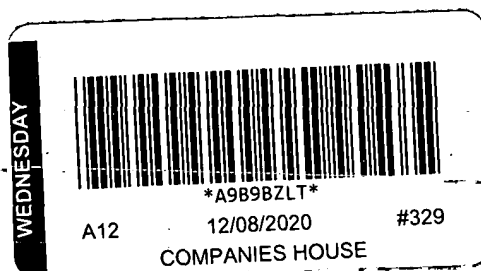


Registered number: 01013256

STARKSTROM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



STARKSTROM LIMITED

COMPANY INFORMATION

Directors	L D Comber (resigned 20 July 2018) D C Donner (appointed 20 July 2018) G A Pomroy (appointed 11 July 2019)
Registered number	01013256
Registered office	116-118 Chancery Lane London WC2A 1PP
Independent auditors	Harris & Trotter LLP Chartered Accountants & Registered Auditors 64 New Cavendish Street London W1G 8TB

STARKSTROM LIMITED

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Balance Sheet	10
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The following pages do not form part of the statutory financial statements:	
Detailed Profit and Loss Account and Summaries	

STARKSTROM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

Introduction

Starkstrom Limited delivers advanced medical equipment to the operating theatre and critical care sector, and is a leading provider of fully integrated solutions, with over 40 years' experience in the UK Sector.

Business review

The profit for the year after taxation amounted to £69,963 (2018: loss of £577,187 - after prior-year adjustment of £635,977 - see note 13).

During the year, an investigation took place into the manner in which the company had been evaluating its Work in Progress. It was discovered that over a long period of time the method of calculation used was wrong, and that as at 30 June 2018 the value of the Work in Progress was overstated by £438,742. In addition, directors' investigation revealed other discrepancies within Sales and Purchases Ledgers, and stock of finished goods resulting in an overstatement of Profit and Net Assets by £635,977.

The total of these amounts has been accounted for as prior year adjustments and accordingly the figures for the year ended 30 June 2018 have been restated.

Also, during the year to 30 June 2019, the company concluded a number of long-term projects. These had started in previous years and were priced at margins we would now regard as unacceptable. Furthermore, in closing these projects, a number of requirements for work in the contracts had not been included in the original costings which resulted in the year's overall gross margin being reduced by a number of percentage points due to extra costs incurred.

The year also saw delays in projects due both to Brexit uncertainty and to a 20% reduction in NHS capital spend. Despite the one-off costs and the challenging trading environment the company made a modest profit. This result does not however reflect a much stronger underlying business performance.

The company now has in place new management disciplines and controls which will mean we can avoid any of the prior mistakes and the Directors confidently expect that during the current year the company will show a substantial improvement in performance, despite the impact of the COVID 19 pandemic. A number of projects have been delayed but are coming back online daily as Government clarifies its return to work guidance.

The company has remained fully operational throughout the past few months, with its staff being designated as key workers. The company has been honouring its maintenance obligations with its key customers and the factory has remained open and working, albeit with modified working practices.

The Directors believe that both existing and future customers have good reason to be more confident in Starkstrom Limited now than at any other time in the last 3 years.

Stratixiom Limited now than at any other time in the last 3 years.

The Directors believe that both existing and future customers have good reason to be more confident in

factory has remained open and working, albeit with modified working practices.

key workers. The company has been monitoring its maintenance obligations with its key customers and the company has remained fully operational throughout the past few months, with its staff being designated as

have been delayed but are coming back online daily as Government changes its return to work guidance. Significant improvement in performance, despite the impact of the COVID 19 pandemic. A number of projects the prior mistakes and the Directors confidently expect that during the current year the company will show a The company now has in place new management disciplines and controls which will mean we can avoid any of

This result does not however reflect a much stronger underlying business performance.

being. Despite the one-off costs and the challenging trading environment the company made a modest profit. The year also saw delays in projects due both to Brexit uncertainty and to a 50% reduction in NHS capital

to extra costs incurred.

