

Spectra Group (UK) Limited
Financial Statements
31 July 2023



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 2023

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Spectra Group (UK) Limited
Officers and Professional Advisers

The board of directors

Mr S Davies
Mrs R Davies
Mr P Davies

Company secretary

Mrs R C 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 2023

Principal activities

Spectra Group (UK) Limited, hereafter Spectra UK, is a provider of secure voice, data and satellite communications, for locations with limited or compromised infrastructure.

Spectra Group (US) Inc, hereafter Spectra US, is a provider of secure voice, data and satellite communications, for locations with limited or compromised infrastructure.

The main customers of the Spectra Group, hereafter the 'Group', are members of the Defence & Government Organisations.

Fair review of the group's business

2023 has been another successful year for the Spectra Group, with continued growth exceeding forecasts.

In addition to supporting its longstanding customers and contracts, the Group has continued to focus its efforts on the growth of the business by establishing relationships in new countries and markets and increasing its product range.

Research and Development

The Group has made a significant investment in Research and Development during 2023. The Group employed a new Head of Research and Development in the summer of 2022, who was recruited to focus on the enhancement to current products and also oversee the introduction of new products to the market, namely Slingshot Generation II and Troposcatter.

Financial performance and position at the year end

During the 2023 financial year, the Group achieved turnover of £20,868,173 (2022: £15,061,846) and a gross profit figure of £5,345,260 (2022: £4,407,519). These figures are explained in more detail in the key performance indicator section, below.

As at 31 July 2023, the Group had net current assets of £6,895,545 (2022: £3,543,782) and total shareholders' funds of £3,446,604 (2022: £3,792,653), including profit and loss account reserves of £3,431,995 (2022: £3,778,044).

Key performance indicators

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

	2023	2022	Variance
Turnover	20,868,173	15,061,846	+38.54%
Direct Costs	15,522,913	10,654,327	+45.69%
Gross Profit	5,345,260	4,407,519	+21.27%
Gross Profit Percentage	25.61%	29.26%	-12.47%
Overheads	1,829,285	1,430,658	+27.86%
Operating Profit	3,435,575	2,913,335	+17.93%
Operating Profit Percentage	16.46%	19.34%	-14.89%

Spectra Group (UK) Limited

Strategic Report *(continued)*

Year ended 31 July 2023

Turnover

There was an increase in turnover of 38.54% during the 2023 financial year. This was largely due to the significant increase of sales relating to the Troposcatter product range and also as a result of the increase of Slingshot sales, as per the table below.

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

	Total	Satellite	Specialised			
	Turnover	Slingshot	Troposcatter	Services	Projects	Other
	£	£	£	£	£	£
2014	9,607,108	1,474,20		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	497,461	214,208	1,222,392	236,591
2022	15,061,846	10,796,272	2,081,836	-	475,554	1,708,184
2023	20,868,173	12,727,281	6,214,862	-	1,769,184	156,846

During 2023, Slingshot sales (Product and Airtime sales) have continued to be the Group's primary source of revenue, accounting for 61% of the total turnover in 2023 and an 18% increase in sales of this type compared to 2022.

The Group is also the UK reseller of a satellite communication product known as Troposcatter. The sale of these products by the Group began in 2021. Sales have increased dramatically over the most recent accounting periods (198% in 2023). This growth is set to continue into 2024.

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 the 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, an ongoing project that has been generating income since 2014, which was renewed in 2022. During 2023, there was a partial technology upgrade to this project, which will complete in the 2024 financial year.

Included in other turnover in 2022 was a large equipment sale of radios and associated software, as a result of recent conflict. The Group doesn't typically act as a reseller of these products, therefore, is not expecting further sales of this equipment.

Gross Profit

Despite the increase in turnover of 38.54%, the gross profit percentage achieved during the 2023 financial period has reduced to 25.61% from 29.26% in 2022. The gross profit margin on the various products and services offered by the Group varies and, subsequently, the gross profit margin fluctuates, depending on the sales mix of the business. The gross profit margins achieved on the sale of the Troposcatter products and Specialised Project work carry a lower gross profit margin than is achieved on the sale of Slingshot equipment.

