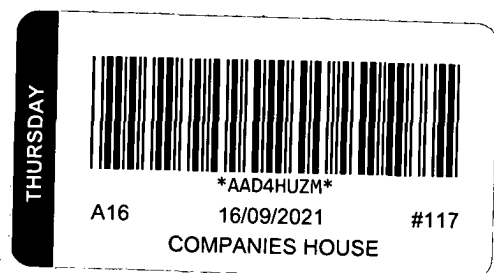

STR LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



STR LIMITED

COMPANY INFORMATION

Directors	R P Crawley D R Day (appointed 12 January 2021) C J Hutchings S A Saunders B Stephens
Company secretary	R P Crawley
Registered number	04064332
Registered office	1 Quay Point Northarbour Road Cosham Portsmouth Hampshire PO6 3TD
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15-17 Cumberland House Southampton Hampshire SO15 2BG

STR LIMITED

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STR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic Report for the year ended 31 December 2020.

Business review

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.

2020 was completely overshadowed by the Global Covid-19 pandemic, but the Company's spread of business substantially mitigated the worst effects. The Life Sciences sector remained buoyant and the Company's contract activity made for continuing revenues even with large numbers of staff completely furloughed.

The board took the view that the long term interests of the business were best served by staff retention. That has proved the case as 2021 revenues are starting to return to pre pandemic levels.

The lockdown was particularly challenging for many of our staff. They typically work best in an environment alongside colleagues. Working from home, or not working at all while furloughed, was an unprecedented experience for them. The board took steps to ensure all were supported not only through the provision of appropriate technology but also by facilitating access to mental health support services if required.

The board therefore wishes to publicly recognise the contribution and commitment shown by the staff during this unprecedented period.

It is a requirement that the directors report on the use of certain Key Performance Indicators ("KPI") to run and monitor the business. The pandemic suspended the usual reporting and monitoring, with sole focus for most of 2020 on business operations, cost control and cash flow management in the face of global uncertainties. The 2020 outcome for the year is testimony to the success of that approach.

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. Few businesses, including STR Limited, would have included global pandemic in their risk registers at the start of 2020.

It became clear that the Company's activities and volume levels were affected by external events over which the directors have no influence. But, as noted above, the spread of business activity helped mitigate the worst ravages of the pandemic.

Financially the business continues to use invoice discounting to help bridge the gap between paying contractors and collecting customer debt. It has been able to manage its finance function to ensure plenty of headroom in that facility. There were remarkably few instances of bad debts in 2020 (even though insurance is in place). This is testimony to the pre sale and post sale performance of the credit management processes.

STR LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

R P Crawley

R P Crawley (Sep 14, 2021 11:49 GMT+1)

R P Crawley
Director

Date: 14/09/2021

STR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £443,019 (2019: £304,076).

During the year, interim dividends of £300,000 (2019: £345,000) were paid.

Directors

The directors who served during the year were:

R P Crawley
C J Hutchings
S A Saunders
B Stephens

Matters covered in the Strategic Report

Where necessary, disclosures relating to future developments have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditor

The auditor, Nexia Smith & Williamson, was appointed in the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

STR LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

R Crawley

R Crawley (Sep 14, 2021 11:49 GMT+1)

R P Crawley
Director

Date: 14/09/2021

STR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and financial statements. 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 the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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 a general understanding of the Company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our understanding of the Company's industry and regulations.

We understand that the Company complies with the framework through:

- Outsourcing accounts preparation and tax compliance to external experts.
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The directors' close involvement in the day-to-day running of the business, meaning at any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Company's ability to conduct its business; and where failure to comply could result in material penalties.

We identified the following laws and regulations as being of significance in the context of the Company: The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Provision for bad debt, as this is an estimate made by management.
- Payment of bonuses based on profits, which creates an incentive for management to manipulate results.
- Manipulation of the financial statements, especially revenue, via fraudulent journal entries, particularly as the size of the Company means that there is little opportunity for segregation of duties.
- Government grants, via fraudulent claims, due to the size of grants made.

These areas were communicated to the other members of the engagement team not present at the discussion.

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

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above, and comparison to market data and post-year-end data as appropriate.
- Substantive work on material areas affecting profits.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and those posted at unusual times.
- Reviewing government grant claims

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

Use of our report

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

Nexia Smith & Williamson

Nexia Smith & Williamson (Sep 14, 2021 14:56 GMT+1)

Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants

Statutory Auditor

4th Floor Cumberland House

15-17 Cumberland House

Southampton

Hampshire

SO15 2BG

Date: 14/09/2021

STR LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	36,051,901	40,977,399
Cost of sales		(28,682,858)	(31,611,436)
Gross profit		7,369,043	9,365,963
Administrative expenses		(8,085,920)	(9,170,045)
Other operating income	5	1,348,653	210,243
Operating profit	6	631,776	406,161
Interest receivable and similar income	10	1,251	211
Interest payable and expenses	11	(87,710)	(78,285)
Profit before tax		545,317	328,087
Tax on profit	12	(102,298)	(24,011)
Profit for the financial year		443,019	304,076

There was no other comprehensive income for 2020 (2019: £Nil).

