

Company Registration No. 01013256 (England and Wales)

**STARKSTROM LIMITED**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**



# STARKSTROM LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D C Donner G A Pomroy
<b>Company number</b>	01013256
<b>Registered office</b>	3rd Floor 86-90 Paul Street London EC2A 4NE
<b>Senior statutory auditor</b>	Zara Dunster FCA
<b>Auditor</b>	Town & Forest Chartered Accountants & Statutory Auditors First Floor, New Barnes Mill Cottonmill Lane St Albans AL1 2HA

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# **STARKSTROM LIMITED**

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# STARKSTROM LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present the strategic report for the year ended 30 June 2022.

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 50 years' experience in the UK sector and internationally.

#### **Fair review of the business**

The profit for the year after taxation amounted to £1,666,201 (2021: profit of £1,025,526).

The Company structure ensures that our operations remain fit for purpose. Our withdrawal from low margin activities and our enhanced internal processes have significantly improved our financial performance over previous years. That has delivered much better results in this financial year and going forward. Work is correctly authorised, and our operating costs are properly understood.

Revenue has improved significantly, the further improved gross margin % and tight control of overheads have improved profit.

The Company has remained fully operational throughout the Covid-19 pandemic, with its staff continuing as key workers. The Company has honoured its maintenance obligations with its key customers and the factory has remained open and working, albeit with modified working practices.

Prudent procurement of supplies and materials from the European Union in the lead up to Brexit ensured the Company maintained operations, unhindered, throughout the transition period and beyond. Whilst shipping does take longer and involves more administration, this is planned and allowed for to reduce the impact on project delivery. Supplies from the European Union are secure.

The directors believe that, notwithstanding the effects of the Covid-19 pandemic, both existing and future customers have every good reason to be more confident in Starkstrom Limited now than at any other time in the last 6 years.

#### **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.

# STARKSTROM LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Principal risks and uncertainties (continued)

- **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.
- **Current geopolitical and UK economic environment** – this risk has been heightened by the ongoing war in Ukraine and the recent turbulence in the UK economy caused by the war and UK financial policies. Volatility in interest rates, supply chain issues and fuel costs caused by these, linked, factors are being mitigated by careful stock procurement, and consideration of the impact of exchange rates on costs. Customer quotes are caveated accordingly. We anticipate an improvement in the current situation in the next financial year.

### 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.

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

On behalf of the board



D C Donner  
Director

22/12/22

# STARKSTROM LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present their annual report and financial statements for the year ended 30 June 2022.

#### Principal activities

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 results for the year are set out on page 8.

The functional currency of the Company is pounds sterling and the presentational currency for the Progility Health Group is pounds sterling and therefore the results of the Company are presented in pounds sterling in these financial statements.

Ordinary dividends were paid amounting to £981,665 (2021: £nil). The directors do not recommend payment of a further dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D C Donner

G A Pomroy

#### Research and development

The Company carries out research and development in support of its activities. Expenditure on research activities is recognised in the Profit and Loss Account as an expense as incurred.

During the year the Company incurred and expensed approximately £300,000 research and development costs (2021: £271,974).

#### Future developments

The directors expect the business to make further progress as we continue to win new work and extend relationships with existing clients.

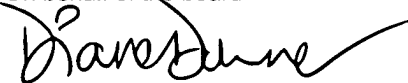
#### Auditor

The auditors, Town & Forest, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006,

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
D C Donner

Director

22/12/22

Date: .....

# **STARKSTROM LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2022**

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# STARKSTROM LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARKSTROM LIMITED

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### Opinion

We have audited the financial statements of Starkstrom Limited (the 'company') for the year ended 30 June 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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.

### Other information

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

### Opinions on other matters prescribed by the Companies Act 2006

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



# STARKSTROM LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STARKSTROM LIMITED

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### 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to the Companies Act 2006 and FRS 102.

We assessed the risks of material misstatement in respect of fraud as follows: we made full enquiries with management and those charged with governance. As part of our fraud discussions, we discussed particular areas we believed to be susceptible to misstatement. Also during our audit, we paid particular attention to looking for any related party transactions and these transactions are disclosed in the financial statements.