Spectra Group (UK) Limited

Strategic Report *(continued)*

Year ended 31 July 2023

The change in the sales mix in 2023 has, therefore, reduced the overall gross profit percentage.

During 2023, the gross profit increased by 21% which was as a direct result of the increase in turnover. However, as already highlighted, this increase was lower than anticipated due to increased cost of sales costs in materials and services purchased relating to the relevant revenue streams. Additionally, Spectra made a substantial investment in research and development costs during the period that have also reduced the gross profit. Such costs are expected to be recovered in the 2025 financial year, when the Group's new products are launched.

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

Overheads

The Group saw a dramatic increase in its overheads during the 2023 financial year. This is largely due to the growth that the Group has experienced in the past few years. Employee numbers and salaries have risen to ensure that Spectra retains and employs the correct individuals to support the continued forecasted growth.

Additionally, there were some heavy fluctuations in the USD exchange rate in 2023, which increased the Group's costs by way of paper exchange rate accounting adjustments (non-cash adjustments) in the accounts. The Group also wrote off some fixed assets that it had previously leased out to customers in 2022. This gave rise to a fairly large gain on disposal of fixed assets in the 2022 figures, which hasn't been repeated in 2023.

The net profit of the business increased by 17.93% during 2023, compared to 2022, although the net profit percentage reduced. Again, this is due to the reduced gross profit percentage and increased overhead costs, as above.

Spectra Group (UK) Limited

Strategic Report *(continued)*

Year ended 31 July 2023

Risks faced by the business

Currency

The Group is exposed to both transactional and operational currency risk. Several of the Group's suppliers are based in the United States and request payment in US Dollars. Where possible, the Group manages 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, the Group insists on reduced payment terms in order to reduce the period between the date the invoice is raised and payment received. The Group continually monitors the currency markets and, if necessary, plans for volatile markets by forward buying.

The Group has experienced a substantial amount of currency volatility over the last few years, largely due to the impact of Brexit and Covid. The Group works hard to mitigate this risk by continually monitoring the market and seeking independent third-party advice to aid in this.

Limited Customers/Competing Technologies/Suppliers

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

Commercially, the Group also carries out detailed due diligence on customers, partners and suppliers and creates fair contracts, in order to protect all parties. The Group also mitigates these risks by continually monitoring the market place and improving the services and products that it offers. The Group's recently expanded Business Development team is working hard to achieve this.

Product Obsolescence

Due to the technology required in manufacturing the Group's various products, obsolescence and lead times of products are continually monitored, both in house and by the Group'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

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

The Group 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. The Group 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 the Group to compare its prices to other businesses within the industry. As a result, it can only ensure that its prices remain reasonable and that they offer good value for money and high-quality service.

Spectra Group (UK) Limited

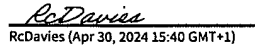
Strategic Report *(continued)*

Year ended 31 July 2023

This report was approved by the board of directors on 30 April 2024 and signed on behalf of the board by:



Mr S Davies
Director


RcDavies (Apr 30, 2024 15:40 GMT+1)

Mrs R Davies
Director

Registered office:
Bridge Court Barn
Kingstone
Hereford
HR2 9ES

Spectra Group (UK) Limited

Directors' Report

Year ended 31 July 2023

The directors present their report and the financial statements of the group for the year ended 31 July 2023.

Directors

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

Mr S Davies
Mrs R Davies
Mr P Davies

Dividends

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

Future developments

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

The Group 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.

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

Events after the end of the reporting period

The directors are not aware of any material post balance sheets events relevant to the year.