costs which resulted in the year's overall gross margin being reduced by a number of percentage points due closing these projects, a number of requirements for work in the contracts had not been included in the original signed in previous years and were priced at margins we would now regard as unacceptable. Furthermore, in Also, during the year to 30 June 2018, the company completed a number of long-term projects. These had

year ended 30 June 2018 have been restated

The total of these amounts has been accounted for as prior year adjustments and accordingly the figures for the

resulting in an overstatement of Profit and Net Assets by £632,811.

investigation revealed other discrepancies within sales and purchases ledgers, and stock of finished goods that as at 30 June 2018 the value of the work in progress was overstated by £438,142. In addition directors, in progress. It was discovered that over a long period of time the method of calculation used was wrong, and During the year, an investigation took place into the manner in which the company had been evaluating its work

of £632,811 - see note 13).

The profit for the year after taxation amounted to £68,883 (2018: loss of £217,181 - after prior-year adjustment

Business review

a leading provider of fully integrated solutions with over 40 years' experience in the UK sector.

Stratixiom Limited delivers advanced medical equipment to the operating theatre and critical care sector, and is

Introduction

FOR THE YEAR ENDED 30 JUNE 2018
STRATEGIC REPORT

STRATIXIOM LIMITED

STARKSTROM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are as follows:

- **Technological development** – the risk of potential advances in technology making current products obsolete. This risk is mitigated by the Company's continued investment in new technologies and the development of its existing product portfolio.
- **Operational risk** – the risks of failing to deliver, or providing inappropriate delivery of, our products or services to customers. These risks are mitigated by development reviews prior to delivery of products and services.
- **Information security** – Serious data breaches, external attacks and employee violation of company security policy. This risk is mitigated by the continuous independent review of our information security.
- **Market risk** – geographic instability affecting business confidence, which causes uncertainty for investment decisions and product delivery. This risk is mitigated by the Company's continuous review of the markets in which it operates and by robust, advance investment appraisal.
- **Personnel risks** – losing the services of key managers and employees or delays in finding suitable replacements. This risk is mitigated by the Company's recruitment policies and incentive programmes.
- **Reliance on public sector contracts** – the risk that changes in the political environment in any of the geographies in which we operate, when such changes are clearly beyond our control, could lead, for instance, to loss of business or reduction of the associated margin. We seek to mitigate this risk through ensuring our product offerings are compelling and competitive and by increasing the geographic spread of customers.
- **Credit risk** – the Company's principle financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk, management reviews the debt ageing on an ongoing basis, together with the collection history and third party credit references where appropriate.
- **Liquidity risk** – the Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Financial key performance indicators

The Starkstrom Management team believe that KPIs are an important component of measuring the Company's progress towards its goals. The Management team reflect on whether the chosen KPIs are relevant over time. KPIs are selected to help provide a deeper understanding of all aspects of the business from manufacture through customer satisfaction, and typically include as a minimum KPIs relating to gross profit, operating margins, labour costs (direct and indirect) and job and product costs.

Management accounts are reviewed monthly and cash flows and customers' credit are reviewed on a weekly basis.

STARKSTROM LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

This report was approved by the board on

and signed on its behalf.


D C Donner
Director

21/7/20

STARKSTROM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors' responsibilities statement

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;
- 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.

Principal activity

The principal activities of the Company are the distribution and installation of medical panels, electrical control gear and all related components.

Results and dividends

The profit for the year, after taxation, amounted to £69,963 (2018 - loss £577,187).

The comparative loss figure of £577,187 is after the prior-year adjustment of £635,977.

Directors

The directors who served during the year were:

L D Comber (resigned 20 July 2018)
D C Donner (appointed 20 July 2018)

STARKSTROM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

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.

COVID-19

The company is continuing to monitor developments of the COVID-19 virus and the associated near-term uncertainty of the global economy outlook. The company is assessing the potential future operational and financial impact of the coronavirus and seeking to take mitigating actions, such as a reduction on all non essential operating expenditure, utilisation of government aid where required and negotiating terms with suppliers. Management continue to monitor the situation and has further plans that can be implemented as they assess the COVID-19 impact.


