

Registered number: 02186490

SPACE ENGINEERING SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



SPACE ENGINEERING SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	B L Harris (appointed 26 April 2021) D E Nouch J A Hollingdale C M Murphy (resigned 9 April 2021)
REGISTERED NUMBER	02186490
REGISTERED OFFICE	Causeway Central Pioneer Park Bristol BS4 3QB
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 10 Temple Back Bristol BS1 6FL
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

SPACE ENGINEERING SERVICES LIMITED

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SPACE ENGINEERING SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

BUSINESS REVIEW

The principal activity of the company during the period was the provision of refrigeration, mechanical and electrical solutions to customers in the food retail, food processing and distribution, and non-food sectors including pharmaceuticals and manufacturing.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board maintains a risk register to manage the principal risks and uncertainties of the business.

The Board considers the principal risks of the business to be:

Covid-19

The business supports key sectors, particularly food retail and food processing, that have continued throughout the pandemic. The Service department were designated key workers and continue to operate. The capital areas of the business are more exposed to lockdown or disruption of the construction sector. The risks associated are mitigated by close liaison with customers on their programmes and accessing government support where possible and appropriate. The risk of widespread absence in the work force is being closely monitored and controlled through tight Covid Secure working practices across all areas of operation and locations.

Market Conditions

Close working relations are maintained with both the company's suppliers and customers in order to monitor market and technology changes. The directors continually monitor other markets and services that are complementary to the company's business model and dynamics and that can be added to the company's range of services.

Debtors and Credit Risk

The principal credit risk arises from trade debtors. A Credit Insurance policy is in place; credit limits and credit terms are set for customers based on a combination of availability of cover, payment history and third party credit references. Credit limits are regularly reviewed in conjunction with debt ageing and collection history. The directors regard the quality and spread of customers as being a safeguard against the risk of default. Stringent daily credit control procedures are undertaken.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations and, as far as possible, matching supplier payment terms with customer collection terms.

Currency Risk

Many of the overseas suppliers to our UK operations invoice us in Sterling to mitigate our exposure. Where product suppliers invoice in Euros then we have agreed rates with the end users and our contracts allow us to open discussions if the currency moves beyond certain thresholds and apply surcharges where appropriate. Overseas activities are conducted in the local currency to match income and expenditure and remove the risk of currency movements beyond the remittance of profits.

SPACE ENGINEERING SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

FINANCIAL KEY PERFORMANCE INDICATORS

Results of key performance indicators: -

	2021	2020
Adjusted Earnings before Interest, Tax, Depreciation and Amortisation	£0.6m	£1.6m
EBTIDA % Sales	1.0%	2.5%
Debtor Days	48 days	63 days
WIP days – Group	15 days	18 days
WIP days – Projects	11 days	21 days
WIP days – Service	15 days	11 days
WIP days – Industrial	16 days	10 days

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

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.

This report was approved by the board on 18th May 2022 and signed on its behalf.



B L Harris
Director

SPACE ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

RESULTS AND DIVIDENDS

The trading results for the year show a turnover of £59,530,407 (2020 £62,508,999) and an operating profit of £228,047 (2020 £103,090).

It was another difficult trading year as the company navigated Covid, global supply chain shortages and inflationary cost pressures. These challenges also impacted on our customers, which saw many planned works get pushed back, however this provides a good foundation for 2022 trading. Despite these challenges in 2021, the company performed well in the circumstances, keeping sales at similar levels to 2020 and generating a positive EBITDA % of sales of 1.0%. In December, the company restructured many of its business units to enhance profitability, the impact of which won't be seen until 2022.

Despite repaying most of the outstanding VAT deferred from 2020 and carrying a higher level of inventory to meet the strong opening 2022 order book, the company has utilised customer supply chain finance programs to reduce debtors, increase cash and operate without the need for a bank overdraft.

DIRECTORS

The directors who served during the year were:

B L Harris (appointed 26 April 2021)
D E Nouch
J A Hollingdale
C M Murphy (resigned 9 April 2021)

FUTURE DEVELOPMENTS

The company will continue to deliver outstanding quality and service to its existing customer base whilst also building our name and reputation in adjacent sectors. A dedicated team has been formed to respond to the increased level of new customer enquiries.

The budget for 2022 is for a substantial improvement on our 2021 performance; consolidating existing sales, recognising a degree of project slippage from 2021 and a modest amount of additional business from new customer opportunities. These combined with cost savings from our restructure and tight working capital management should see the company return to profitability and maintain its strong balance sheet position.

SPACE ENGINEERING SERVICES LIMITED

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

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND EMPLOYEES

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.

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.