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

# STARKSTROM LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STARKSTROM LIMITED

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### Use of our report

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



Zara Dunster FCA  
(Senior Statutory Auditor)  
for and on behalf of  
Town & Forest  
Chartered Accountants & Statutory Auditors

First Floor, New Barnes Mill  
Cottonmill Lane  
St Albans  
AL1 2HA

4 January 2023

# STARKSTROM LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
Turnover	3	12,500,523	11,319,890
Cost of sales		(7,645,088)	(7,226,364)
<b>Gross profit</b>		<b>4,855,435</b>	<b>4,093,526</b>
Administrative expenses		(3,102,165)	(2,842,045)
Other operating income		7,650	22,190
<b>Operating profit</b>	4	<b>1,760,920</b>	<b>1,273,671</b>
Interest payable and similar expenses	7	(239)	(3,635)
<b>Profit before taxation</b>		<b>1,760,681</b>	<b>1,270,036</b>
Tax on profit	8	(94,480)	(244,510)
<b>Profit for the financial year</b>		<b>1,666,201</b>	<b>1,025,526</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no other items of other comprehensive income for the current year or prior year, therefore no separate statement of other comprehensive income has been prepared.

The accompanying notes on pages 11 - 24 form an integral part of the financial statements.

# STARKSTROM LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	10		320,106		115,044
<b>Current assets</b>					
Stocks	11	2,406,897		2,012,761	
Debtors	12	5,596,246		5,588,630	
Cash at bank and in hand		1,486,282		1,142,665	
		<u>9,489,425</u>		<u>8,744,056</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,593,632)</u>		<u>(4,347,729)</u>	
<b>Net current assets</b>			<u>4,895,793</u>		<u>4,396,327</u>
<b>Total assets less current liabilities</b>			<u>5,215,899</u>		<u>4,511,371</u>
<b>Provisions for liabilities</b>					
Provisions	14	<u>70,445</u>		<u>50,453</u>	
			<u>(70,445)</u>		<u>(50,453)</u>
<b>Net assets</b>			<u><u>5,145,454</u></u>		<u><u>4,460,918</u></u>
<b>Capital and reserves</b>					
Called up share capital	15		35,199		35,199
Share premium account	16		32,556		32,556
Capital redemption reserve	16		26,400		26,400
Profit and loss reserves	16		<u>5,051,299</u>		<u>4,366,763</u>
<b>Total equity</b>			<u><u>5,145,454</u></u>		<u><u>4,460,918</u></u>

The accompanying notes on pages 11 - 24 form an integral part of the financial statements.

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



D C Donner  
Director

22/12/22

Company Registration No. 01013256

# STARKSTROM LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2020</b>		35,199	32,556	26,400	3,341,237	3,435,392
<b>Year ended 30 June 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	1,025,526	1,025,526
<b>Balance at 30 June 2021</b>		35,199	32,556	26,400	4,366,763	4,460,918
<b>Year ended 30 June 2022:</b>						
Profit and total comprehensive income for the year		-	-	-	1,666,201	1,666,201
Dividends	9	-	-	-	(981,665)	(981,665)
<b>Balance at 30 June 2022</b>		35,199	32,556	26,400	5,051,299	5,145,454

The accompanying notes on pages 11 - 24 form an integral part of the financial statements.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2022**

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### 1 Accounting policies

#### Company information

Starkstrom Limited is a private company limited by shares incorporated and registered in England and Wales. The registered office is 3rd Floor, 86-90 Paul Street, London, EC2A 4NE.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance United Kingdom Accounting Standards, including Financial Reporting Standards 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and relates notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraph 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangement required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Proglity Health Limited. These consolidated financial statements are available from its registered office; 3rd Floor, 86-90 Paul Street, London, EC2A 4NE.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the following reasons.

The company has net assets of £5,145,454 (2021: £4,460,918), net current assets £4,895,793 (2021: £4,396,327) at the balance sheet date and posted a profit before taxation of £1,760,681 in the year (2021: £1,270,036) and therefore, the financial statements have been prepared on a going concern basis.