Auditors

Crowe LLP acted as the company's auditor during the previous year's audit, and resigned during the year. Harris & Trotter LLP has been appointed as the company's new auditor.

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

This report was approved by the board on

and signed on its behalf.


D C Donner
Director
21/7/20

STARKSTROM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STARKSTROM LIMITED

Opinion

We have audited the financial statements of Starkstrom Limited (the 'Company') for the year ended 30 June 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 30 June 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter

Impact of the outbreak of COVID-19 on the financial statements. In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 5, and the consideration in the going concern basis of preparation on page 12.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider

STARKSTROM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STARKSTROM LIMITED (CONTINUED)

economy.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other 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.

STARKSTROM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STARKSTROM LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

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.

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.

Stephen Haffner (Senior Statutory Auditor)

for and on behalf of
Harris & Trotter LLP

Chartered Accountants & Registered Auditors

64 New Cavendish Street
London
W1G 8TB

Date: 21/07/2020

STARKSTROM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	As restated 2018 £
Turnover	3	9,474,267	13,184,954
Cost of sales		(6,542,623)	(10,384,022)
Gross profit		2,931,644	2,800,932
Administrative expenses		(2,843,677)	(3,381,909)
Operating profit/(loss)	4	87,967	(580,977)
Tax on profit/(loss)	6	(18,004)	3,790
Profit/(loss) for the financial year		69,963	(577,187)
Other comprehensive income for the year			
Total comprehensive income for the year		69,963	(577,187)

The notes on pages 12 to 22 form part of these financial statements.

The notes on pages 12 to 22 form part of these financial statements.

Total comprehensive income for the year

2018 2017

Other comprehensive income for the year

Profit/(loss) for the financial year

2018 2017

Tax on profit/(loss)

0 0

Operating profit/(loss)

4 4

Administrative expenses

(100,182.3) (100,182.3)

Gross profit

539,008.5 539,008.5

Cost of sales

(550,481.3) (550,481.3)

Turnover

3 3

Note

3 3

2018 2017

2018 2017

FOR THE YEAR ENDED 30 JUNE 2018
STATEMENT OF COMPREHENSIVE INCOME

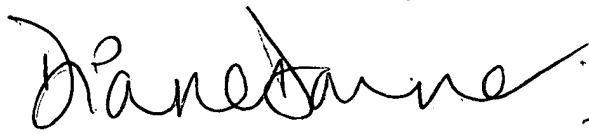
STATEMENT OF COMPREHENSIVE INCOME

STARKSTROM LIMITED
REGISTERED NUMBER: 01013256

BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	7	65,024	86,669
		<u>65,024</u>	<u>86,669</u>
Current assets			
Stocks	8	1,011,894	761,500
Debtors: amounts falling due within one year	9	5,197,093	6,101,633
Cash at bank and in hand		362,556	167,030
		<u>6,571,543</u>	<u>7,030,163</u>
Creditors: amounts falling due within one year	10	(3,590,468)	(4,140,696)
Net current assets		<u>2,981,075</u>	<u>2,889,467</u>
Total assets less current liabilities		<u>3,046,099</u>	<u>2,976,136</u>
Net assets		<u><u>3,046,099</u></u>	<u><u>2,976,136</u></u>
Capital and reserves			
Called up share capital	11	35,199	35,199
Share premium account	12	32,556	32,556
Capital redemption reserve	12	26,400	26,400
Profit and loss account	12	2,951,944	2,881,981
		<u><u>3,046,099</u></u>	<u><u>2,976,136</u></u>

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


 D C Donner
 Director

21/7/20

The notes on pages 12 to 22 form part of these financial statements.

STARKSTROM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 July 2017	35,199	32,556	26,400	3,459,168	3,553,323
Comprehensive income for the year					
Loss for the year	-	-	-	(577,187)	(577,187)
At 1 July 2018 (as previously stated)	35,199	32,556	26,400	3,517,958	3,612,113
Prior year adjustment (see note 13)	-	-	-	(635,977)	(635,977)
At 1 July 2018 (as restated)	35,199	32,556	26,400	2,881,981	2,976,136
Comprehensive income for the year					
Profit for the year	-	-	-	69,963	69,963
At 30 June 2019	35,199	32,556	26,400	2,951,944	3,046,099

The notes on pages 12 to 22 form part of these financial statements.

