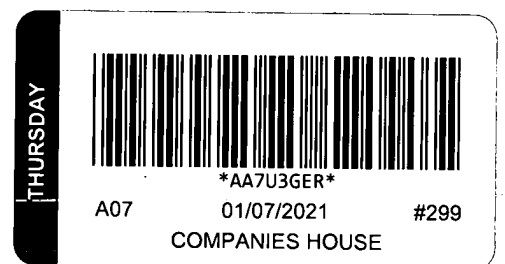


# Space Engineering Services Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2020



# Space Engineering Services Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

J A Hollingdale  
C M Murphy (resigned 9 April 2021)  
D E Nouch  
B L Harris

### SECRETARY

C M Murphy (resigned 9 April 2021)

### BANKERS

Royal Bank of Scotland  
First Floor, Trinity Quay 1  
Avon Street  
Bristol  
BS2 0PT

National Westminster Bank plc  
First Floor, Trinity Quay 1  
Avon Street  
Bristol  
BS2 0PT

### REGISTERED OFFICE

Causeway Central  
Pioneer Park  
Bristol  
BS4 3QB

### AUDITOR

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

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## PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the installation and maintenance of refrigeration, heating, ventilation and air conditioning systems.

## REVIEW OF BUSINESS AND RESULTS FOR THE PERIOD

The trading results for the year show a turnover of £62,508,999 (2019 £73,300,793) and an operating profit of £103,090 (2019 £1,850,411) after a lease provision of £380,546 (2019 nil) and before the recovery of £583,732 (2019 n/a) from the Coronavirus Job Retention Scheme.

The improvement in trading performance from 2019 continued into 2020 and the business was ahead of expectations at the end of Q1 when the Covid pandemic started. The business has continued trading throughout to support our food retail and food processing customers.

Our Service department were designated key workers and have worked incredibly hard in difficult circumstances to support the retailers and the public in keeping stores trading while also working in a Covid secure way as the situation developed and evolved in lockdown from March onwards. We were disappointed to lose a major service contract with one of the large food retailers in November with a large transfer out of engineers and other restructuring taking place before the year end. As a result of both this change and the widespread success of home working the board have decided to exit the National Operations Centre standalone building and utilise capacity in Head Office. The year therefore includes a provision for the costs of the remaining lease period of £380,546.

The Capital areas of the business had sizeable demand planned for 2020, driven in the main by changes in technology. The lockdown in March led to widespread closure of sites and the pausing of works that might disrupt trading on customer premises such as refits. The level of activity built up through the Summer and the Autumn was busy as the demand and need for capital works remains. Our factory remained open throughout 2020 as the requirements remained high and we were able to work in a safe way.

Results of Key performance indicators: -

	2020	2019
Adjusted Earnings before Interest, Tax, Depreciation and Amortisation	£1.6m	£2.4m
Gross margin	36.5%	36.4%
Debtor Days	63 days	68 days
WIP days – Group	18 days	17 days
WIP days – Projects	21 days	23 days
WIP days – Service	11 days	9 days
WIP days – Industrial	10 days	8 days

## FUTURE DEVELOPMENTS, EVENTS SINCE THE BALANCE SHEET DATE AND COVID 19

The Directors aim to maintain the management policies which have driven the business in recent years. The focus is on supporting our retail refrigeration customers with their challenges through innovation and partnership while growing our industrial refrigeration, mechanical and electrical business as an offer to both our existing and new customers.

The budget for the coming financial year shows a continuation of the improving position with growth in business with existing customers as they continue their capital programmes to address changes in legislation and refrigerants.