At the time of approving the financial statements, and for at least the next 12 months, the directors have reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for payment.

Potential sources of uncertainty noted by the directors include the impact of the war in Ukraine, its associated supply chain challenges, and the poor state of the UK economy.

However, at the date of this report the company's forecasts and projections consider the foreseeable changes in trading performance. All outcomes show that the company should be able to operate within the level of its current facilities.

The company provides essential services to the healthcare industry. The current uncertainties have had very limited effect on its operations and the directors are confident in the future of the company.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	3 years
Plant and equipment	4 years
Fixtures and fittings	5 years
Computers	4 years
Motor vehicles	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

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#### 1 Accounting policies

(Continued)

##### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments (continued)

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments (continued)

##### *Other financial liabilities*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### 1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

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#### 1 Accounting policies

(Continued)

##### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

##### 1.17 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 3 Turnover

All turnover relates to the primary activities of distribution and installation of medical panels, electrical control gear and all related components.

	2022 £	2021 £
Other significant income		
Government grants received	-	22,190

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	12,193,352	10,883,846
Rest of the World	307,171	436,044
	<u>12,500,523</u>	<u>11,319,890</u>

#### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging:		
Research and development costs	300,000	271,974
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	10,000
Depreciation of owned tangible fixed assets	64,626	32,453
Loss on disposal of tangible fixed assets	-	1,454
Cost of stocks recognised as an expense	4,384,118	5,544,330
Bad and doubtful debt	82,122	178,000
Operating lease charges	68,194	156,444

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Office and administration	49	52
Operations	8	8
	<u>57</u>	<u>60</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,846,616	2,788,549
Social security costs	296,035	276,241
Pension costs	51,961	50,762
	<u>3,194,612</u>	<u>3,115,552</u>

### 6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	<u>161,400</u>	<u>127,200</u>

The number of directors for whom retirement benefits are accruing under defined contribution or defined benefit schemes amounted to 0 (2021: 0).

The number of directors who exercised share options during the year was 0 (2021: 0).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 0 (2021: 0).

### 7 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	136	2,942
Interest on hire purchase contracts	103	693
	<u>239</u>	<u>3,635</u>

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 8 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	241,016	233,603
Adjustments in respect of prior periods	(146,536)	10,907
<b>Total current tax</b>	<b>94,480</b>	<b>244,510</b>
	2022 £	2021 £
Profit before taxation	1,760,681	1,270,036
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	334,529	241,307
Tax effect of expenses that are not deductible in determining taxable profit	3,295	3,969
Adjustments in respect of prior years	(146,536)	10,907
Permanent capital allowances in excess of depreciation	(39,808)	(11,673)
R&D relief claimed	(57,000)	-
<b>Taxation charge for the year</b>	<b>94,480</b>	<b>244,510</b>

#### Factors that may affect future tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

As the Company has no deferred tax asset or liability at the year end, there has been no effect on the financial statements as a result of this.

### 9 Dividends

	2022 £	2021 £
Final paid	981,665	-

# **STARKSTROM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 JUNE 2022**

### **10 Tangible fixed assets**

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 July 2021	17,936	12,227	104,293	39,007	67,875	241,338
Additions	2,732	-	10,367	9,902	246,687	269,688
At 30 June 2022	20,668	12,227	114,660	48,909	314,562	511,026
<b>Depreciation and impairment</b>						
At 1 July 2021	10,565	3,959	83,285	27,354	1,131	126,294
Depreciation charged in the year	6,486	3,057	9,724	5,177	40,182	64,626
At 30 June 2022	17,051	7,016	93,009	32,531	41,313	190,920
<b>Carrying amount</b>						
At 30 June 2022	3,617	5,211	21,651	16,378	273,249	320,106
At 30 June 2021	7,371	8,268	21,008	11,653	66,744	115,044

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 11 Stocks

	2022 £	2021 £
Work in progress	1,079,294	1,028,764
Finished goods and goods for resale	1,327,603	983,997
	<u>2,406,897</u>	<u>2,012,761</u>

There is no significant difference between the replacement cost of the 'work in progress' and 'finished goods and goods for resale' and their respective carrying amounts.

