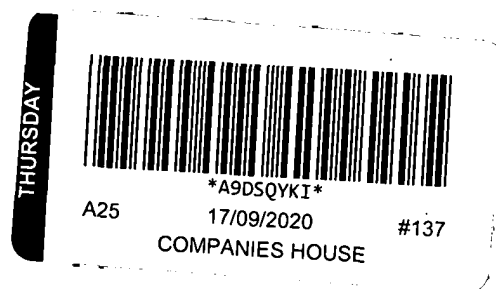


Company Registration No. 04064332 (England and Wales)

STR LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



STR LIMITED

COMPANY INFORMATION

Directors	C J Hutchings R P Crawley B Stephens S A Saunders
Secretary	R P Crawley
Company number	04064332
Registered office	1 Quay Point Northarbour Road Portsmouth Hampshire PO6 3TD
Auditor	RSM UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY

STR LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

STR Limited is an international staffing company providing specialist contract and permanent services into the STEM sector. It operates six micro-specialist brands servicing the Advanced Engineering and Technology, Automation and Robotics, Life Sciences, Maritime and Built Environment sectors.

2019 saw the completion of the review and overhaul of all back office systems that had started in 2018. The performance expectation for 2019 was to be solid and steady with the benefits of these changes and investment being seen in 2020 and 2021.

That is exactly what happened with Q1 2020 showing a strong performance. There was also every expectation of that continuing on the back of internal reporting changes that saw brand managers given an increasingly responsibility for delivering "value add" and profit contribution.

However at the end of March the company went into Covid-19 lockdown, most staff were furloughed under the Government's Job Retention Scheme and revenues fell sharply as permanent recruitment activity ceased and contractor numbers reduced by the week.

Contract activity started to pick up again in July and at the date of this report most staff have returned to work although many are still partially furloughed. Some brands have been more significantly affected than others, and the longer term effects remain unclear, although the performance of each brand is being closely monitored. There have been a small number of redundancies, unfortunately, but the board has decided that the best long term interests of the business are served by staff retention. Even if short term revenue generation per capita is lower, the capacity will be there to fuel recovery as and when that happens. It is expected that demand over the next year or so will be primarily be for contract personnel. With that in mind the company has obtained a CBILS loan facility to avoid undue stress on its invoice discounting facility which does not fund the full cost of sale of contract revenues.

The company went into lockdown with a strong balance sheet and a strong positive attitude within the business. The board wishes to publicly recognise the contribution and commitment shown by its staff during this unprecedented period and believes that although a bit leaner in the short term the business will reemerge even stronger.

The mix of contract revenues and permanent fees varies year on year according to market conditions, and also by brand. Consequently, there are no simple Key Performance Indicators ("KPI"). In terms of focus, the best indication of overall performance is net fee income ("NFI"), which in the context of statutory accounts is labelled as gross profit. That increased from £9.1m in 2018 to £9.4m in 2019. The overall cost base fell from £9.3m to £9.2m. Pre tax profits increased from £22k to £328k.

Principal risks and uncertainties

In the course of normal business, the board of directors regularly assesses significant risks faced and takes action to mitigate the potential impacts.

The company's activities and volume levels can be affected by external events (political/economic) over which the directors have no influence. However, to counter these, the company operates in several different specialist markets so that there is a degree of spread risk as well as supplying both contract and permanent staff.

Operationally, as is common in this sector, the business uses invoice discounting to help bridge the gap between paying contractors and collecting customer debt. It manages its finance function to ensure that it retains plenty of headroom in the facility. It also has insurance in place against non- payment of debts.

The planned (and now deferred) introduction of the IR35 legislation in April 2020 required a significant amount of activity by the group's compliance team during late 2019 and early 2020 in conjunction with customers to ensure that the effects of the legislation would be clearly understood by all relevant parties.

STR LIMITED

STRATEGIC REPORT (CONTINUED)


FOR THE YEAR ENDED 31 DECEMBER 2019

Employees

The company's policy is to consider all applications for employment irrespective of the applicant's race, colour, religion, nationality, ethnic or national origin, gender, marital status, age or sexual orientation. Applications from disabled persons are encouraged for posts compatible with their disability and reasonable adjustments will be made to accommodate them. Employees who become disabled during their service with the company are retained wherever practicable.