The notes on pages 12 to 22 form part of these financial statements

At 30 June 2018	32,122	35,222	32,400	44,122.5	89,040.3
Profit for the year	-	-	-	22,222	22,222
Comprehensive income for the year	-	-	-	22,222	22,222
At 1 July 2018 (as restated)	32,122	35,222	32,400	5,881,881	5,881,881
Profit for the year	-	-	-	(1,111,111)	(1,111,111)
Comprehensive income for the year	-	-	-	(1,111,111)	(1,111,111)
At 1 July 2018 (as previously stated)	32,122	35,222	32,400	3,211,222	3,211,222
Profit for the year	-	-	-	(1,111,111)	(1,111,111)
Comprehensive income for the year	-	-	-	(1,111,111)	(1,111,111)
At 1 July 2017	32,122	35,222	32,400	8,122,222	8,122,222
Profit for the year	-	-	-	22,222	22,222
Comprehensive income for the year	-	-	-	22,222	22,222
At 1 July 2016	32,122	35,222	32,400	8,122,222	8,122,222

FOR THE YEAR ENDED 30 JUNE 2018
STATEMENT OF CHANGES IN EQUITY

STARKSTON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. General information

Starkstrom Limited is a company limited by shares and incorporated in England and Wales (registered number: 01013256).

The registered office of the company is 116 - 118 Chancery Lane, London, United Kingdom, WC2A 1PP.

The financial statements are prepared in Sterling, which is the functional currency of the company.

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.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis. The company is dependent for its working capital on funds provided to it by its fellow group companies and on being able to receive funds in respect of amounts due from group undertakings.

DNY Investments Limited, the company's ultimate parent company (with effect from 31 December 2019), has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis. Potential sources of uncertainty noted by the directors include the COVID-19 pandemic. However, at the date of this report it is not possible to reliably determine the effects that this will have on the company. Accordingly the directors have continued to prepare the financial statements on the going concern basis.

statements on the going concern basis.

This will have on the company. Accordingly the directors have continued to prepare the financial statements. However, at the date of this report it is not possible to reliably determine the effects that concern basis. Potential sources of uncertainty noted by the directors include the COVID-19. As a result, the directors consider it appropriate to prepare the financial statements on a going

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5.3 Going concern

The following principal accounting policies have been applied.

Company's accounting policies

critical accounting estimates. It also requires management to exercise judgment in applying the the preparation of financial statements in compliance with FRS 105 requires the use of certain

Companies Act 2006.

the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the specified within these accounting policies and in accordance with Financial Reporting Standard 105. The financial statements have been prepared under the historical cost convention unless otherwise

5.1 Basis of preparation of financial statements

5. Accounting policies

The financial statements are prepared in Sterling, which is the functional currency of the company.

The registered office of the company is 116 - 118 Chancery Lane, London, United Kingdom, WC2A 1PP.

number: 01013520).

Starkstrom Limited is a company limited by shares and incorporated in England and Wales (registered

4. General information

FOR THE YEAR ENDED 30 JUNE 2019
NOTES TO THE FINANCIAL STATEMENTS

STARKSTROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.3 Revenue

Turnover represents the amount receivable in respect of goods and services provided during the period, stated net of value added tax. Analysis of turnover by geographical market is not disclosed because in the opinion of the director the majority of the turnover arises in the United Kingdom. Revenue is measured at the fair value of the right to consideration.

Revenue on fixed price contracts is recognised when the outcome of the contract can be estimated reliably and the stage of completion of the contract can be measured reliably. Contract revenue and expenses are recognised in accordance with the stage of completion of the contract. Under the stage of completion method, contracts costs, revenue and the resulting profit are recognised in the period in which the work is performed. Contract costs incurred that relate to future activities are deferred and recognised as inventory. Stage of completion is based on costs incurred as a percentage of total budgeted costs. When the outcome of a contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that are probable of recovery.

