Obligations under finance leases and hire purchase contracts	29,331	44,790	29,331	44,790
	<u>946,602</u>	<u>44,790</u>	<u>946,602</u>	<u>44,790</u>

The amounts included in obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	15,459	15,459	15,459	15,459
Later than 1 year and not later than 5 years	29,331	44,790	29,331	44,790
	<u>44,790</u>	<u>60,249</u>	<u>44,790</u>	<u>60,249</u>

22. Provisions

Group and company	Deferred tax (note 23) £
At 1 August 2020	59,900
Additions	6,355
At 31 July 2021	<u>66,255</u>

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in provisions (note 22)	<u>66,255</u>	<u>59,900</u>	<u>66,255</u>	<u>59,900</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	<u>66,255</u>	<u>59,900</u>	<u>66,255</u>	<u>59,900</u>

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £63,347 (2020: £60,868).

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

25. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>11,500</u>	<u>31,498</u>	<u>11,500</u>	<u>31,498</u>

26. Called up share capital

Issued and called up

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Ordinary Class B shares of £1 each	-	-	145	145
Ordinary Class C shares of £1 each	10	10	10	10
E Securities shares of £1 each	-	-	445,000	445,000
Ordinary Class D shares of £1 each	4	4	4	4
	<u>10,014</u>	<u>10,014</u>	<u>455,159</u>	<u>455,159</u>

Shares issued and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Ordinary Class B shares of £1 each	-	-	145	145
Ordinary Class C shares of £1 each	10	10	10	10
Ordinary Class D shares of £1 each	4	4	4	4
	<u>10,014</u>	<u>10,014</u>	<u>10,159</u>	<u>10,159</u>

Shares issued and partly paid

	2021		2020	
	No.	£	No.	£
E Securities shares - £0.01 paid of £1 each	-	-	445,000	4,450
	<u>-</u>	<u>-</u>	<u>445,000</u>	<u>4,450</u>

Each category of ordinary shares has equal voting rights and one share equals one vote. There are no restrictions on the distribution of dividends or the repayment of capital on these shares.

No other shares carry voting rights.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

27. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

28. Analysis of changes in net debt

	At 1 Aug 2020	Cash flows	At 31 Jul 2021
	£	£	£
Cash at bank and in hand	2,839,818	437,142	3,276,960
Debt due within one year	(917,174)	578,453	(338,721)
Debt due after one year	(44,790)	(901,812)	(946,602)
	<u>1,877,854</u>	<u>113,783</u>	<u>1,991,637</u>

29. Operating leases

As lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	51,518	24,067	51,518	24,067
Later than 1 year and not later than 5 years	17,157	36,449	17,157	36,449
	<u>68,675</u>	<u>60,516</u>	<u>68,675</u>	<u>60,516</u>

The amount recognised in profit or loss as an expense in relation to operating lease expenses was £25,954 (2019: £29,427).

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	2,539,401	3,073,847	2,539,401	3,073,847

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

30. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	2021			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr S Davies	<u>(901,715)</u>	<u>2,855,636</u>	<u>(1,392,657)</u>	<u>561,264</u>

	2020			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr S Davies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

31. Related party transactions

Group

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £95,902 (2020: £161,581).

Company

The company was under the control of Mr S Davies throughout the current and previous year. Mr S Davies is the managing director and majority shareholder.

32. Controlling party

The group was under the control of Mr S Davies throughout the current and previous year. Mr S Davies is the managing director and majority shareholder.