Employees

At Space Engineering Services, we recognise that through the integration of experience in all work activities and practices, a positive environment can be created that is compatible with promoting engagement, performance and achievement. Working in partnership with all areas of the business with a common interest in promoting a culture of positive experience is key to the success of this strategy.

Employee Experience was one of the key objectives for the business in 2021, with a specific strategy document and the ultimate goal of creating a great working environment for all employees and to prevent work associated disengagement, for the overall benefit of employees and the organisation. This encompassed the people, the work and the organisation, recognising that employees' values, personal development and work within the business contribute to their overall experience at work.

Working through the ongoing Covid-19 pandemic, we have continued to use technology to maintain regular communication with employees, and have hosted Microsoft Teams Board Q&As in February 2021 and October 2021, in which business objectives and activities have been discussed, inviting all employees to attend, enabling an opportunity for employee voice and discussion. In order to further improve communication, an Internal Communications audit with feedback from 13 group sessions was conducted in October / November 2021, which will inform our improved communication strategy for future years.

Anonymous pulse surveys were carried out in March 2021 and July 2021. The feedback from the first led to the development of local action plans, whilst feedback from the second was specific to the benefits employees values, and changes to our benefits package will be made in 2022, influenced by this survey response. Our overall employee engagement score across these surveys has been positive at 7.3/10

April 2020 saw us introduce WeCare, an enhanced Employee Support Programme, which gave all our employees and their immediate family they lived with access to 24/7 online GP appointments, second medical opinions, mental health support and life events counselling, smoking cessation clinics and get fit programmes, which supported our vision empowering our People to make positive choices about their health, wellness and wellbeing, both in the workplace and at home, through promoting an active and healthy lifestyle, staying well (preventing avoidable illness and infection) and creating an open and supportive culture for our employee to discuss their mental health.

In light of the ongoing uncertainty related to Covid-19, we introduced an agile working policy in July 2021, offering a great degree of flexibility for employees to ensure life/work balance was maintained during challenging times, and will continue to monitor this to ensure safety, wellbeing, engagement and productivity remain our priority.

As a business that continued to operate throughout the pandemic, with a large proportion of our workforce in public facing roles, as part of our pay review in 2021, an additional days' holiday was awarded to all employees, made available after Step 4 of the Government Roadmap out of lockdown and to be taken by the end of 2022.

SPACE ENGINEERING SERVICES LIMITED

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

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The information in respect of greenhouse gas emissions, energy consumption and energy efficiency action of the company have been included in the group report of Space Cooling Topco Limited, a parent undertaking. Accordingly, the Company has taken advantage of the exemption available from presenting its energy use in its own report.

MATTERS COVERED IN THE STRATEGIC REPORT

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance these have been included within the Strategic Report rather than the Directors' Report. It has done so in respect of principal risks and uncertainties.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



B L Harris
Director

Date: 18th May 2022

Causeway Central
Pioneer Park
Bristol
BS4 3QB

SPACE ENGINEERING SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPACE ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPACE ENGINEERING SERVICES LIMITED

OPINION

We have audited the financial statements of Space Engineering Services Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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 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.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

SPACE ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPACE ENGINEERING SERVICES LIMITED (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the 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 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, 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 set out on page 6, 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.

SPACE ENGINEERING SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPACE ENGINEERING SERVICES LIMITED
(CONTINUED)**

AUDITORS' 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 Auditors' 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.

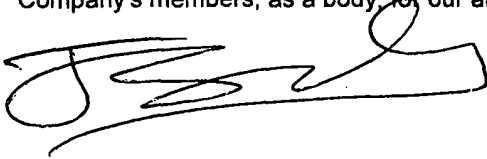
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the industry and sector, control environment and business performance;
- We have considered the results of enquiries with management, the Directors, and representatives from the company in relation to their own identification and assessment of the risks or irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

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



Joseph Scaife FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL
Date: 20/5/22

SPACE ENGINEERING SERVICES LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	59,530,407	62,508,999
Cost of sales		(39,709,564)	(39,723,010)
Gross profit		19,820,843	22,785,989
Administrative expenses		(19,592,796)	(22,682,899)
Operating profit	5	228,047	103,090
Income from fixed assets investments		296,414	370,518
Interest receivable and similar income	9	1,876	5,401
Interest payable and similar expenses	10	(64,454)	(86,002)
Grant income received - Coronavirus Job Retention Scheme		-	583,732
Profit before tax		461,883	976,739
Tax on profit	11	(38,469)	11,418
Profit for the financial year		423,414	988,157

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 13 to 27 form part of these financial statements.