Inventories are stated after provisions for impairment of £70,383 (2021: £84,774).

### 12 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,686,293	2,657,026
Amounts owed by group undertakings	161,596	1,309,686
Amounts owed by related parties	2,390,355	813,394
Other debtors	197,361	-
Prepayments and accrued income	1,160,641	808,524
	<u>5,596,246</u>	<u>5,588,630</u>

Trade debtors includes £15,200 (2021: £13,584) falling due after more than one year.

Amounts owed by group undertakings and amounts owed by related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £284,409 (2021: £237,532).



# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,657,158	1,369,600
Amounts owed to group undertakings	68,206	-
Amounts owed to related parties	-	10,907
Corporation tax	241,016	233,603
Other taxation and social security	29,320	352,632
Other creditors	10,278	14,760
Accruals and deferred income	2,587,654	2,366,227
	<u>4,593,632</u>	<u>4,347,729</u>

Amounts owed to group undertakings and amounts owed to related parties are unsecured, interest free, have no fixed date of payment and are payable on demand.

Debentures with HSBC Bank PLC include fixed and floating charges over the undertaking and all property and assets present and future including goodwill, bookdebts, uncalled capital, buildings, fixtures, fixed plant and machinery.

### 14 Provisions for liabilities

	2022 £	2021 £
Dilapidations provision	<u>70,445</u>	<u>50,453</u>
Movements on provisions:		
		<b>Dilapidations provision £</b>
At 1 July 2021		50,453
Additional provisions in the year		19,992
At 30 June 2022		<u>70,445</u>

A provision has been made against the dilapidation costs expected when the Syston premises lease is surrendered in March 2024. The additional provisions in the year were made to bring the total provisions in line with more recent estimates of these costs.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 15 Share capital

	2022 £	2021 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
35,199 (2021: 35,199) Ordinary shares of £1 each	35,199	35,199
	<u>35,199</u>	<u>35,199</u>

### 16 Reserves

#### Share premium

Represents the amount paid for shares above par value.

#### Capital contribution reserve

This relates to any capital contributions received that were not in exchange for shares in the company.

#### Profit and loss reserves

This reserve records the retained profits and accumulated losses.

### 17 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	66,296	52,500
Between two and five years	75,015	91,875
	<u>141,311</u>	<u>144,375</u>

A total of £15,694 (2021: £18,273) was included as an expense relating to operating leases for motor vehicles. A total of £52,500 (2021: £138,171) was included as an expense relating to operating leases for land and buildings.

# STARKSTROM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2022**

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### **18 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.

During the year the company paid management charges of £351,156 (2021: £351,156) to Progility Finco Limited, a connected company by virtue of having the same ultimate parent company, DNY Investments Limited. At the balance sheet date, the company had £2,090,355 (2021: £741,511) owed by Progility Finco Limited included within debtors.

In addition to the above, at the balance sheet date, the company had £nil (2021: £71,883) owed by Sue Hill Recruitment & Services Limited included in debtors. At the balance sheet date, the company had £68,206 (2021: £nil) due to Progility Pty Ltd. Furthermore, the company had £nil (2021: £10,907) due to TFPL Limited. Sue Hill Recruitment & Services Limited, Progility Pty Ltd and TFPL Limited are connected company's by virtue of having the same ultimate parent company, DNY Investments Limited.

The amounts owed by and due to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### **19 Ultimate controlling party**

The company's ultimate parent company is DNY Investments Limited, a company registered in Guernsey.

At the balance sheet date, Praxis Trustees Limited, as trustee of the DNY Trust, held the majority of the shares of DNY Investments Limited and is therefore considered to be the ultimate controlling party.

Starkstrom Group Limited holds 100% of the shares of Starkstrom Limited and therefore Starkstrom Group Limited is the immediate parent company. The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is Progility Health Limited. Copies of the group financial statements of Progility Health Limited are available from its registered office; 3rd Floor, 86-90 Paul Street, London, EC2A 4NE.