Revenue relating to retention payments is recognised at the fair value of the amount receivable. When a contract includes a service element then the contract is split into a servicing component that is recognised separately as services revenue. Where contracts have a fixed fee split, revenue is recognised in line with the contract. In cases where contracts do not clearly separate revenue streams a fair value estimate is performed to allocate an appropriate portion of the revenue to the service element.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Taxation

Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date in the countries where the Company operates and generates income.

2.6 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short-term leasehold property	- in accordance with the terms of the lease
Plant and machinery	- 4 years
Motor vehicles	- 5 years
Fixtures and fittings	- 5 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 the Statement of Comprehensive Income.

2.7 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

2.8 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.

2.9 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.

2.10 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.

2.11 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 non-puttable ordinary shares.

STARKSTROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

3. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of goods and rendering of services	9,470,553	13,177,304
Rental and other income	3,714	7,650
	<u>9,474,267</u>	<u>13,184,954</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,860,171	11,926,858
Overseas	614,096	1,258,096
	<u>9,474,267</u>	<u>13,184,954</u>

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019 £	2018 £
Auditors remuneration	24,000	15,758
Exchange differences	164	21,048
Other operating lease rentals	37,415	-
Depreciation	<u>50,577</u>	<u>98,180</u>

STARKSTROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,248,797	3,773,174
	<u>3,248,797</u>	<u>3,773,174</u>

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

	2019 No.	2018 No.
Office and administration	53	61
Operations	14	16
	<u>67</u>	<u>77</u>

6. Taxation

	2019 £	2018 £
Corporation tax		
Adjustments in respect of previous periods	18,004	-
	<u>18,004</u>	<u>-</u>
Total current tax	<u>18,004</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	(3,790)
Total deferred tax	<u>-</u>	<u>(3,790)</u>
Taxation on profit/(loss) on ordinary activities	<u>18,004</u>	<u>(3,790)</u>

STARKSTROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

6. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>87,967</u>	<u>(580,978)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	-	(110,386)
Effects of:		
Non deductible expenses	-	502
Adjustments to tax charge in respect of prior periods	18,004	631
Under/(over) provision for deferred taxation	-	2,294
Prior-year adjustments	-	120,836
Group relief	-	(17,667)
Total tax charge for the year	<u>18,004</u>	<u>(3,790)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

STARKSTROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

7. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost or valuation					
At 1 July 2018	52,094	67,619	274,315	739,095	224,181
Additions	-	3,469	-	30,136	5,273
Disposals	(52,094)	(67,619)	(274,315)	(657,853)	(204,503)
At 30 June 2019	-	3,469	-	111,378	24,951
Depreciation					
At 1 July 2018	52,094	67,619	270,703	674,329	205,891
Charge for the year on owned assets	-	693	3,612	42,828	13,389
Disposals	(52,094)	(67,619)	(274,315)	(657,853)	(204,503)
At 30 June 2019	-	693	-	59,304	14,777
Net book value					
At 30 June 2019	-	2,776	-	52,074	10,174
At 30 June 2018	-	-	3,612	64,766	18,291

STARKSTROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

7. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 July 2018	1,357,304
Additions	38,878
Disposals	(1,256,384)
At 30 June 2019	<u>139,798</u>
Depreciation	
At 1 July 2018	1,270,636
Charge for the year on owned assets	60,522
Disposals	(1,256,384)
At 30 June 2019	<u>74,774</u>
Net book value	
At 30 June 2019	<u><u>65,024</u></u>
At 30 June 2018	<u><u>86,669</u></u>

8. Stocks

	2019 £	2018 £
Work in progress (goods to be sold)	204,839	151,250
Finished goods and goods for resale	807,055	610,250
	<u><u>1,011,894</u></u>	<u><u>761,500</u></u>

Eliminating double and triple for years
 Mark in brackets (Goods for 1920)