The strength of our balance sheet, together with government support from the furlough and vat deferral schemes, has seen us through the period well and we continue to see opportunities for growth particularly in distribution and increased home delivery

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## SECTION 172(1) STATEMENT

As a Board, the Directors have complied with our duties under Section 172 of Companies Act 2006 to promote the success of the company by acting in the way we consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so having regard (amongst other matters) to:-

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

## EMPLOYEE ENGAGEMENT

We have several initiatives and ways of working designed to support employee involvement and engagement. These include: quarterly updates on progress against our plan and priorities, regular newsletters and company updates issued monthly, regular Senior Leadership Team sessions where the Directors can hear from Department Heads on matters arising from their areas of the business, and, a quarterly "Safe Space" committee, chaired by a Director, including employee representatives to work jointly on continuous improvement in Health and Safety.

At the start of 2020 a programme of Director roadshows was carried out across the country with all employees invited to attend their local session. The agenda included a full company update and Q&A session for everyone to hear direct from the Board as well as ask questions. This is now an annual event.

During the Covid pandemic we initially moved to weekly updates on the company's position and guidance to ensure we kept everyone informed and provided the advice and reassurance necessary during a rapidly changing and uncertain time. These updates have continued as appropriate when felt necessary.

During the year, we consulted with 181 employees across the business on our Employee Value Proposition and have used this to refresh our business values. The output has been launched and work is continuing to embed the new values and behaviours. These values and behaviours also link into the Progress & Development reviews that are being carried out in Q1 2021.

In the Autumn we carried out an Engagement Survey that received responses from 82% of staff. The feedback has been incorporated into an action plan that has started over the winter and continues into 2021. Regular pulse surveys are being carried out to monitor progress and seek additional insight on certain topics. The first of these is taking place in February 2021.

## STAKEHOLDER INTERESTS

### Customers

The Directors, Senior Managers and Account Managers meet regularly with Customers to understand their requirements and seek feedback on our performance. The business has always had a concentration of customers, particularly the major food retailers, with which we have multiple contracts and provide a range of services which underlines the importance of each relationship. The customers as large blue-chip organisations have formal procurement and supplier relationship management programmes which we actively participate in.

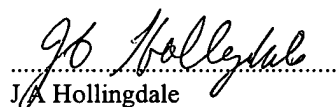
### Suppliers

We work closely with our suppliers and have many long-term relationships built over years of successful delivery. The sustainability and health of the supply chain is vital to the success of the business and the Board consider the impact on suppliers when making decisions. The supply chain includes a number of smaller, owner managed business which we support in relation to, for example, payment terms and health & safety support.

MANAGEMENT OF RISKS AND KEY PERFORMANCE INDICATORS

These have been considered at a group level and are disclosed in the accounts of Space Cooling Topco Limited.

The Strategic Report was approved by the Board of Directors on *9 June 2021*

  
.....  
J.A. Hollingdale

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## DIRECTORS

The present membership of the Board is as listed on page 1.

## DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISION

The company has granted an indemnity to all of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

## DONATIONS

During the period the company made the following charitable contributions to local charities:

	2020	2019
	£	£
Charitable	249	1,175

No political contributions were made during the current or previous period.

## DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where an existing employee becomes disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

## EMPLOYEE INVOLVEMENT

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004.

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- d. 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

**GOING CONCERN**

In considering the basis of preparation of the financial statements the Directors have reviewed the monthly management accounts and cash flow projections up at least until 30<sup>th</sup> June 2022. These indicate that the company and the group will be able to meet all its liabilities as they fall due.

The Investor and Loan note holders have agreed to extend the repayment date of the loans to 30<sup>th</sup> April 2024 to enable the Topco board to examine options for the longer term ownership of the business and how to deal with the long term debt.

Trading since the year end has been satisfactory and the 2021-2022 budget shows a good position with significant headroom if there are further Covid disruptions. On the basis of the trading results since the year end, the budget and modelling of different scenarios up at least until 30<sup>th</sup> June 2022, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

**ENVIRONMENTAL MATTERS**

Reporting Period: 1<sup>st</sup> January - 31<sup>st</sup> December 2020

**Our Environment**

The Company recognises its responsibility to minimise its impact on the natural environment and continues its commitment to reduce its energy consumption and carbon emissions.

