

**Sturrock and Robson Services
Limited**

**Directors' Report and Financial
Statements**

**Registered number: 07762372
For the year ended 30 June 2020**



Sturrock and Robson Services Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020

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Company Information

Directors	D G Mech G R Robson B T Rushe
Registered number	07762372
Registered office	1 Long Lane London SE1 4PG
Independent auditors	BHP LLP, Mayesbrook House Lawnswood Business Park Redvers Close Leeds LS16 6QY

Directors' Report

The directors present their directors' report and the audited financial statements for the year ended 30 June 2020.

Principal activities

The principal activity of the company is that of providing management and professional services to Sturrock and Robson S.à r.l. and its subsidiaries.

Results and dividends

The loss for the year, after taxation, amounted to £738,000 (2019: profit of £337,000).

COVID-19

The COVID-19 pandemic outbreak led to a series of unprecedented measures to be taken by governments around the world to reduce the spread of the disease and protect the health of their citizens. These measures have included lockdowns, restrictions on business operations, travel bans and quarantines. The economic impact of this has been felt globally with reduced output, business failures, market volatility and government interventions. The duration and intensity of the COVID-19 outbreak and related containment measures remain uncertain.

During this global crisis, the Company has proactively taken a number of actions to enable activities to continue to be funded. These include:

- actions to reduce costs;
- measures to increase liquidity in partnership with the Sturrock and Robson S.à r.l. Group; and
- increased monitoring of cash reserves.

The directors will continue to monitor developments and take further action to mitigate the impact of the COVID-19 pandemic on the Company's operations as necessary.

Directors

The directors who held office during the year and to the date of this report were as follows:

D G Mech
A S Merrell (resigned 31 December 2020)
G R Robson
M G Bolle (resigned 30 June 2020)
B T Rushe (appointed 27 September 2020)

Going concern

The financial statements have been prepared on a going concern basis. The directors are satisfied that the Company has sufficient resources in order to meet its financial obligations as they arise. In addition, the Company's contractual arrangements with fellow subsidiaries of its ultimate parent company, Sturrock and Robson S.à r.l. allow for the Company's costs to be recovered through management recharges.

Directors' Report

Provision 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 directors are aware, there is no relevant audit information of which the Company and the auditor is unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company and the auditor is aware of that information.

Post balance sheet events

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

Auditor

During the period, KPMG resigned as auditors of the company and BHP LLP were appointed.

The auditor, BHP LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by sections 415A of the Companies Act 2006.

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

B Rushe



Director

Date: 23/7/21

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMEBRS OF STURROCK AND ROBSON SERVICES LIMITED

Opinion

We have audited the financial statements of Sturrock and Robson Services Limited (the 'company') for the year ended 30 June 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMEBRS OF STURROCK AND ROBSON SERVICES LIMITED

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities in respect of the directors' report and the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMEBRS OF STURROCK AND ROBSON SERVICES LIMITED

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.

Chris Neale (Senior Statutory Auditor)
for and on behalf of BHP LLP

Chartered Accountants
Statutory Auditor

23 July 2021

1st Floor
Mayesbrook House
Redvers Cl
Leeds
LS16 6QY

Statement of Comprehensive Income

for the year ended 30 June 2020

	<i>Note</i>	Year ended 30-Jun 2020 £000	Year ended 30-Jun 2019 £000
Turnover	3	2,717	4,473
Cost of sales		(2,483)	(4,004)
Gross Profit		234	469
Administrative expenses		(102)	(206)
Other income		18	-
Exceptional items	7	(982)	-
Operating (loss) / profit	4	(832)	263
Finance costs	8	(10)	-
Finance income	9	184	43
(Loss) /profit before taxation		(658)	306
Tax on (loss) / profit	10	(80)	31
(Loss) / profit for the financial year		(738)	337
Total comprehensive (loss) / Income for the year		(738)	337

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 31 form part of these financial statements.

Sturrock and Robson Services Limited
Directors' Report and Financial Statements
For the year ended 30 June 2020

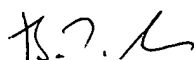
Balance Sheet

as at 30 June 2020

	Note	2020 £000	As restated 2019 £000
Fixed assets			
Property, plant and equipment	11	8	16
Intangible assets	12	10	39
Right-of-use assets	13	85	-
Total fixed assets		<u>103</u>	<u>55</u>
Current assets			
Debtors: amounts falling due within one year	14	1,678	3,006
Debtors: amounts falling due after more than one year	15	1,430	42
Total current assets		<u>3,108</u>	<u>3,048</u>
Current liabilities			
Bank overdraft		(177)	(539)
Creditors: amounts falling due within one year	16	(2,530)	(1,409)
Lease liabilities	13	(87)	-
Total current liabilities		<u>(2,794)</u>	<u>(1,948)</u>
Net current assets		<u>314</u>	<u>1,100</u>
Net assets		<u>417</u>	<u>1,155</u>
Capital and reserves			
Called up share capital	18	1	1
Profit or loss account		416	1,154
		<u>417</u>	<u>1,155</u>

The notes on pages 13 to 31 form part of these financial statements.