1'011'800	161'200
801'022	210'520
504'836	121'520
5010	5010

8. Stocks

At 30 June 2018

80'000

At 30 June 2018

82'034

Net book value

At 30 June 2018

14'114

Disposals

Change for 1920 on owned assets

(1'322'384)
80'255

At 1 July 2018

1'510'630

Depreciation

At 30 June 2018

1'381'288

Disposals

(1'322'384)

Acquisitions

38'818

At 1 July 2018

1'321'704

Cost of acquisition

3
Total

9. Intangible fixed assets (continued)

FOR THE YEAR ENDED 30 JUNE 2018
 NOTES TO THE FINANCIAL STATEMENTS

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STARKSTROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9. Debtors

	2019 £	2018 £
Trade debtors	2,280,559	3,639,280
Amounts owed by group undertakings	2,052,978	1,748,478
Other debtors	43,483	8,011
Prepayments and accrued income	820,073	705,864
	<u>5,197,093</u>	<u>6,101,633</u>

10. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,240,617	1,421,157
Amounts owed to group undertakings	743,291	909,873
Corporation tax	-	14,509
Other taxation and social security	236,357	679,253
Other creditors	13,488	-
Accruals and deferred income	1,356,715	1,115,904
	<u>3,590,468</u>	<u>4,140,696</u>

11. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
35,199 (2018 - 35,199) Ordinary shares of £1.00 each	<u>35,199</u>	<u>35,199</u>

12. Reserves

Share premium account

This reserve records the consideration premium for shares issued at a value that exceeds their nominal value, less any costs incurred by the Company relating directly to the issue of these shares.

Capital redemption reserve

This reserve records the amount by which the Company's share capital has diminished as a result of the cancellation of ordinary shares.

STARKSTROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

13. Prior year adjustment

Due to an accounting error in the prior year, the Work in Progress recorded in the financial statements was overstated by £438,742 which resulted in the cost of sales and profits to be understated and overstated respectively by the same amount.

Due to an accounting error in the prior year, the Trade Debtors and Trade Creditors in the financial statements were overstated by £43,138 and understated by £43,869 respectively, This has resulted in profits to be overstated by a total amount of £87,006.

Due to an accounting error in the prior year, the Stock of finished goods recorded in the Financial statements was overstated by £110,229, which resulted in the Cost of Sales and Profits to be understated and overstated respectively by the same amount.

Due to the above errors, prior year adjustments have therefore been made to correct these which have resulted in the change of profits previously reported of £55,000 being reduced to a loss of £577,187.

The net assets of the prior year has also reduced from £3,612,113 to £2,976,136.

14. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Within one year	163,481	207,024
Later than 1 year and not later than 5 years	273,375	397,481
	<u>436,856</u>	<u>604,505</u>

A total of £37,415 (2018: £8,848) was included as an expense relating to operating leases for motor vehicles. A total of £223,176 (2018: £156,542) was included as an expense relating to operating leases for land and buildings.

15. Related party transactions

The company has taken advantage of the exemption available in FRS102 Section 33: Related Party Transactions, whereby it has not disclosed transactions with any wholly owned group undertakings.

STARKSTROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

16. Controlling party

The company's ultimate parent company is Progility Limited, a company incorporated in England and Wales. The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is Progility Limited. Copies of the group financial statements of Progility Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ (see note 17 for change in controlling party post balance sheet date).

The immediate parent undertakings are Starkstrom Group Limited and Progility Health Limited, companies incorporated in England and Wales.

Praxis Trustees Limited, as trustee of the DNY Trust, held the majority of the shares of Progility Limited, and was therefore considered to be the ultimate controlling party.

17. Post balance sheet events

Between the year end and the date of this report, Coronavirus and the COVID-19 pandemic emerged globally. For more detail regarding the directors' view of this event please refer to the Directors' Report.

As a result of group re-structure on 31 December 2019, the company's ultimate parent company is DNY Investments Limited, a company registered in Guernsey.

Praxis Trustees Limited, as trustee of the DNY Trust, held the majority of the shares of DNY Investments Limited, and was therefore considered to be the ultimate controlling party.