The participation of all staff in training and career development is encouraged.

On behalf of the board



.....
R P Crawley

Director

Date: 15th Sept 2020

STR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the rendering of recruitment agency services on both a temporary and permanent basis.

Directors

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

C J Hutchings
R P Crawley
B Stephens
S A Saunders

Results and dividends

The results for the year are set out on page 7.

Interim dividends totalling £345,000 (2018 - £300,000) were paid during the year. The directors recommend that no final dividend be paid.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

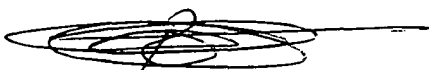
Statement of disclosure to auditor

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

In accordance with the Companies Act 2006, S414c(11), information in respect of business activities, risk and future developments are shown in the Strategic Report on pages 1 and 2.

On behalf of the board



R P Crawley
Director

Date: 15th Sept 2020

STR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STR LIMITED

Opinion

We have audited the financial statements of STR Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 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.

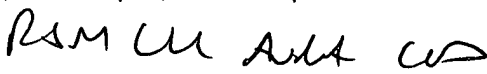
Auditor's responsibilities for the audit of the financial statements

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.

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

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.


PAUL ANTHONY
(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire, SO53 3TY

16 September 2020

STR LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	40,977,399	43,978,813
Cost of sales		(31,611,436)	(34,860,037)
Gross profit		9,365,963	9,118,776
Administrative expenses		(9,170,045)	(9,250,904)
Other operating income		210,243	246,865
Operating profit	7	406,161	114,737
Interest receivable and similar income	8	211	-
Interest payable and similar expenses	9	(78,285)	(92,751)
Profit before taxation		328,087	21,986
Tax on profit	10	(24,011)	(64,179)
Profit/(loss) for the financial year		304,076	(42,193)

STR LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12		332,931		515,714
Current assets					
Debtors	13	8,241,300		7,853,290	
Cash at bank and in hand		1,013,261		894,537	
		9,254,561		8,747,827	
Creditors: amounts falling due within one year	14	(6,439,857)		(6,052,270)	
Net current assets			2,814,704		2,695,557
Total assets less current liabilities			3,147,635		3,211,271
Provisions for liabilities	17		(45,278)		(67,990)
Net assets			3,102,357		3,143,281
Capital and reserves					
Called up share capital	20		99		99
Profit and loss reserves	21		3,102,258		3,143,182
Total equity			3,102,357		3,143,281

The financial statements were approved by the board of directors and authorised for issue on 15th Sept 2020 and are signed on its behalf by:



R P Crawley
Director

STR LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018		99	3,485,375	3,485,474
Year ended 31 December 2018:				
Loss and total comprehensive income for the year		-	(42,193)	(42,193)
Dividends	11	-	(300,000)	(300,000)
Balance at 31 December 2018		99	3,143,182	3,143,281
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	304,076	304,076
Dividends	11	-	(345,000)	(345,000)
Balance at 31 December 2019		99	3,102,258	3,102,357

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

STR Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 1 Quay Point, Northharbour Road, Portsmouth, Hampshire, PO6 3TD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the 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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of STR Group Limited. These consolidated financial statements are available from its registered office, 1 Quay Point, Northharbour Road, Portsmouth, Hampshire, PO6 3TD.

Going concern

At the time of approving the financial statements and in consideration of the recent events surrounding COVID-19, the directors believe that the company has adequate resources to continue in operational existence.

Current trading activity is yet to return to pre COVID-19 levels. The projections prepared by the directors indicate that, for the 12 months to September 2021, the company is able to continue to operate at these reduced levels, through the utilisation of its existing financing arrangements. The existing arrangements comprise an invoice discounting facility, banking facilities and a loan which was drawn down post year-end. Therefore, the directors believe that the going concern basis continues to be appropriate in preparing the financial statements.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Turnover arising from the provision of temporary labour services is recognised over the period that temporary workers are provided.

Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences employment. Provision is made for liabilities arising where employees do not fulfil their specified contractual period.

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Tangible fixed assets

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

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

Leasehold improvements	25% straight line
Fixtures and fittings	25% straight line
Computer equipment	25% straight line

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.

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).

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, bank overdrafts and invoice discounting facilities that are repayable on demand and therefore are considered to be an integral part of the company's cash management. Bank overdrafts and invoice discounting facilities are shown within cash and cash equivalents.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and amounts due from group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 trade and other creditors and amounts due to group undertakings 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.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

The company participates in a share-based payment arrangement granted to its employees. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the statement of comprehensive income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

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.

The directors do not believe there are any material judgements on key sources of estimation uncertainty in the financial statements.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Recruitment agency services	40,977,399	43,978,813

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2019 £	2018 £
United Kingdom	33,220,601	36,623,238
Europe	4,368,648	3,043,673
Rest of the world	3,388,150	4,311,902
	<u>40,977,399</u>	<u>43,978,813</u>

4 Employees

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

	2019 Number	2018 Number
Directors	4	5
Administration	28	35
Recruitment consultants	125	116
	<u>157</u>	<u>156</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	6,437,242	6,160,164
Social security costs	723,049	694,830
Pension costs	131,477	122,983
	<u>7,291,768</u>	<u>6,977,977</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	342,447	359,741
Company pension contributions to defined contribution schemes	21,637	21,983
	<u>364,084</u>	<u>381,724</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 5).

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	165,609	167,361
Company pension contributions to defined contribution schemes	3,637	6,000
	<u>169,246</u>	<u>173,361</u>

6 Share-based payment transactions

Equity-settled share option plan - 2017 scheme

Under the group plan, share options are granted at the average price of the Company's shares at the grant date. The employee is only entitled to exercise the share options on an exit event and they must have worked for the group for at least 25 hours a week or 75% of their working time. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before they become entitled to exercise the share options. No charge has been made to profit and loss in respect of this on the grounds of immateriality.

7 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(16,777)	129,668
Fees payable to the company's auditor for the audit of the company's financial statements	22,600	21,600
Depreciation of owned tangible fixed assets	190,353	159,173
Depreciation of tangible fixed assets held under finance leases	-	9,843
Loss on disposal of tangible fixed assets	177	-
Operating lease charges	163,196	169,006
	<u>359,549</u>	<u>429,690</u>

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	60	-
Other interest income	151	-
	<u>211</u>	<u>-</u>
Total income	<u>211</u>	<u>-</u>

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on invoice finance arrangements	77,827	91,292
Interest on finance leases and hire purchase contracts	458	1,459
	<u>78,285</u>	<u>92,751</u>

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	82,109	3,103
Adjustments in respect of prior periods	(53,236)	654
Total current tax	<u>28,873</u>	<u>3,757</u>
Deferred tax		
Origination and reversal of timing differences	(9,863)	61,050
Adjustment in respect of prior periods	5,001	(628)
Total deferred tax	<u>(4,862)</u>	<u>60,422</u>
Total tax charge	<u>24,011</u>	<u>64,179</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	<u>328,087</u>	<u>21,986</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	62,337	4,177
Tax effect of expenses that are not deductible in determining taxable profit	9,909	8,986
Adjustments in respect of prior years	(48,235)	26
Adjustments to losses	-	50,990
Taxation charge for the year	<u>24,011</u>	<u>64,179</u>

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Dividends

	2019 £	2018 £
Interim paid	345,000	300,000

12 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2019	296,544	234,128	494,905	1,025,577
Additions	-	12,107	82,391	94,498
Disposals	-	(491)	(86,601)	(87,092)
At 31 December 2019	296,544	245,744	490,695	1,032,983
Depreciation and impairment				
At 1 January 2019	116,632	118,849	274,382	509,863
Depreciation charged in the year	74,136	50,318	65,899	190,353
Eliminated in respect of disposals	-	(164)	-	(164)
At 31 December 2019	190,768	169,003	340,281	700,052
Carrying amount				
At 31 December 2019	105,776	76,741	150,414	332,931
At 31 December 2018	179,912	115,279	220,523	515,714