**Energy Consumption and Carbon Emissions**

Throughout the year we have implemented several initiatives to reduce emissions including LED lighting at our Head Office and passive infrared sensors have been installed in various areas which are motion sensed. Our heating and cooling ventilation systems are set up on a schedule with specific times and temperatures. We previously had a heat generator in the Warehouse which was used to heat the whole warehouse area however due to the size of the warehouse, work activities and deliveries meant that the doors of the warehouse needed to be open and heat was automatically lost when opening the doors. Instead, we have installed an infrared heater at the desk stations / point of working resulting in reduced energy consumption. Lightfoot is a device installed in our fleet which uses engine efficiency to inform driving style in real-time. The device was installed within our fleet in August 2020 and since installation, we have seen improved driver efficiency, a 5% fuel saving and a decrease of 8% of idling (August 2020 to January 2021) this has resulted in fuel savings and reduced Co2 / NOx emissions. In July 2020 we reviewed our company car fleet options and made the decision to include Plug-in Hybrid within our car fleet. We have many new plug-in hybrids on order.

**Gas, Electricity and Fuel**

The company used 9,284 cubic feet of gas, 323,599 Kwh of electricity in the year, 635 m3 of water and 711,346 litres of fuel.

**Greenhouse Gas Emissions**

We report Scope 1,2 and 3 emissions defined by the Greenhouse protocol as follows

Scope 1 (Direct emissions): operation of facilities; and

Scope 2 (Indirect emissions) consumption of purchased electricity and heat; and

Scope 3 (Other Indirect emissions) water

	<b>CO2e tonnes</b>
<b>Emission Type</b>	<b>2020</b>
Scope 1 – Operation of facilities	1,813,000
Scope 2 - Purchased Energy	75,833
Scope 3 - Water	218
<b>Total Emissions</b>	<b>1,889,051</b>

<b>Greenhouse Gas emissions intensity ratio</b>	<b>2020</b>
Total Emissions	1,889,051
Turnover (£)	64,730,673
<b>Intensity Ratio (CO2e tonnes/£m)</b>	<b>0.029</b>

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Our methodology has been based on the principles of the Greenhouse Gas Protocol. We have reported on all measured emissions resources available to us.

All conversion factors have been derived from the Gov.Uk 2020 conversion factors.

#### PROVISION OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### AUDITOR

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the annual general meeting.

By order of the board



.....  
J A Hollingdale

Date: 9 June 2021

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPACE ENGINEERING SERVICES LIMITED

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## **Opinion**

We have audited the financial statements of Space Engineering Services Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20 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 company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company 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 company's ability to continue as a going concern for a period of up until 30 June 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPACE ENGINEERING SERVICES LIMITED *(continued)*

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## **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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 5, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **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.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how the company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPACE ENGINEERING SERVICES LIMITED (*continued*)

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- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management override associated with manipulation of accounts such as revenue, including through inappropriate measurement of revenue on open contract at yearend.
- Based on our understanding we designed our audit procedures to identify non-compliance with these laws and regulations and to respond to the assessed risks. Our procedures included verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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

*Ernst & Young LLP*

Paul Mapleston (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol

Date *10 June 2021*

Space Engineering Services Limited  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2020

	<i>Notes</i>	2020 £	2019 £
TURNOVER	2	62,508,999	73,300,793
Cost of sales		(39,723,010)	(46,633,605)
GROSS PROFIT		<u>22,785,989</u>	<u>26,667,188</u>
Administrative expenses		(22,682,899)	(24,816,777)
OPERATING PROFIT	3	103,090	1,850,411
Interest receivable	6	5,401	2,348
Interest payable and similar charges	7	(86,002)	(95,964)
Dividend received		370,518	650,950
Grant income received – Coronavirus Job Retention Scheme		583,732	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>976,739</u>	<u>2,407,745</u>
Taxation	8	11,418	44,333
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>988,157</u>	<u>2,452,078</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>988,157</u></u>	<u><u>2,452,078</u></u>

The operating profit for the year arises from the company's continuing operations.