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



B Rushe 23/7/21

Director

Sturrock and Robson Services Limited

Registered number 07762372

Statement of changes in equity

for the year ended 30 June 2020

	<i>Attributable to owners of the Company</i>		
	Called up share capital £000	Profit or loss account £000	Total equity £000
Balance at 1 July 2018	1	817	818
Total comprehensive income for the year	-	337	337
Balance at 1 July 2019	1	1,154	1,155
Total comprehensive loss for the year	-	(738)	(738)
Balance at 30 June 2020	1	416	417

The notes on pages 13 to 31 form part of these financial statements.

Share capital represents the nominal value of shares that have been issued.

Retained earnings includes all current and prior period retained profits and losses.

Notes to the financial statements

for the year ended 30 June 2020

1 Accounting policies

General information

Sturrock and Robson Services Limited is a private company, limited by shares incorporated in England in the United Kingdom. The address of its registered office and principal place of business is 1 Long Lane, London, SE1 4PG.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates and is rounded to the nearest thousand.

Basis of preparation

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Company has transitioned to FRS 101 from International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") for all periods presented. The impact of the adoption of FRS 101 has been disclosed in note 23.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantages of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliation for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements of Sturrock and Robson S.à r.l. include the equivalent disclosures the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments.

Going concern

The financial statements have been prepared on a going concern basis. The directors are satisfied that the Company has sufficient resources in order to meet its financial obligations as they arise. In addition, the Company's contractual arrangements with fellow subsidiaries of its ultimate parent company, Sturrock and Robson S.à r.l. allow for the Company's costs to be recovered through management recharges. Furthermore, the Company is part of a successful international group and would therefore have access to further financial support should it ever be required.

Notes to the financial statements (continued)

for the year ended 30 June 2020

1 Accounting policies (continued)

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the business model within which the financial asset is held and contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company holds several financial assets at amortised cost as follows:

- Trade and other receivables (excluding payments in advance)
- Amounts due to and from associated companies

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

(ii) Financial assets at fair value through other comprehensive income

An investment in debt instruments is measured at fair value through other comprehensive income, if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are subsequently measured at fair value.

Foreign exchange gains and losses, and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

The company does not currently hold any financial assets at fair value through other comprehensive income.

Notes to the financial statements (continued)

for the year ended 30 June 2020

1 Accounting policies (continued)

Financial instruments (continued)

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the company may irrevocably designate a financial asset as at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivative financial assets designated as hedging instruments.

The Company does not currently hold any financial assets at fair value through profit or loss.

Financial liabilities

All financial liabilities are recognised initially at fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of selling or repurchasing in the near term or are part of a portfolio of financial instruments that are managed together for obtaining short-term profit. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships.

Gains and losses on liabilities held for trading are recognised in the statement of comprehensive income as follows:

- The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless doing so would create or enlarge an accounting mismatch in profit or loss; and
- The remaining amount of change in the fair value is recognised in profit or loss.

(ii) Financial liabilities at amortised cost

The company only holds financial liabilities which are subsequently at amortised cost using the effective interest rate method. Gains and losses arising on those financial liabilities are recognised in profit or loss.

Amortised cost is calculated by taking into account of any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance expenses in profit or loss.

Notes to the financial statements (continued)

for the year ended 30 June 2020

1 Accounting policies (continued)

Impairment of financial assets

The Company recognises impairment losses for financial assets on initial recognition at an amount equal to 12-month expected credit losses, which reflect the portion of lifetime cash shortfalls resulting from possible default events within 12 months after the reporting date. However, if there is a significant increase in credit risk since initial recognition, the impairment loss is measured at an amount equal to full lifetime expected credit losses, which reflect the lifetime cash shortfalls resulting from all possible default events over the life of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers the changes in the risk of default occurring since initial recognition. The Company regards a financial asset that is more than 120 days past due as being in default. This assumption is based on historical debt recoverability.

