

Company Registration No. 07599922 (England and Wales)

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



STR GROUP LIMITED

COMPANY INFORMATION

Directors	R P Crawley C J Hutchings
Company number	07599922
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 GROUP 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 Group is an international staffing group 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 group 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 groupwide 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 fell from £9.8m in 2018 to £9.7m in 2019. The overall cost base rose from £9.2m to £9.3m, largely in line with the reduced NFI, but with the costs of the investment programme noted above there was an overall reduction in pre tax profits from £321k to £256k.

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 group'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 group 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 in 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 GROUP LIMITED

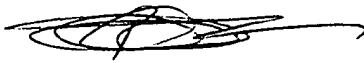
STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Employees

The group'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



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R P Crawley
Director

Date: 15th Sep 2020

STR GROUP 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 group continued to be that of the rendering of recruitment agency services on both a temporary and permanent basis.

The principal activity of the company was that of a holding company.

Directors

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

R P Crawley
C J Hutchings

Results and dividends

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

Ordinary dividends were paid amounting to £345,000 (2018 - £300,000). The directors do not recommend payment of a further dividend.

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 - 2.

On behalf of the board



R P Crawley
Director

Date: 15th Sept 2020

STR GROUP 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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 GROUP LIMITED

Opinion

We have audited the financial statements of STR Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 group's and the parent company's affairs as at 31 December 2019 and of the group's 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 group and parent 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 group's or the parent 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 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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent 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 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.

RSM UK Audit LLP

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 GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	43,153,872	48,088,794
Cost of sales		(33,470,828)	(38,329,886)
Gross profit		9,683,044	9,758,908
Administrative expenses		(9,322,061)	(9,245,132)
Operating profit	9	360,983	513,776
Interest receivable and similar income	6	211	-
Interest payable and similar expenses	7	(105,634)	(192,750)
Profit before taxation		255,560	321,026
Tax on profit	11	(49,790)	(64,179)
Profit for the financial year		205,770	256,847
Other comprehensive income net of taxation			
Currency translation differences		3,960	(31,763)
Total comprehensive income for the year		209,730	225,084


Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

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

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	13		119,008		178,513
Tangible assets	14		332,931		515,714
			<u>451,939</u>		<u>694,227</u>
Current assets					
Debtors	17	6,309,356		6,377,250	
Cash at bank and in hand		1,175,590		1,256,239	
		<u>7,484,946</u>		<u>7,633,489</u>	
Creditors: amounts falling due within one year	18	(5,619,221)		(5,852,070)	
Net current assets			<u>1,865,725</u>		<u>1,781,419</u>
Total assets less current liabilities			<u>2,317,664</u>		<u>2,475,646</u>
Provisions for liabilities	21		(45,278)		(67,990)
Net assets			<u><u>2,272,386</u></u>		<u><u>2,407,656</u></u>
Capital and reserves					
Called up share capital	24		207		216
Share premium account	25		39,991		39,991
Capital redemption reserve	25		9		-
Other reserves	25		1,081,104		1,081,104
Profit and loss reserves	25		1,151,075		1,286,345
Total equity			<u><u>2,272,386</u></u>		<u><u>2,407,656</u></u>

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



R P Crawley
Director

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

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Investments	15		2,252,500		2,252,500
Current assets					
Debtors	17	645,000		-	
Creditors: amounts falling due within one year	18	(1,776,189)		(1,131,189)	
Net current liabilities			(1,131,189)		(1,131,189)
Total assets less current liabilities			<u>1,121,311</u>		<u>1,121,311</u>
Capital and reserves					
Called up share capital	24		207		216
Share premium account	25		39,991		39,991
Capital redemption reserve	25		9		-
Other reserves	25		1,081,104		1,081,104
Total equity			<u>1,121,311</u>		<u>1,121,311</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £345,000 (2018 - £300,000 profit).