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 2023

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

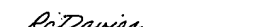
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 30 April 2024 and signed on behalf of the board by:



Mr S Davies
Director


RcDavies (Apr 30, 2024 15:40 GMT+1)

Mrs R 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 2023

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 2023 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 2023 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 2023

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 2023

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 2023

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

Spectra Group (UK) Limited

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

Year ended 31 July 2023

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 2023

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

Kara Williams (Apr 30, 2024 16:32 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

30 April 2024

Spectra Group (UK) Limited
Consolidated Statement of Comprehensive Income
Year ended 31 July 2023

	Note	2023 £	2022 £
Turnover	4	20,868,173	15,061,846
Cost of sales		<u>15,522,913</u>	<u>10,654,327</u>
Gross profit		5,345,260	4,407,519
Distribution costs		80,400	65,026
Administrative expenses		1,829,285	1,430,658
Other operating income	5	<u>-</u>	<u>1,500</u>
Operating profit	6	3,435,575	2,913,335
Other interest receivable and similar income	10	1,379	492
Interest payable and similar expenses	11	<u>50,524</u>	<u>31,932</u>
Profit before taxation		3,386,430	2,881,895
Tax on profit	12	<u>374,859</u>	<u>400,845</u>
Profit for the financial year and total comprehensive income		<u>3,011,571</u>	<u>2,481,050</u>

All the activities of the group are from continuing operations.

The notes on pages 22 to 38 form part of these financial statements.

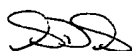
Spectra Group (UK) Limited
Consolidated Statement of Financial Position

31 July 2023

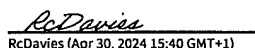
	Note	2023 £	2022 £
Fixed assets			
Intangible assets	14	600,831	–
Tangible assets	15	1,440,824	1,224,946
		<u>2,041,655</u>	<u>1,224,946</u>
Current assets			
Stocks	17	5,757,769	2,312,914
Debtors	18	2,088,380	2,521,430
Cash at bank and in hand		1,074,183	1,914,152
		<u>8,920,332</u>	<u>6,748,496</u>
Creditors: amounts falling due within one year	19	<u>6,895,545</u>	<u>3,543,782</u>
Net current assets		<u>2,024,787</u>	<u>3,204,714</u>
Total assets less current liabilities		<u>4,066,442</u>	<u>4,429,660</u>
Creditors: amounts falling due after more than one year	20	542,061	591,553
Provisions			
Taxation including deferred tax	22	77,777	45,454
Net assets		<u>3,446,604</u>	<u>3,792,653</u>
Capital and reserves			
Called up share capital	26	10,014	10,014
Capital redemption reserve	27	4,595	4,595
Profit and loss account	27	3,431,995	3,778,044
Shareholders' funds		<u>3,446,604</u>	<u>3,792,653</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

These financial statements were approved by the board of directors and authorised for issue on 30 April 2024, and are signed on behalf of the board by:



Mr S Davies
Director



RcDavies (Apr 30, 2024 15:40 GMT+1)

Mrs R Davies
Director

Company registration number: 04570376

The notes on pages 22 to 38 form part of these financial statements.

Spectra Group (UK) Limited
Company Statement of Financial Position

31 July 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	14	600,831	–
Tangible assets	15	1,421,514	1,224,946
Investments	16	305	305
		<u>2,022,650</u>	<u>1,225,251</u>
Current assets			
Stocks	17	5,757,769	2,312,914
Debtors	18	2,115,114	3,404,573
Cash at bank and in hand		1,064,994	1,896,207
		<u>8,937,877</u>	<u>7,613,694</u>
Creditors: amounts falling due within one year	19	<u>6,877,735</u>	<u>3,543,362</u>
Net current assets		<u>2,060,142</u>	<u>4,070,332</u>
Total assets less current liabilities		<u>4,082,792</u>	<u>5,295,583</u>
Creditors: amounts falling due after more than one year	20	542,061	591,553
Provisions			
Taxation including deferred tax	22	77,777	45,454
Net assets		<u>3,462,954</u>	<u>4,658,576</u>
Capital and reserves			
Called up share capital	26	10,014	10,014
Capital redemption reserve	27	4,595	4,595
Profit and loss account	27	3,448,345	4,643,967
Shareholders' funds		<u>3,462,954</u>	<u>4,658,576</u>

The profit for the financial year of the parent company was £2,161,998 (2022: £2,729,032).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

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

The notes on pages 22 to 38 form part of these financial statements.