In assessing the changes in the risk of default, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information. In addition, if a financial asset is more than 30 days past due, the Company assesses that a significant increase in credit risk has occurred.

The Company determines that a financial asset is credit-impaired, when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Those events include, but are not limited to:

- A significant financial difficulty of the customer or borrower;
- a breach of contract or a past due event;
- the Company has granted the customer or borrower a concession(s) that it would not otherwise consider.

The Company will write off a financial asset when there is no reasonable expectation of recovery.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings

1 to 3 years

Notes to the financial statements (continued)

for the year ended 30 June 2020

1 Accounting policies (continued)

Intangible assets

Software and licenses

Software and licenses are held at cost, net of accumulated amortization and any provision for impairment. Amortisation is provided on intangible assets at rates calculated to write off the cost less estimated residual value on a straight-line basis over its expected useful life as follows:

Software and licenses

1 to 3 years

Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Revenue

The company recognises revenue from management services charged to other group companies. Revenue is recognised as management services are provided. Management services are invoiced annually in advance and payment is due at the end of each financial quarter. Management services charged are calculated using a cost-plus model, whereby costs incurred by the Company on behalf of the group, mainly payroll, are recharged to group companies plus a mark-up.

Contract assets

If the company performs by transferring services to another group company, before the company pays consideration or before payment is due, a contract asset is recognised when the company satisfies a performance obligation but does not have unconditional right to an amount of consideration (i.e. only a passage of time is required before consideration is due).

Contract assets are subject to the impairment requirements of IFRS 9. Consistent with trade and other receivables, the company measures lifetime expected credit losses for contract assets.

Contract liabilities

A contract liability is the obligation to transfer services to a group company for which the company has received consideration (or when consideration is due) from the group company. If a group company pays consideration before the company transfers services to the group company, a contract liability is recognised when the payment is made or when the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Company satisfies the performance obligation.

Leased assets (from 1 July 2019)

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Notes to the financial statements (continued)

for the year ended 30 June 2020

1 Accounting policies (continued)

Leased assets (from 1 July 2019) (continued)

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision required where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Leased assets (applicable before 1 July 2019)

Leases whose terms cause the Company to assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is recognised at an amount equal to the lower of its fair value or the present value of the minimum lease payments. After initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against the profit or loss on a straight-line basis over the period of the lease.

Exceptional items

Exceptional items are those items of financial performance that the Company believes should be separately disclosed on the face of the profit or loss addition to the full results to assist in the understanding of the underlying financial performance achieved by the Company. Such items are material by nature or amount to the year's results and require separate disclosure in accordance with IAS 1, paragraph 97.

Exceptional items include material non-recurring costs associated with specific events which are not considered to be in the ordinary course of business.

Notes to the financial statements (continued)

for the year ended 30 June 2020

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Impairment of non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

New standards and interpretations adopted

During the year, the Company has adopted the following new standard for the year ended 30 June 2020:

- IFRS 16 *Leases*

The impact of the adoption of this standard is disclosed in note 2.

Notes to the financial statements (continued)

for the year ended 30 June 2020

1 Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

Key areas of judgement are as follows:

Useful lives and depreciation/amortisation rates of fixed and intangible assets - Management uses their best estimate of the usage patterns and past experience of similar assets to determine the useful lives of assets.

Assessing indicators of impairment - The main key assumptions and judgements used in preparing these financial statements relate to impairment reviews of assets held by the Company. The Company has various loan receivables from other group companies. Going concern reviews of fellow subsidiary entities are carried out each year and used to assist in determining recoverability of these loan receivables.

2 Changes to accounting policies

IFRS 16 Leases

The Company adopted IFRS 16 as issued in January 2016, effective from 1 January 2019. The Company chose to use the simplified transition approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparative figures.

IFRS 16 provides for certain practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

The Company did not have any operating lease or finance lease commitments at June 2019.

3 Turnover	2020	2019
	£000	£000
Management services	<u>2,717</u>	<u>4,473</u>

All turnover originated within the United Kingdom.

Notes to the financial statements (continued)

for the year ended 30 June 2020

4 Operating (loss) / profit

	2020	2019
	£000	£000
<i>Operating (loss) / profit is stated after charging</i>		
Depreciation of tangible fixed assets	8	12
Amortisation of intangible assets	29	124
Depreciation - right-of-use assets	85	-
Auditor's remuneration:		
- Audit of these financial statements	7	9
Amounts receivable by the company's auditor and its associates in respect of:		
- Taxation compliance services	3	2

5 Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments	1,378	1,931
Company contributions to money purchase pension schemes	26	172
	<u>1,404</u>	<u>2,103</u>

Directors' emoluments include amounts receivable under incentive schemes of £123,000 (2019: £171,000) and company pension contributions of £26,000 (2019: £172,000). The aggregate of emoluments and amounts receivable under incentive schemes of the highest paid director was £485,000 (2019: £641,000), and no company pension contributions (2019: £34,000) were made to a money purchase scheme on his behalf.