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 GROUP LIMITED

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

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2018		216	39,991	-	1,081,104	1,361,261	2,482,572
Year ended 31 December 2018:							
Profit for the year		-	-	-	-	256,847	256,847
Other comprehensive income net of taxation:							
Currency translation differences		-	-	-	-	(31,763)	(31,763)
Total comprehensive income for the year		-	-	-	-	225,084	225,084
Dividends	12	-	-	-	-	(300,000)	(300,000)
Balance at 31 December 2018		216	39,991	-	1,081,104	1,286,345	2,407,656
Year ended 31 December 2019:							
Profit for the year		-	-	-	-	205,770	205,770
Other comprehensive income net of taxation:							
Currency translation differences		-	-	-	-	3,960	3,960
Total comprehensive income for the year		-	-	-	-	209,730	209,730
Dividends	12	-	-	-	-	(345,000)	(345,000)
Redemption of shares	24	(9)	-	9	-	-	-
Balance at 31 December 2019		207	39,991	9	1,081,104	1,151,075	2,272,386

STR GROUP LIMITED

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

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2018		216	39,991	-	1,081,104	-	1,121,311
Year ended 31 December 2018:							
Profit and total comprehensive income for the year		-	-	-	-	300,000	300,000
Dividends	12	-	-	-	-	(300,000)	(300,000)
Balance at 31 December 2018		216	39,991	-	1,081,104	-	1,121,311
Year ended 31 December 2019:							
Profit and total comprehensive income for the year		-	-	-	-	345,000	345,000
Dividends	12	-	-	-	-	(345,000)	(345,000)
Redemption of shares	24	(9)	-	9	-	-	-
Balance at 31 December 2019		207	39,991	9	1,081,104	-	1,121,311

STR GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	26	304,414		1,976,093	
Interest paid		(105,634)		(192,750)	
Income taxes paid		(16,471)		(170,000)	
Net cash inflow from operating activities		<u>182,309</u>		<u>1,613,343</u>	
Investing activities					
Purchase of tangible fixed assets		(94,498)		(225,730)	
Proceeds on disposal of tangible fixed assets		86,751		-	
Interest received		211		-	
Net cash used in investing activities		<u>(7,536)</u>		<u>(225,730)</u>	
Financing activities					
Payment of finance leases obligations		(13,042)		(13,132)	
Dividends paid to equity shareholders		(345,000)		(300,000)	
Net cash used in financing activities		<u>(358,042)</u>		<u>(313,132)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(183,269)</u>		<u>1,074,481</u>	
Cash and cash equivalents at beginning of year		(2,512,418)		(3,503,261)	
Effect of foreign exchange rates		12,075		(83,638)	
Cash and cash equivalents at end of year		<u><u>(2,683,612)</u></u>		<u><u>(2,512,418)</u></u>	
Relating to:					
Cash at bank and in hand		1,175,590		1,256,239	
Bank overdrafts included in creditors payable within one year		<u><u>(3,859,202)</u></u>		<u><u>(3,768,657)</u></u>	

STR GROUP LIMITED

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

1 Accounting policies

Company information

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

The group consists of STR Group Limited and all of its subsidiaries.

The company's and the group'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.

The 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 for parent company information presented within the consolidated financial statements:

- 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.

STR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of STR Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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 Group 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 Group 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.

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.

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.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is between two and ten years.

Tangible fixed assets

Tangible fixed assets are initially 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

STR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 groups cash management. Bank overdrafts and invoice discounting facilities are shown within cash and cash equivalents.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

STR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and loans due to fellow group companies, 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group 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 group.

STR GROUP LIMITED

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

1 Accounting policies (Continued)

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.

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 group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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.

STR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Share-based payments

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. 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.

The expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

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. 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 profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased 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.

Assets and liabilities of overseas subsidiaries are translated into the group's presentational currency at the ruling rate at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Transactions are recognised in other comprehensive income and accumulated in equity.

Dividends

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

STR GROUP LIMITED

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

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 or key sources of estimation uncertainty in the financial statements.

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover analysed by class of business		
Recruitment agency services	43,153,872	48,088,794
	<u>43,153,872</u>	<u>48,088,794</u>
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	5,564,623	8,421,883
	<u>43,153,872</u>	<u>48,088,794</u>

4 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Directors	4	5	-	-
Administrative staff	28	35	-	-
Recruitment consultants	125	116	-	-
	<u>157</u>	<u>156</u>	<u>-</u>	<u>-</u>

STR GROUP LIMITED

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

4 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	6,435,567	6,160,164	-	-
Social security costs	723,049	694,830	-	-
Pension costs	131,477	122,983	-	-
	<u>7,290,093</u>	<u>6,977,977</u>	<u>-</u>	<u>-</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	24,912	24,282
Company pension contributions to defined contribution schemes	12,000	12,000
	<u>36,912</u>	<u>36,282</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

6 Interest receivable and similar income

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

7 Interest payable and similar expenses

	2019 £	2018 £
Interest on invoice finance arrangements	105,176	191,291
Interest on finance leases and hire purchase contracts	458	1,459
	<u>105,634</u>	<u>192,750</u>

STR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 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.