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

STR LIMITED
REGISTERED NUMBER:04064332

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	159,739	332,931
		<u>159,739</u>	<u>332,931</u>
Current assets			
Debtors: amounts falling due within one year	15	10,058,341	8,241,300
Cash at bank and in hand	16	2,403,376	1,013,261
		<u>12,461,717</u>	<u>9,254,561</u>
Creditors: amounts falling due within one year	17	(8,406,302)	(6,439,857)
Net current assets		<u>4,055,415</u>	<u>2,814,704</u>
Total assets less current liabilities		<u>4,215,154</u>	<u>3,147,635</u>
Creditors: amounts falling due after more than one year	18	(933,333)	-
Provisions for liabilities			
Deferred tax	20	(21,445)	(45,278)
Other provisions	21	(15,000)	-
		<u>(36,445)</u>	<u>(45,278)</u>
Net assets		<u><u>3,245,376</u></u>	<u><u>3,102,357</u></u>
Capital and reserves			
Called up share capital	22	99	99
Profit and loss account	23	3,245,277	3,102,258
Shareholders' funds		<u><u>3,245,376</u></u>	<u><u>3,102,357</u></u>

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

R Crawley
R Crawley (Sep 14, 2021 11:49 GMT+1)

R P Crawley
Director

Date: 14/09/2021

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

STR LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	99	3,143,182	3,143,281
Profit for the period	-	304,076	304,076
Dividends	-	(345,000)	(345,000)
At 1 January 2020	99	3,102,258	3,102,357
Profit for the year	-	443,019	443,019
Dividends	-	(300,000)	(300,000)
At 31 December 2020	99	3,245,277	3,245,376

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

STR Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 04064332). The registered office address is 1 Quay Point, Northarbour Road, Cosham, Portsmouth, Hampshire, PO6 3TD.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of STR Group Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

The financial statements have been prepared on a going concern basis.

The directors have carefully reviewed the future prospects of the Company and its future cash flows, including an assessment of the potential impact of the COVID-19 pandemic. The full impact of the COVID-19 pandemic on the business remains uncertain and as a result unquantifiable at this stage. Nevertheless, having assessed this the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the next 12 months from signing of these financial statements.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 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.

2.6 Operating leases: the Company as lessee

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

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

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

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

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

2.11 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.

2.12 Pensions

Defined contribution pension plan

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

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

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.14 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 expense 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.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Current and deferred taxation

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

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

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

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

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

2.16 Dividends

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

3. Judgements in applying accounting policies 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 if the revision affects only that period, or in the period of the revision and future periods if 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.

STR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

The whole of the turnover is attributable to recruitment agency services.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	29,367,653	33,220,601
Europe	4,254,798	4,368,648
Rest of the world	2,429,450	3,388,150
	<u>36,051,901</u>	<u>40,977,399</u>

5. Other operating income

	2020 £	2019 £
Management charges	265,604	210,243
Furlough support income	1,083,049	-
	<u>1,348,653</u>	<u>210,243</u>

6. Operating profit

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

	2020 £	2019 £
Depreciation of tangible fixed assets	182,846	190,353
Loss on disposal of tangible fixed assets	-	177
Exchange differences	(61,714)	(16,777)
Operating lease rentals	131,930	163,196
	<u>131,930</u>	<u>163,196</u>

STR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>12,500</u>	<u>22,600</u>

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

8. Employees

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

	2020 £	2019 £
Wages and salaries	5,941,482	6,437,242
Social security costs	608,051	723,049
Cost of defined contribution scheme	129,338	131,477
	<u>6,678,871</u>	<u>7,291,768</u>

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

	2020 No.	2019 No.
Directors	4	4
Administration	29	28
Recruitment consultants	113	125
	<u>146</u>	<u>157</u>

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	290,578	342,447
Company contributions to defined contribution pension schemes	21,120	21,637
	<u>311,698</u>	<u>364,084</u>

During the year retirement benefits were accruing to 4 directors (2019: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,000 (2019: £165,609).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,420 (2019: £3,637).