Spectra Group (UK) Limited

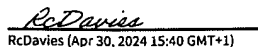
Company Statement of Financial Position *(continued)*

31 July 2023

These financial statements were approved by the board of directors and authorised for issue on 30 April 2024, and are signed on behalf of the board by:



Mr S Davies
Director


RcDavies (Apr 30, 2024 15:40 GMT+1)

Mrs R Davies
Director

Company registration number: 04570376

The notes on pages 22 to 38 form part of these financial statements.

Spectra Group (UK) Limited

Consolidated Statement of Changes in Equity

Year ended 31 July 2023

		Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 August 2021		10,014	4,595	4,168,872	4,183,481
Profit for the year		—	—	2,481,050	2,481,050
Total comprehensive income for the year		—	—	2,481,050	2,481,050
Dividends paid and payable	13	—	—	(2,871,878)	(2,871,878)
Total investments by and distributions to owners		—	—	(2,871,878)	(2,871,878)
At 31 July 2022		10,014	4,595	3,778,044	3,792,653
Profit for the year		—	—	3,011,571	3,011,571
Total comprehensive income for the year		—	—	3,011,571	3,011,571
Dividends paid and payable	13	—	—	(3,357,620)	(3,357,620)
Total investments by and distributions to owners		—	—	(3,357,620)	(3,357,620)
At 31 July 2023		<u>10,014</u>	<u>4,595</u>	<u>3,431,995</u>	<u>3,446,604</u>

The notes on pages 22 to 38 form part of these financial statements.

Spectra Group (UK) Limited
Company Statement of Changes in Equity
Year ended 31 July 2023

		Called up share capital £	redemption reserve £	Profit and loss account £	Total £
At 1 August 2021		10,014	4,595	4,786,813	4,801,422
Profit for the year				2,729,032	2,729,032
Total comprehensive income for the year		-	-	2,729,032	2,729,032
Dividends paid and payable	13	-	-	(2,871,878)	(2,871,878)
Total investments by and distributions to owners		-	-	(2,871,878)	(2,871,878)
At 31 July 2022		10,014	4,595	4,643,967	4,658,576
Profit for the year				2,161,998	2,161,998
Total comprehensive income for the year		-	-	2,161,998	2,161,998
Dividends paid and payable	13	-	-	(3,357,620)	(3,357,620)
Total investments by and distributions to owners		-	-	(3,357,620)	(3,357,620)
At 31 July 2023		<u>10,014</u>	<u>4,595</u>	<u>3,448,345</u>	<u>3,462,954</u>

The notes on pages 22 to 38 form part of these financial statements.