There were no other recognised gains or losses from the current or preceding period other than as stated above.

# Space Engineering Services Limited

## BALANCE SHEET

As at 31 December 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	9	632,123	848,067
Investments	10	141,159	141,159
		<u>773,282</u>	<u>989,226</u>
<b>CURRENT ASSETS</b>			
Stocks	11	2,717,207	2,725,385
Debtors	12	36,747,872	38,148,223
Cash at bank and in hand		6,421,081	2,221,773
		<u>45,886,160</u>	<u>43,095,381</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(16,729,409)	(15,142,731)
<b>NET CURRENT ASSETS</b>		<u>29,156,751</u>	<u>27,952,650</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>29,930,033</u>	<u>28,941,876</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	23,248	23,248
Share premium		464,256	464,256
Capital redemption reserve		10,032	10,032
Profit and loss account		29,432,497	28,444,340
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>29,930,033</u>	<u>28,941,876</u>

These financial statements were approved by the directors and authorised for issue on 9<sup>th</sup> June 2021 and are signed on their behalf by:



J A Hollingdale

**Space Engineering Services Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2020

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	Share premium £	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 31 December 2018	464,256	23,248	10,032	32,992,262	33,489,798
Profit for the year	-	-	-	2,452,078	2,452,078
Dividend paid	-	-	-	(7,000,000)	(7,000,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	464,256	23,248	10,032	28,444,340	28,941,876
Profit for the year	-	-	-	988,157	988,157
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>464,256</u>	<u>23,248</u>	<u>10,032</u>	<u>29,432,497</u>	<u>29,930,033</u>

# Space Engineering Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2020

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#### 1 ACCOUNTING POLICIES

##### STATEMENT OF COMPLIANCE

Space Engineering Services Limited is a private company limited by shares, registered in England & Wales. The company's registered number and registered address can be found on the company information page.

The company's financial statements have been prepared in compliance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, as it applies to the financial statements of the company for the year ended 31 December 2020.

##### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### GOING CONCERN

In considering the basis of preparation of the financial statements the Directors have reviewed the monthly management accounts and cash flow projections up at least until 30<sup>th</sup> June 2022. These indicate that the company and the group will be able to meet all its liabilities as they fall due.

The Investor and Loan note holders have agreed to extend the repayment date of the loans to 30<sup>th</sup> April 2024 to enable the Topco board to examine options for the longer term ownership of the business and how to deal with the long term debt.

Trading since the year end has been satisfactory and the 2021-2022 budget shows a good position with significant headroom if there are further Covid disruptions. On the basis of the trading results since the year end, the budget and modelling of different scenarios up at least until 30<sup>th</sup> June 2022, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

##### CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means the actual outcomes could differ from those involving estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### Amounts recoverable on contracts

Amounts recoverable on contracts are recognised based on the proportion of work completed to date on the project. The attributable profit is recognised once their outcome can be assessed with reasonable certainty.

##### Operating lease commitments

The company has entered into leases for a number of buildings and vehicles. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

# Space Engineering Services Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2020

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### 1 ACCOUNTING POLICIES *(continued)*

#### CONSOLIDATION AND CASH FLOW STATEMENT

The company has taken advantage of the exemption in Financial Reporting Standard No.102 from preparing consolidated accounts and a cash flow statement as it is a wholly owned subsidiary undertaking of a company preparing publicly available consolidated accounts which include the results of the company. Accordingly, these accounts present information about the company as an individual entity and not the group.

#### REVENUE RECOGNITION

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

In the case of supply & installation contracts, turnover reflects the contract activity for the period, and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs. The attributable profit on these contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project. Full provision is made for losses on all contracts in the period in which the loss is first foreseen.

Income from manufactured products and imported cabinets on a supply only basis is recognised when title passes to the client. Typically this is on delivery to site although in some instances the contract terms allow for recognition of revenue on completion of production or import into the UK at which point title is transferred prior to delivery.