10. Interest receivable

	2020 £	2019 £
Interest on bank deposits	1,251	60
Other interest income	-	151
	<u>1,251</u>	<u>211</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Interest on invoice finance arrangements	87,710	77,827
Finance leases and hire purchase contracts	-	458
	<u>87,710</u>	<u>78,285</u>

STR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	139,036	82,109
Adjustments in respect of previous periods	(12,905)	(53,236)
Total current tax	<u>126,131</u>	<u>28,873</u>
Deferred tax		
Origination and reversal of timing differences	(29,160)	(9,863)
Adjustment in respect of prior periods	-	5,001
Effect of tax rate change on opening balance	5,327	-
Total deferred tax	<u>(23,833)</u>	<u>(4,862)</u>
Taxation on profit on ordinary activities	<u>102,298</u>	<u>24,011</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>545,317</u>	<u>328,087</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	103,610	62,337
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,788	9,909
Capital allowances for year in excess of depreciation	4,476	-
Adjustments to tax charge in respect of prior periods	(12,905)	(53,236)
Adjustments to tax charge in respect of prior periods - deferred tax	-	5,001
Remeasurement of deferred tax for changes in tax rates	5,329	-
Total tax charge for the year	<u>102,298</u>	<u>24,011</u>

STR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation (continued)

Factors that may affect future tax charges

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 March 2021 continue to be measured at 19%.

13. Dividends

	2020 £	2019 £
Interim paid	<u>300,000</u>	<u>345,000</u>

14. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2020	296,544	245,744	490,695	1,032,983
Additions	2,728	6,926	-	9,654
At 31 December 2020	<u>299,272</u>	<u>252,670</u>	<u>490,695</u>	<u>1,042,637</u>
Depreciation				
At 1 January 2020	190,768	169,003	340,281	700,052
Charge for the year	73,934	50,598	58,314	182,846
At 31 December 2020	<u>264,702</u>	<u>219,601</u>	<u>398,595</u>	<u>882,898</u>
Net book value				
At 31 December 2020	<u>34,570</u>	<u>33,069</u>	<u>92,100</u>	<u>159,739</u>
At 31 December 2019	<u>105,776</u>	<u>76,741</u>	<u>150,414</u>	<u>332,931</u>

STR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Debtors

	2020 £	2019 £
Trade debtors	6,055,786	5,166,212
Amounts owed by group undertakings	3,163,636	2,614,297
Other debtors	251,259	1,862
Prepayments and accrued income	587,660	458,929
	<u>10,058,341</u>	<u>8,241,300</u>

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	2,403,376	1,013,261
Less: bank overdrafts	(3,825,172)	(3,859,202)
	<u>(1,421,796)</u>	<u>(2,845,941)</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	3,825,172	3,859,202
Bank loans	66,667	-
Trade creditors	165,478	109,501
Amounts owed to group undertakings	1,180,350	880,349
Corporation tax	139,745	34,818
Other taxation and social security	1,822,711	638,000
Other creditors	321,418	284,568
Accruals and deferred income	884,761	633,419
	<u>8,406,302</u>	<u>6,439,857</u>

Included within bank overdrafts is £3,825,172 (2019: £3,859,202) relating to invoice discounting facilities with NatWest and are secured by a fixed and floating charge on all assets of the Company.

STR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	933,333	-

19. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	66,667	-
Amounts falling due 1-2 years		
Bank loans	199,992	-
Amounts falling due 2-5 years		
Bank loans	599,976	-
Amounts falling due after more than 5 years		
Bank loans	133,365	-
	<u>1,000,000</u>	<u>-</u>

Bank loans include the Coronavirus Business Interruption Loan Scheme (CBILs) exercised by the Company during the pandemic. Under the scheme rules, the loan is repayable over the next 6 years and accrues interest at 2.24% above base rate. Interest accrued in the first 12 months is payable by the UK Government. The loan is secured on assets of the group.

20. Deferred taxation

	2020 £	2019 £
At beginning of year	45,278	50,140
Charged to profit or loss	(23,833)	(4,862)
At end of year	<u>21,445</u>	<u>45,278</u>

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	25,090	45,278
Short-term timing differences	(3,645)	-
	<u>21,445</u>	<u>45,278</u>

21. Provisions

	Dilapidations £
Charged to profit or loss	15,000
At 31 December 2020	<u>15,000</u>

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
99 Ordinary shares of £1.00 each	<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.

23. Reserves

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. Share-based payments

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 or loss in respect of this on the grounds of immateriality.

This scheme was discontinued on 6 January 2021 and is being replaced by a new scheme.

25. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £129,338 (2019: £131,477). Contributions totalling £46,206 (2019: £29,070) were payable to the fund at the reporting date.

26. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	127,274	187,155
Later than 1 year and not later than 5 years	3,548	123,698
	<u>130,822</u>	<u>310,853</u>

27. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

During the year, the Company remunerated close family members of key management personnel £32,049 (2019: £35,032).

During the year, a director was loaned £250,000 by the Company. The balance remains outstanding at the year-end and is presented in other debtors.

STR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

28. Controlling party

The immediate parent undertaking is STR Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking is STR Group Limited, a company registered in England and Wales.

The largest and smallest group of undertakings for which group accounts for the year ended 31 December 2020 have been drawn up, is that headed by STR Group Limited. Copies of the group accounts are available from Companies House.

The ultimate controlling party during the year was R P Crawley, by virtue of his shareholding and directorship in the ultimate parent undertaking. Since the year-end R P Crawley has ceased to be the majority shareholder of the group and the directors now consider there to be no ultimate controlling party.