SPACE ENGINEERING SERVICES LIMITED
REGISTERED NUMBER:02186490

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	586,087	632,123
Investments	13	146,291	141,159
		<u>732,378</u>	<u>773,282</u>
Current assets			
Stocks	14	3,296,762	2,717,207
Debtors: amounts falling due within one year	15	31,826,225	36,753,764
Cash at bank and in hand		5,327,227	6,421,081
		<u>40,450,214</u>	<u>45,892,052</u>
Creditors: amounts falling due within one year	16	(10,829,145)	(16,735,301)
Net current assets		<u>29,621,069</u>	<u>29,156,751</u>
Total assets less current liabilities		<u>30,353,447</u>	<u>29,930,033</u>
Net assets		<u><u>30,353,447</u></u>	<u><u>29,930,033</u></u>
Capital and reserves			
Called up share capital	18	23,248	23,248
Share premium account	19	464,256	464,256
Capital redemption reserve	19	10,032	10,032
Profit and loss account	19	29,855,911	29,432,497
		<u>30,353,447</u>	<u>29,930,033</u>

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



B L Harris
 Director

Date: 18th May 2022

The notes on pages 13 to 27 form part of these financial statements.

SPACE ENGINEERING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	23,248	464,256	10,032	28,444,340	28,941,876
Profit for the year	-	-	-	988,157	988,157
At 1 January 2021	23,248	464,256	10,032	29,432,497	29,930,033
Profit for the year	-	-	-	423,414	423,414
At 31 December 2021	23,248	464,256	10,032	29,855,911	30,353,447

The notes on pages 13 to 27 form part of these financial statements.

SPACE ENGINEERING SERVICES LIMITED

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

1. GENERAL INFORMATION

Space Engineering Services Limited is a limited liability company incorporated in England and Wales. The registered office is Causeway Central, Pioneer Park, Bristol, BS4 3QB.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Space Cooling Topco Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

SPACE ENGINEERING SERVICES LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 REVENUE

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 dialy 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.

2.6 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. ACCOUNTING POLICIES (continued)

2.7 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 CURRENT AND DEFERRED TAXATION

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

SPACE ENGINEERING SERVICES LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.9 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 10 years
Fixtures and fittings	- 4 years
Computer equipment	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 STOCKS

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

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

2.12 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SPACE ENGINEERING SERVICES LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.16 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

SPACE ENGINEERING SERVICES LIMITED

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

4. TURNOVER

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

Analysis of turnover by country of destination:

	2021	2020
	£	£
United Kingdom	58,342,301	62,508,999
Rest of Europe	1,188,106	-
	<u>59,530,407</u>	<u>62,508,999</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	373,537	477,288
Profit on disposal of fixed assets	(2,500)	(3,901)
(Profit)/Loss on foreign currency	(14,068)	10
Other operating lease rentals	1,128,231	1,712,239
	<u>1,128,231</u>	<u>1,712,239</u>

6. AUDITORS' REMUNERATION

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	32,500	69,642
	<u>32,500</u>	<u>69,642</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. EMPLOYEES

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

	2021 £	2020 £
Wages and salaries	14,642,931	16,990,377
Social security costs	1,678,664	1,930,342
Cost of defined contribution scheme	496,459	586,323
	<u>16,818,054</u>	<u>19,507,042</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production staff	225	288
Administrative and management staff	167	170
	<u>392</u>	<u>458</u>

8. DIRECTORS' REMUNERATION

	2021 £	2020 £
Directors' emoluments	337,384	338,878
Company contributions to defined contribution pension schemes	33,051	31,500
	<u>370,435</u>	<u>370,378</u>

During the year retirement benefits were accruing to 3 directors (2020:2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £149,990 (2020:£147,914).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £27,000 (2020:£21,000).

9. INTEREST RECEIVABLE

	2021 £	2020 £
Bank interest receivable	<u>1,876</u>	<u>5,401</u>

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Bank interest payable	64,454	76,890
Other interest payable	-	9,112
	<u>64,454</u>	<u>86,002</u>

11. TAXATION

	2021 £	2020 £
CORPORATION TAX		
Current tax on profits for the year	7,512	(10,235)
TOTAL CURRENT TAX	<u>7,512</u>	<u>(10,235)</u>
DEFERRED TAX		
Origination and reversal of timing differences	49,715	5,801
Changes to tax rates	(18,758)	(6,862)
Adjustment in respect of previous periods	-	(122)
TOTAL DEFERRED TAX	<u>30,957</u>	<u>(1,183)</u>
TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	<u>38,469</u>	<u>(11,418)</u>

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2020:lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>461,883</u>	<u>976,739</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020:19%)	87,758	188,082
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16,548	17,409
Capital allowances for year in excess of depreciation	(12,762)	-
Adjustments to tax charge in respect of prior periods	-	(10,357)
Short-term timing differences	8,104	-
Non-taxable income	(56,848)	(70,398)
Effect of change of tax rates	(6,826)	(6,862)
Group relief	(202,389)	(331,386)
Transfer pricing adjustments	204,884	202,094
TOTAL TAX CHARGE FOR THE YEAR	<u><u>38,469</u></u>	<u><u>(11,418)</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. TANGIBLE FIXED ASSETS