Group	Number of share options	
	2019 Number	2018 Number
Outstanding at 1 January 2019	71,280	200,140
Forfeited	-	(128,860)
Outstanding at 31 December 2019	<u>71,280</u>	<u>71,280</u>
Exercisable at 31 December 2019	<u>-</u>	<u>-</u>

Non-vesting conditions have been taken into account when estimating the fair value of the option at grant date. Service conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

The options outstanding at 31 December 2019 had an exercise price of £0.0001 each and an expiry date ranging between 25 and 31 October 2027.

No charge has been made to profit and loss in respect of this, on the grounds of immateriality.

9 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Exchange losses	28,716	30,494
Depreciation of owned tangible fixed assets	190,353	164,442
Depreciation of tangible fixed assets held under finance leases	-	9,843
Loss on disposal of tangible fixed assets	177	4,123
Amortisation of intangible assets	59,505	59,505
Operating lease charges	<u>168,394</u>	<u>182,461</u>

STR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the group and company	2,825	2,700
Audit of the financial statements of the company's subsidiaries	25,425	24,300
	<u>28,250</u>	<u>27,000</u>

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	107,888	3,103
Adjustments in respect of prior periods	(53,236)	654
Total current tax	<u>54,652</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>49,790</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>255,560</u>	<u>321,026</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	48,556	60,995
Tax effect of expenses that are not deductible in determining taxable profit	21,216	18,960
Adjustments in respect of prior years	(48,235)	26
Effect of overseas tax rates	25,779	-
Adjustment to losses	2,474	50,990
Utilisation of losses	-	(66,792)
Taxation charge	<u>49,790</u>	<u>64,179</u>

STR GROUP LIMITED

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

12 Dividends

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

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	1,350,318
Amortisation and impairment	
At 1 January 2019	1,171,805
Amortisation charged for the year	59,505
At 31 December 2019	1,231,310
Carrying amount	
At 31 December 2019	119,008
At 31 December 2018	178,513

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

The amortisation of goodwill is included within administrative expenses.

STR GROUP LIMITED

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

14 Tangible fixed assets

Group	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 company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Computer equipment	-	19,686	-	-

STR GROUP LIMITED

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

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	2,252,500	2,252,500

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2019 and 31 December 2019

2,252,500

Carrying amount

At 31 December 2019

2,252,500

At 31 December 2018

2,252,500

STR GROUP LIMITED

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

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Blackfield Associates Limited*	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Dormant	Ordinary	100.00	
Excipion Limited*	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Dormant	Ordinary	100.00	
Navis Consulting Limited*	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Dormant	Ordinary		100.00
STR Group USA Inc	14460 Lakeside Circle, Suite 140, Sterling Heights, Michigan, 48313, United States of America	Recruitment	Ordinary	100.00	
STR Holdings Limited	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Holding	Ordinary	100.00	
STR Limited	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Recruitment	Ordinary		100.00
Stream Resourcing Limited*	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Dormant	Ordinary	100.00	
Stride Recruitment Limited*	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Dormant	Ordinary	100.00	

STR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Subsidiaries (Continued)

Talos Automation Limited	1 Quay Point, Northarbour Road, Portsmouth, Hampshire, PO6 3TD	Non trading company	Ordinary	100.00
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* These subsidiary companies have taken the exemption in section 349A of the Companies Act 2006 from the requirements in the Act for their individual accounts to be audited.