Spectra Group (UK) Limited
Consolidated Statement of Cash Flows

Year ended 31 July 2023

	2023	2022
	£	£
Cash flows from operating activities		
Profit for the financial year	3,011,571	2,481,050
<i>Adjustments for:</i>		
Depreciation of tangible assets	153,311	133,969
Amortisation of intangible assets	22,784	2,920
Government grant income	-	(1,500)
Other interest receivable and similar income	(1,379)	(492)
Interest payable and similar expenses	50,524	31,932
Loss/(gains) on disposal of tangible assets	18,063	(77,153)
Tax on profit	374,859	400,845
Accrued expenses	271,435	483,205
<i>Changes in:</i>		
Stocks	(3,444,855)	482,898
Trade and other debtors	432,343	(669,534)
Trade and other creditors	3,326,769	(1,407,955)
Cash generated from operations	4,215,425	1,860,185
Interest paid	(50,524)	(27,999)
Interest received	1,379	492
Tax paid	(405,644)	-
Net cash from operating activities	<u>3,760,636</u>	<u>1,832,678</u>
Cash flows from investing activities		
Purchase of tangible assets	(387,253)	(92,177)
Proceeds from sale of tangible assets	-	137,049
Purchase of intangible assets	(623,615)	-
Net cash (used in)/from investing activities	<u>(1,010,868)</u>	<u>44,872</u>
Cash flows from financing activities		
Proceeds from borrowings	(278,963)	(325,190)
Government grant income	-	1,500
Payments of finance lease liabilities	46,846	(44,790)
Dividends paid	(3,357,620)	(2,871,878)
Net cash used in financing activities	<u>(3,589,737)</u>	<u>(3,240,358)</u>
Net decrease in cash and cash equivalents	(839,969)	(1,362,808)
Cash and cash equivalents at beginning of year	1,914,152	3,276,960
Cash and cash equivalents at end of year	<u>1,074,183</u>	<u>1,914,152</u>

The notes on pages 22 to 38 form part of these financial statements.

Spectra Group (UK) Limited

Notes to the Financial Statements

Year ended 31 July 2023

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, and are rounded to the nearest pound.

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; and
- (c) 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.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

3. Accounting policies *(continued)*

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.

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.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

3. Accounting policies *(continued)*

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.

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

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

3. Accounting policies *(continued)*

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.

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.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts *(continued)*

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.

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 2023

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 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 2023

4. Turnover

Turnover arises from:

	2023	2022
	£	£
Sale of goods	11,241,508	10,104,832
Rendering of services	9,626,665	4,957,014
	<u>20,868,173</u>	<u>15,061,846</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

	2023	2022
	£	£
United Kingdom	11,179,602	9,468,154
Overseas	9,688,571	5,593,692
	<u>20,868,173</u>	<u>15,061,846</u>

Business classes

	2023	2022
	£	£
Satellite services	<u>20,868,173</u>	<u>15,061,846</u>

5. Other operating income

	2023	2022
	£	£
Government grant income	<u>-</u>	<u>1,500</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2023	2022
	£	£
Amortisation of intangible assets	22,784	2,920
Depreciation of tangible assets	153,311	133,969
Loss/(gains) on disposal of tangible assets	18,063	(77,153)
Operating lease rentals	24,976	23,868
Foreign exchange differences	<u>131,320</u>	<u>(34,443)</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 2023

7. Auditor's remuneration

	2023	2022
	£	£
Fees payable for the audit of the financial statements	<u>17,585</u>	<u>11,085</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>2,955</u>	<u>3,415</u>

8. Staff costs

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

	2023	2022
	No.	No.
Engineers	11	11
Administration	15	12
Logistics	1	2
Sales and marketing	<u>4</u>	<u>4</u>
	<u>31</u>	<u>29</u>

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

	2023	2022
	£	£
Wages and salaries	1,597,281	1,198,971
Social security costs	188,026	138,864
Other pension costs	<u>86,217</u>	<u>70,153</u>
	<u>1,871,524</u>	<u>1,407,988</u>

9. Directors' remuneration

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

	2023	2022
	£	£
Remuneration	86,402	85,795
Company contributions to defined contribution pension plans	<u>18,589</u>	<u>18,307</u>
	<u>104,991</u>	<u>104,102</u>

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

	2023	2022
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

10. Other interest receivable and similar income

	2023	2022
	£	£
Interest on cash and cash equivalents	<u>1,379</u>	<u>492</u>

11. Interest payable and similar expenses

	2023	2022
	£	£
Other interest payable and similar charges	<u>50,524</u>	<u>31,932</u>

12. Tax on profit

Major components of tax expense

	2023	2022
	£	£
Current tax:		
UK current tax expense	342,536	422,261
Adjustments in respect of prior periods	-	(615)
Total current tax	<u>342,536</u>	<u>421,646</u>
Deferred tax:		
Origination and reversal of timing differences	<u>32,323</u>	<u>(20,801)</u>
Tax on profit	<u>374,859</u>	<u>400,845</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 21% (2022: 19%).