Maintenance contract income for comprehensive contracts is recognised on a daily basis across the contract period. Income for "Pay As You Go" contracts and additional works outside the scope of the comprehensive agreements is recognised as the service is delivered.

#### GRANT INCOME

Grant Income represents amounts claimed under the Government Coronavirus Job Retention Scheme (Furlough).

#### OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### INVESTMENTS

Investments are stated at the lower of cost or valuation.

# Space Engineering Services Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2020

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### 1 ACCOUNTING POLICIES *(continued)*

#### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of an asset, less its estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life as follows:-

Leasehold Property	-	10 years
Fixtures and Fittings	-	4 years
Motor Vehicles	-	4 years
Computer Equipment	-	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions payable are charged to the profit and loss account.

#### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reserved at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:-

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Space Engineering Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 December 2020

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1 ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCY

Transactions in foreign currencies are recorded in the company's functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences arising are dealt with in the profit and loss account.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised/(derecognised) when the company becomes/(ceases to be) party to the contractual provisions of the instrument. The company holds the following financial assets and liabilities:

Cash  
Short-term debtors and creditors

Cash in the balance sheet comprises cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account before operating profit.

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

A geographical analysis of turnover is given below:

	2020	2019
	£	£
United Kingdom	62,508,999	73,300,793
	<u>62,508,999</u>	<u>73,300,793</u>

3 OPERATING PROFIT

Operating profit is stated after charging:

	2020	2019
	£	£
Depreciation – owned assets	477,288	510,429
Profit on disposal of fixed assets	(3,901)	-
Loss on foreign currency	10	19,680
Auditors' remuneration – audit services	69,642	60,625
– taxation services	9,450	14,950
Operating lease costs:		
Vehicles	1,400,298	1,510,132
Land and buildings	311,941	329,937
	<u>1,400,298</u>	<u>1,510,132</u>
	<u>311,941</u>	<u>329,937</u>

**Space Engineering Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 December 2020

**4 STAFF COSTS**

	2020	2019
	£	£
Wages and salaries	16,990,377	20,045,787
Social Security costs	1,930,342	2,307,490
Pensions	586,323	642,267
	<u>19,507,042</u>	<u>22,995,544</u>

The costs above are before the claim for the Government's Coronavirus Job Retention Scheme ("Furlough") under which the company recovered £583,732.

The average number of staff employed by the company during the financial period amounted to:

	2020	2019
	No.	No.
Production staff	288	357
Administrative and management staff	170	184
	<u>458</u>	<u>541</u>

**5 DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2020	2019
	£	£
Emoluments receivable	338,878	474,098
Value of company pension contributions to money purchase schemes	31,500	27,540
	<u>370,378</u>	<u>501,638</u>

No director exercised share options in the current or previous period.

Emoluments of highest paid director:

	2020	2019
	£	£
Total emoluments (excluding pension contributions):	147,914	158,212
Value of company pension contributions to money purchase schemes	21,000	12,000
	<u>168,914</u>	<u>170,212</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2020	2019
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

**6 INTEREST RECEIVABLE**

	2020	2019
	£	£
Bank interest receivable	<u>5,401</u>	<u>2,348</u>
	<u>5,401</u>	<u>2,348</u>

Space Engineering Services Limited  
 NOTES TO THE FINANCIAL STATEMENTS *(continued)*  
 for the year ended 31 December 2020

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
Interest payable on bank overdraft	76,890	95,964
Other interest payable	9,112	-
	<u>86,002</u>	<u>95,964</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020	2019
	£	£
Current tax:		
Corporation tax based on the results for the year at 19% (2019 19%)	-	-
(Over)/under provision in prior period	(10,235)	(174,462)
Total current tax	<u>(10,235)</u>	<u>(174,462)</u>
Deferred tax:		
Origination and reversal of timing differences	5,801	(15,213)
Adjustment in respect of previous periods	(122)	143,741
Effect of change of tax rates	(6,862)	1,601
Total deferred tax	<u>(1,183)</u>	<u>130,129</u>
Tax on profit on ordinary activities	<u>(11,418)</u>	<u>(44,333)</u>