	Short-term leasehold property £	Fixtures and fittings & Computer equipment £	Total £
COST OR VALUATION			
At 1 January 2021	1,041,952	7,692,939	8,734,891
Additions	-	327,501	327,501
Disposals	-	(19,000)	(19,000)
At 31 December 2021	<u>1,041,952</u>	<u>8,001,440</u>	<u>9,043,392</u>
DEPRECIATION			
At 1 January 2021	932,624	7,170,144	8,102,768
Charge for the year	56,746	316,791	373,537
Disposals	-	(19,000)	(19,000)
At 31 December 2021	<u>989,370</u>	<u>7,467,935</u>	<u>8,457,305</u>
NET BOOK VALUE			
At 31 December 2021	<u>52,582</u>	<u>533,505</u>	<u>586,087</u>
At 31 December 2020	<u>109,328</u>	<u>522,795</u>	<u>632,123</u>

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2021	723,771
Additions	5,132
At 31 December 2021	<u>728,903</u>
IMPAIRMENT	
At 1 January 2021	582,612
At 31 December 2021	<u>582,612</u>
NET BOOK VALUE	
At 31 December 2021	<u>146,291</u>
At 31 December 2020	<u>141,159</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Space Cooling Systems Limited	1)	Ordinary	100%
Case & Cold Services Limited	1)	Ordinary	100%
Space Engineering Services KFT	2)	Ordinary	100%

1) The registered office of the company is Causeway Central, Pioneer Park, Bristol, BS4 3QB.

2) The registered office of the company is 9012 Győr, Mérföldkö Magánút 14., Hungary.

14. STOCKS

	2021 £	2020 £
Raw materials and consumables	<u>3,296,762</u>	<u>2,717,207</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 year were £29,866,200 (2020 £26,995,030).

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. DEBTORS

	2021 £	2020 £
Trade debtors	5,603,327	10,705,774
Amounts owed by group undertakings	23,755,612	22,357,293
Other debtors	246,180	192,850
Prepayments and accrued income	564,812	570,945
Amounts recoverable on contracts	1,600,939	2,595,668
Corporation Tax	26,913	271,835
Deferred taxation	28,442	59,399
	<u>31,826,225</u>	<u>36,753,764</u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	6,270,557	10,403,735
Amounts owed to group undertakings	564,767	139,442
Other taxation and social security	2,030,275	4,280,613
Other creditors	172,375	183,578
Accruals and deferred income	1,791,171	1,727,933
	<u>10,829,145</u>	<u>16,735,301</u>

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

17. DEFERRED TAXATION

	2021 £
At beginning of year	59,399
Charged to profit or loss	(30,957)
AT END OF YEAR	<u><u>28,442</u></u>

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	18,225	40,825
Other timing differences	10,217	18,574
	<u>28,442</u>	<u>59,399</u>

18. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
16,700 (2020:16,700) Ordinary A shares of £1.00 each	16,700	16,700
6,548 (2020:6,548) Ordinary B shares of £1.00 each	6,548	6,548
	<u>23,248</u>	<u>23,248</u>

The A and B classes of ordinary shares rank *pari passu* in all respects.

19. 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.

Profit and loss account

This reserve includes all current retained profits and losses. All are considered to be distributable.

20. 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 over certain assets of the Company.

The Company entered into a Second Ranking Debenture dated 2 May 2014 guaranteeing all sums due to Dover Refrigeration and Food Equipment UK Limited and the holders of the Secured Loan Notes by way of a fixed and floating charge over certain assets of the Company.

SPACE ENGINEERING SERVICES LIMITED

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

21. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £496,459 (2020: £586,323). Contributions totalling £101,551 (2020: £96,790) were payable to the fund at the reporting date and are included in creditors.

22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1,047,395	789,945
Later than 1 year and not later than 5 years	1,269,552	1,410,338
	<u>2,316,947</u>	<u>2,200,283</u>

23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the FRS102, Section 33.1a, exemption not to disclose related party transactions and balances with wholly owned subsidiaries within the Space Cooling Topco Limited 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 2021 £	Outstanding 2021 £	Transactions 2020 £	Outstanding 2020 £
Purchases:				
Advansor A/S	1,574,582	337,684	363,707	9,655
SWEP International	1,585	-	14,574	-

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 previous year for £10,000 at the previous year-end no balance was outstanding.

24. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

SPACE ENGINEERING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. CONTROLLING PARTY

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

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

Space Cooling Topco Limited, a company incorporated in England and Wales, 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.