17 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£	£	£	£
Trade debtors	5,765,353	5,663,360	-	-
Unpaid share capital	4	4	-	-
Corporation tax recoverable	-	3,363	-	-
Amounts owed by group undertakings	-	-	645,000	-
Other debtors	2,073	3,382	-	-
Prepayments and accrued income	541,926	707,141	-	-
	<u>6,309,356</u>	<u>6,377,250</u>	<u>645,000</u>	<u>-</u>

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

18 Creditors: amounts falling due within one year

		Group 2019	2018	Company 2019	2018
	Notes	£	£	£	£
Bank loans and overdrafts	19	3,859,202	3,768,657	-	-
Obligations under finance leases	20	-	13,042	-	-
Trade creditors		111,363	269,208	-	-
Amounts owed to group undertakings		-	-	1,775,987	1,130,987
Corporation tax payable		34,818	-	-	-
Other taxation and social security		638,000	509,983	-	-
Other creditors		285,074	91,600	202	202
Accruals and deferred income		690,764	1,199,580	-	-
		<u>5,619,221</u>	<u>5,852,070</u>	<u>1,776,189</u>	<u>1,131,189</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 group.

STR GROUP LIMITED

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

19 Borrowings

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank overdrafts and invoice discounting facility	3,859,202	3,768,657	-	-
Payable within one year	3,859,202	3,768,657	-	-

Included within bank overdrafts and invoice discounting facilities 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 group.

20 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Less than one year	-	13,042	-	-

21 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Onerous future costs		-	17,850	-	-
Deferred tax liabilities	22	45,278	50,140	-	-
		45,278	67,990	-	-

Movements on provisions apart from deferred tax liabilities:

Group	Onerous future costs £
At 1 January 2019	17,850
Reversal of provision	(17,850)
At 31 December 2019	-

STR GROUP LIMITED

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

21 Provisions for liabilities (Continued)

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

22 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Group		
Accelerated capital allowances	45,278	50,140

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	50,140	-
Credit to profit or loss	(4,862)	-
Liability at 31 December 2019	45,278	-

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.

23 Retirement benefit schemes

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

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £29,070 (2018 - £23,061) were payable to the fund at the year end and are included within creditors.

STR GROUP LIMITED

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

24 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
2,000,000 Ordinary shares of £0.0001 each	200	200
70,000 A Ordinary share of £0.0001 each	7	16
	<u>207</u>	<u>216</u>

Both Ordinary and Ordinary A shares have attached to them full voting, dividends and capital distribution rights. On a return of capital, ordinary shares receive 92.75% of the balance and ordinary A shares 7.25%.

During the year 86,300 Ordinary A shares were redeemed with a nominal value of £8.63.

25 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Other reserve

The other reserve is in relation to group reconstructions which have taken place historically.

Profit and loss reserves

Cumulative profit or loss net of distribution to owners.

26 Cash generated from group operations

	2019	2018
	£	£
Profit for the year after tax	205,770	256,847
Adjustments for:		
Taxation charged	49,790	64,179
Finance costs	105,634	192,750
Investment income	(211)	-
Loss on disposal of tangible fixed assets	177	4,123
Amortisation and impairment of intangible assets	59,505	59,505
Depreciation and impairment of tangible fixed assets	190,353	174,285
(Decrease) in provisions	(17,850)	(37,304)
Movements in working capital:		
Decrease in debtors	68,090	3,333,483
(Decrease) in creditors	(356,844)	(2,071,775)
Cash generated from operations	<u>304,414</u>	<u>1,976,093</u>

STR GROUP LIMITED

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

27 Analysis of changes in net debt - group

	1 January 2019	Cash flows	Exchange rate movements	31 December 2019
	£	£	£	£
Cash at bank and in hand	1,256,239	(92,724)	12,075	1,175,590
Bank overdrafts	(3,768,657)	(90,545)	-	(3,859,202)
	(2,512,418)	(183,269)	12,075	(2,683,612)
Obligations under finance leases	(13,042)	13,042	-	-
	(2,525,460)	(170,227)	12,075	(2,683,612)

28 Operating lease commitments

Lessee

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

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Within one year	191,319	195,532	-	-
Between one and five years	123,698	240,590	-	-
	315,017	436,122	-	-

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

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

30 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.

STR GROUP LIMITED

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

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are selected members of the senior management team and the directors of group companies, is as follows.

	2019 £	2018 £
Aggregate compensation	364,084	581,046

Transactions with related parties

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

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

Other related parties relate to remuneration paid to close family members of directors of group companies.

32 Controlling party

The company and group was under the control of R P Crawley during the current and previous year by virtue of his majority shareholding.

33 Directors' transactions

Dividends totalling £345,000 (2018 - £300,000) were paid in the year in respect of shares held by the company's directors.