The tax charge for the year is lower than the standard rate of tax applicable in the UK. The reasons are explained below:

	2020	2019
	£	£
Profit on ordinary activities before taxation	976,739	2,407,745
At standard rate of tax of 19% (2019 19%)	188,082	457,472
Effects of:		
Disallowable expenses	17,409	10,659
Income not taxable for tax purposes	(70,398)	(123,681)
Transfer pricing adjustment	202,094	214,212
Group relief of tax losses	(331,386)	(573,875)
Adjustment in respect of prior periods	(10,357)	(30,721)
Effect of change of tax rates	(6,862)	1,601
Tax charge for the year	<u>(11,418)</u>	<u>(44,333)</u>
Total recoverable deferred tax:		
Accelerated capital allowances	(40,825)	(36,384)
Other timing differences	(18,574)	(21,953)
Losses	-	-
Total recoverable deferred tax	<u>(59,399)</u>	<u>(58,337)</u>
At 1 January 2020/2019	(58,337)	(188,466)
Deferred tax charge in profit and loss account	(1,183)	130,129
At 31 December 2020/31 December 2019	<u>(59,399)</u>	<u>(58,337)</u>

**Space Engineering Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 December 2020

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**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the group's deferred tax balances.

**9 TANGIBLE FIXED ASSETS**

	Short Leasehold Property £	Fixtures, Fittings & Computer Equipment £	Total £
<b>Cost</b>			
On 1 January 2020	1,041,952	7,437,034	8,478,986
Additions	-	265,229	265,229
Disposals	-	(9,324)	(9,324)
At 31 December 2020	<u>1,041,952</u>	<u>7,692,939</u>	<u>8,734,891</u>
<b>Depreciation</b>			
On 1 January 2020	875,878	6,755,041	7,630,919
Charge for the year	56,746	420,542	477,288
On disposals	-	(5,439)	(5,439)
At 31 December 2020	<u>932,624</u>	<u>7,170,144</u>	<u>8,102,768</u>
<b>Net book value</b>			
At 31 December 2020	<u>109,328</u>	<u>522,795</u>	<u>632,123</u>
At 31 December 2019	<u>166,074</u>	<u>681,993</u>	<u>848,067</u>

**Space Engineering Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2020

10 INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 January 2020 and 31 December 2020	<u>723,771</u>
Impairment	
At 1 January 2020 and 31 December 2020	<u>582,612</u>
Net book value	
At 31 December 2020	<u>141,159</u>
At 31 December 2019	<u>141,159</u>

The value of the investments has been written down to the carrying value of their net assets.

The details of the subsidiary undertakings are as follows:-

Name	Principal Activity	Country of Incorporation	Class of shares	Holding
Space Cooling Systems Limited	(Non Trading)	England	Ordinary	100%
Case & Cold Services Limited	(Non Trading)	England	Ordinary	100%
Space Engineering Services KFT	(Refrigeration systems)	Hungary	Ordinary	100%

The registered address of all group companies is Causeway Central, Pioneer Park, Bristol, BS4 3QB with the exception of Hungary which is 9012 Győr, Mérföldkö magánút 14., Hungary.

11 STOCKS

	2020 £	2019 £
Raw materials and components	<u>2,717,207</u>	<u>2,725,385</u>

The difference between purchase price or production cost of stock and their replacement cost is not material.

Stocks recognised as an expense in the period were £8,595,362 (2019 - £8,222,843).