The net carrying value of tangible fixed assets includes the following in respect of assets held under hire purchase agreements:

	2019 £	2018 £
Computer equipment	-	19,686

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	5,166,212	5,730,618
Corporation tax recoverable	-	3,363
Amounts owed by group undertakings	2,614,297	1,561,805
Other debtors	1,862	3,171
Prepayments and accrued income	458,929	554,333
	8,241,300	7,853,290

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Debtors (Continued)

During the year a bad debt charge of £1,620 (2018 - £6,288) was recognised in respect of trade debtors due from customers known to be in financial difficulty or overdue.

14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	15	3,859,202	3,768,657
Obligations under finance leases	16	-	13,042
Trade creditors		109,501	251,874
Amounts owed to group undertakings		880,349	273,916
Corporation tax		34,818	-
Other taxation and social security		638,000	507,591
Other creditors		284,568	69,731
Accruals and deferred income		633,419	1,167,459
		<u>6,439,857</u>	<u>6,052,270</u>

Included within bank loans and overdrafts is £3,859,202 (2018 - £3,768,657) relating to invoice discounting facilities with the Royal Bank of Scotland and are secured by a fixed and floating charge on all assets of the company.

15 Borrowings

	2019 £	2018 £
Bank overdrafts and invoice discounting facility	<u>3,859,202</u>	<u>3,768,657</u>
Payable within one year	<u>3,859,202</u>	<u>3,768,657</u>

16 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Less than one year	<u>-</u>	<u>13,042</u>

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

17 Provisions for liabilities

	Notes	2019 £	2018 £
Onerous future costs		-	17,850
Deferred tax liabilities	18	45,278	50,140
		<u>45,278</u>	<u>67,990</u>

Movements on provisions apart from deferred tax liabilities:

	Onerous future costs £
At 1 January 2019	17,850
Reversal of provision	(17,850)
	<u>-</u>
At 31 December 2019	<u>-</u>

Onerous future costs in 2018 related to capitalised IT project costs for a project which was not implemented.

18 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	<u>45,278</u>	<u>50,140</u>
		2019 £
Movements in the year:		
Liability at 1 January 2019		50,140
Credit to profit or loss		(4,862)
		<u>45,278</u>
Liability at 31 December 2019		<u>45,278</u>

Of the deferred tax liability set out above, £17,059 is expected to reverse within 12 months in relation to accelerated capital allowances that are expected to mature in the same period.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	131,477	122,983

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £29,070 were payable to the fund at the year end (2018 - £23,061) and are included within other creditors.

20 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
99 Ordinary shares of £1 each	99	99
	<u>99</u>	<u>99</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

21 Reserves

Profit and loss reserves

Cumulative profit or loss net of distribution to owners.

22 Operating lease commitments

Lessee

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

	2019	2018
	£	£
Within one year	187,155	191,225
Between one and five years	123,698	240,590
	<u>310,853</u>	<u>431,815</u>

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	-	50,000

24 Events after the reporting date

The World Health Organisation (WHO) officially declared the Coronavirus (COVID-19) outbreak a global pandemic on 11 March 2020. The impact of COVID-19 on UK and global economies and businesses is expected to be significant. At the end of March the company went into lockdown and most staff were furloughed as revenues fell. Contract activity started to pick up again in July and at the date of this report most staff have returned to work with some brands being more affected than others. This is a non adjusting post balance sheet event and it had no impact on the carrying value of assets and liabilities at 31 December 2019.

25 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Remuneration paid	
	2019 £	2018 £
Other related parties	35,032	35,646

Other related parties relates to amounts paid to a close family member of a director of the company.

26 Ultimate controlling party

STR Holdings Limited is the immediate parent company. STR Group Limited is the smallest and largest group for which consolidated accounts including STR Limited are prepared.

The ultimate parent company is STR Group Limited by virtue of its 100% holding in STR Holdings Limited. Accounts for STR Group Limited can be obtained from the registered office, 1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD.

The ultimate controlling party is R P Crawley by virtue of his majority shareholding in STR Group Limited.