	2023	2022
	£	£
Profit on ordinary activities before taxation	<u>3,386,430</u>	<u>2,881,895</u>
Profit on ordinary activities by rate of tax	711,336	547,560
Adjustment to tax charge in respect of prior periods	-	(615)
Effect of expenses not deductible for tax purposes	11,052	14,411
Effect of capital allowances and depreciation	(14,104)	(32,241)
Effect of revenue exempt from tax	(25,000)	(131,346)
Unused tax losses	(122,480)	43,524
Research and development tax credits	(185,945)	(40,448)
Tax on profit	<u>374,859</u>	<u>400,845</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

13. Dividends

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

	2023	2022
	£	£
Equity dividends on ordinary shares	<u>3,357,620</u>	<u>2,871,878</u>

14. Intangible assets

Group and company	Development costs £
Cost	
At 1 August 2022	394,129
Additions	<u>623,615</u>
At 31 July 2023	<u>1,017,744</u>
Amortisation	
At 1 August 2022	394,129
Charge for the year	<u>22,784</u>
At 31 July 2023	<u>416,913</u>
Carrying amount	
At 31 July 2023	<u>600,831</u>
At 31 July 2022	<u>–</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

15. Tangible assets

Group	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Software £	Total £
Cost						
At 1 Aug 2022	851,496	1,159,432	399,227	52,657	104,917	2,567,729
Additions	–	174,801	136,453	75,999	–	387,253
Disposals	–	(61,633)	(2,136)	–	–	(63,769)
At 31 Jul 2023	851,496	1,272,600	533,544	128,656	104,917	2,891,213
Depreciation						
At 1 Aug 2022	18,936	954,065	250,791	52,657	66,334	1,342,783
Charge for the year	12,630	73,576	53,055	6,333	7,717	153,311
Disposals	–	(43,829)	(1,876)	–	–	(45,705)
At 31 Jul 2023	31,566	983,812	301,970	58,990	74,051	1,450,389
Carrying amount						
At 31 Jul 2023	819,930	288,788	231,574	69,666	30,866	1,440,824
At 31 Jul 2022	832,560	205,367	148,436	–	38,583	1,224,946
Company						
	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Software £	Total £
Cost						
At 1 Aug 2022	851,496	1,159,432	399,227	52,657	104,917	2,567,729
Additions	–	160,200	136,453	75,999	–	372,652
Disposals	–	(80,126)	(2,136)	–	–	(82,262)
At 31 Jul 2023	851,496	1,239,506	533,544	128,656	104,917	2,858,119
Depreciation						
At 1 Aug 2022	18,936	954,065	250,791	52,657	66,334	1,342,783
Charge for the year	12,630	73,576	53,055	6,333	7,717	153,311
Disposals	–	(57,613)	(1,876)	–	–	(59,489)
At 31 Jul 2023	31,566	970,028	301,970	58,990	74,051	1,436,605
Carrying amount						
At 31 Jul 2023	819,930	269,478	231,574	69,666	30,866	1,421,514
At 31 Jul 2022	832,560	205,367	148,436	–	38,583	1,224,946

Spectra Group (UK) Limited
Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

15. Tangible assets *(continued)*

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 2023	69,666
At 31 July 2022	—

16. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 August 2022 and 31 July 2023	305
Impairment	
At 1 August 2022 and 31 July 2023	—
Carrying amount	
At 1 August 2022 and 31 July 2023	305
At 31 July 2022	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:

Subsidiary undertakings	Registered office	Class of share	Percentage of shares held
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

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

17. Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Raw materials and consumables	5,650,063	2,182,713	5,650,063	2,182,713
Work in progress	107,706	130,201	107,706	130,201
	<u>5,757,769</u>	<u>2,312,914</u>	<u>5,757,769</u>	<u>2,312,914</u>

18. Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	889,765	1,422,556	917,750	1,422,556
Prepayments and accrued income	1,060,279	900,130	1,060,279	900,130
Directors loan account	–	178,626	–	181,736
Other debtors	138,336	20,118	137,085	900,151
	<u>2,088,380</u>	<u>2,521,430</u>	<u>2,115,114</u>	<u>3,404,573</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	99,329	323,790	99,329	323,790
Trade creditors	4,062,645	736,142	4,048,133	736,142
Accruals and deferred income	1,730,414	1,459,687	1,729,994	1,459,267
Corporation tax	805,159	868,267	805,159	868,267
Social security and other taxes	42,373	146,271	42,373	146,271
Obligations under finance leases and hire purchase contracts	1,958	–	1,958	–
Director loan accounts	39,878	–	37,000	–
Other creditors	113,789	9,625	113,789	9,625
	<u>6,895,545</u>	<u>3,543,782</u>	<u>6,877,735</u>	<u>3,543,362</u>

The Group and parent company have two bank loans. The first was for £900,000 and started in September 2020. The interest rate is 2.98% above base and the repayment term is 3 years. The second was for £574,000 and started in November 2020. The interest rate is 2.15% above base and the repayment term is 20 years.

The bank loan and overdraft facilities for the Group and parent company 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.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	497,173	591,553	497,173	591,553
Obligations under finance leases and hire purchase contracts	44,888	–	44,888	–
	<u>542,061</u>	<u>591,553</u>	<u>542,061</u>	<u>591,553</u>

Included within creditors: amounts falling due after more than one year is an amount of £394,216 (2022: £415,878) for the group and £394,216 (2022: £415,878) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

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	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	1,958	–	1,958	–
Later than 1 year and not later than 5 years	44,888	–	44,888	–
	<u>46,846</u>	<u>–</u>	<u>46,846</u>	<u>–</u>

22. Provisions

Group and company	Deferred tax (note 23) £
At 1 August 2022	45,454
Additions	32,323
At 31 July 2023	<u>77,777</u>

23. Deferred tax

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Included in provisions (note 22)	<u>77,777</u>	<u>45,454</u>	<u>77,777</u>	<u>45,454</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	<u>77,777</u>	<u>45,454</u>	<u>77,777</u>	<u>45,454</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £67,628 (2022: £51,846).

25. Government grants

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	-	1,500	-	1,500

26. Called up share capital

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
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>10,014</u>	<u>10,014</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.

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.

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

28. Analysis of changes in net debt

	At 1 Aug 2022	Cash flows	At 31 Jul 2023
	£	£	£
Cash at bank and in hand	1,914,152	(839,969)	1,074,183
Debt due within one year	(323,790)	182,625	(141,165)
Debt due after one year	(591,553)	49,492	(542,061)
	<u>998,809</u>	<u>(607,852)</u>	<u>390,957</u>

29. Operating leases

As lessee

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	1,733,215	124,367	1,733,215	124,367
Later than 1 year and not later than 5 years	73,242	190,873	73,242	190,873
Later than 5 years	-	13,667	-	13,667
	<u>1,806,457</u>	<u>328,907</u>	<u>1,806,457</u>	<u>328,907</u>

As lessor

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	2,454,881	1,348,709	2,454,881	1,348,709
Later than 1 year and not later than 5 years	3,086	-	3,086	-
	<u>2,457,967</u>	<u>1,348,709</u>	<u>2,457,967</u>	<u>1,348,709</u>

Spectra Group (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

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:

	2023			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr S Davies	<u>641,428</u>	<u>2,634,014</u>	<u>(3,254,137)</u>	<u>21,305</u>

	2022			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr S Davies	<u>561,264</u>	<u>2,673,630</u>	<u>(2,593,466)</u>	<u>641,428</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 £434,272 (2022: £104,102).

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.