12 DEBTORS

	2020 £	2019 £
Trade debtors	10,705,774	13,000,096
Amounts recoverable on contracts	2,595,668	2,711,531
Amounts owed by group undertakings	22,357,293	21,219,003
Other debtors	186,958	180,724
Prepayments and accrued income	570,945	672,235
Corporation Tax	271,835	306,297
Deferred tax (note 8)	59,399	58,337
	<u>36,747,872</u>	<u>38,148,223</u>

**Space Engineering Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 December 2020

13 CREDITORS: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	10,403,735	10,459,668
Amounts owed to group undertakings	139,442	139,442
Corporation Tax	-	-
Other taxation and social security	4,280,613	1,908,274
Other creditors	177,686	241,050
Accruals and deferred income	1,727,933	2,394,297
	<u>16,729,409</u>	<u>15,142,731</u>

Included within Other creditors is £96,790 (2019 £126,351) of pension contributions not yet paid over to the pension company.

14 SHARE CAPITAL

	2020	2019
	£	£
Authorised:		
37,500 A Ordinary shares of £1 each	37,500	37,500
12,500 B Ordinary shares of £1 each	12,500	12,500
	<u>50,000</u>	<u>50,000</u>
	2020	2019
	£	£
Allotted, called up and fully paid:		
16,700 A Ordinary shares of £1 each	16,700	16,700
6,548 B Ordinary shares of £1 each	6,548	6,548
	<u>23,248</u>	<u>23,248</u>

The 'A' Ordinary £1 shares and 'B' Ordinary £1 shares rank pari passu in all respects. They have therefore all been treated as equity shares.

15 RESERVES

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

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

16 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the company had future minimum commitments under non-cancellable operating leases as set out below.

	2020		2019	
	Land and buildings	Other items	Land and Buildings	Other items
	£	£	£	£
Within 1 year	-	46,433	33,400	68,235
Within 2 to 5 years	756,329	1,397,247	1,016,589	1,793,018
After 5 years	-	-	-	-
	<u>756,329</u>	<u>1,443,679</u>	<u>1,049,989</u>	<u>1,861,254</u>

**Space Engineering Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2020

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**17 RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary of Space Cooling Topco Limited and therefore has taken advantage of the exemption available under FRS 102 from disclosing transactions with members of the Group.

Advansor A/S (incorporated in Denmark) and SWEP International Limited are wholly owned subsidiaries of Dover Corporation which is an investor in Space Cooling Topco Limited. A number of Space Cooling Topco Limited Directors are employees of Hillphoenix Inc, a wholly owned subsidiary of Dover Corporation. Therefore any member of that group is considered a related party as a result of common influence.

All transactions were carried out on normal commercial terms. During the current and previous period the values of transactions, together with the balances owed at the balance sheet date, are below.

	Transactions 2020 £	Outstanding 2020 £	Transactions 2019 £	Outstanding 2019 £
Purchases:-				
Advansor A/S	363,707	161,670	938,937	161,670
SWEP International	14,574	-	16,419	12,078
Sales				
Advansor A/S	-	-	84	-

John Hollingdale is a director of Space Engineering Services Limited and director and shareholder of Space Cooling Topco Limited. Mr Hollingdale is also Chairman of Gloucester County Cricket Club. The company sponsored the club in the year for £10,000 (2019 - £15,000) at the year-end no balance was outstanding (2019 – nil).

**18 CONTINGENT LIABILITIES**

The company entered into a debenture dated 2 May 2014 guaranteeing all sums due to Royal Bank of Scotland by way of a fixed and floating charge.

**19 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Space Cooling Systems Holdings Limited, a company incorporated in England & Wales (company registration number 5320054).

The ultimate parent undertaking is Space Cooling Topco Limited, a company incorporated in England & Wales (company registration number 8935318).

Space Cooling Topco Limited is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Consolidated financial statements are available from Causeway Central, Pioneer Park, Bristol, BS4 3QB.

**20 DIVIDEND**

The company did not pay a dividend during the year (31 December 2019 £7,000,000) to the parent company.

The company received a dividend of £370,518 (31 December 2019 £650,950) from Space Engineering Services KFT

There are no unpaid dividends at the end of the current or previous period.