The key management personnel comprise of the directors only.

Notes to the financial statements (continued)

for the year ended 30 June 2020

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was 11 (2019: 12 including four directors).

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	1,507	2,332
Social security costs	200	287
Other pension costs	194	214
	<u>1,901</u>	<u>2,833</u>

7 Exceptional items

	2020	2019
	£000	£000
Write-off intercompany balances	300	-
Impairment of intercompany loan	627	-
Due diligence costs	55	-
	<u>982</u>	<u>-</u>

Write-off intercompany balances

Following the liquidation of a dormant sister company, Excelsa Ventures Limited, the Company wrote off a loan receivable balance of £300,000 to the profit or loss.

Impairment of intercompany loan

In December 2020, the Group disposed of Reach Engineering & Diving Services Limited (REDS) and due to the terms of the sale, the full loan receivable from REDS was no longer recoverable and has therefore been impaired to its recoverable amount at 30 June 2020.

Due diligence costs

Due diligence costs incurred of £55,000 related to a potential acquisition that was aborted.

Notes to the financial statements (continued)

for the year ended 30 June 2020

8 Finance costs

	2020	2019
	£000	£000
Notional interest charged on lease liabilities	7	-
Interest expense on bank overdraft	3	-
	<u>10</u>	<u>-</u>

9 Finance income

	2020	2019
	£000	£000
Receivable from Group Undertakings	<u>184</u>	<u>43</u>

10 Taxation

Analysis of charge in year

	2020	2019
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	-	18
Group relief	86	58
Adjustments in respect of prior periods	<u>20</u>	<u>(69)</u>
Current tax charge	<u>106</u>	<u>7</u>

Deferred tax credit

Reversal of temporary differences	<u>(26)</u>	<u>(38)</u>
Total deferred tax credit (<i>note 17</i>)	<u>(26)</u>	<u>(38)</u>
Total tax charge / (credit)	<u>80</u>	<u>(31)</u>

Notes to the financial statements (continued)

for the year ended 30 June 2020

10 Taxation (continued)

Factors affecting the tax charge for the current year

The total tax charge for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). This is broken down below:

	2020	2019
	£000	£000
(Loss) / profit on ordinary activities before tax	(658)	306
Current tax (credit) / charge at 19% (2019: 19%)	(125)	58
Fixed asset ineligible depreciation	1	3
Expenses not deductible for tax purposes	188	8
Income not taxable for tax purposes	-	(4)
Adjustment to tax charge in respect of previous periods	14	(69)
Deferred tax not recognised	-	(27)
Payment of group relief	81	58
Group relief claimed	(79)	(58)
Total tax charge / (credit) for the year	<u>80</u>	<u>(31)</u>

Notes to the financial statements (continued)

for the year ended 30 June 2020

11	Property, plant and equipment	As restated Fixtures and fittings £000
	<i>Cost</i>	
	At 1 July 2019	282
	Additions	1
	Disposals	(3)
	At June 2020	<u>280</u>
	<i>Depreciation</i>	
	At 1 July 2019	(266)
	Charge for the year	(8)
	Disposals	2
	At June 2020	<u>(272)</u>
	<i>Net book value</i>	
	At June 2020	<u>8</u>
	At June 2019	<u>16</u>
12	Intangible assets	As restated Software and license £000
	<i>Cost</i>	
	At 1 July 2019	469
	At June 2020	<u>469</u>
	<i>Amortisation</i>	
	At 1 July 2019	(430)
	Charge for the year	(29)
	At June 2020	<u>(459)</u>
	<i>Net book value</i>	
	At June 2020	<u>10</u>
	At June 2019	<u>39</u>

Notes to the financial statements (continued)

for the year ended 30 June 2020

13 Right-of-use assets and lease liabilities

The Company leases office premises, with lease terms that typically run for three years. Under IAS 17, the leases for the buildings were classified as operating leases. Following the Company's adoption of IFRS 16, with effect from 1 July 2019, leases are accounted for by recognising right-of-use assets and lease liabilities (unless leases are less than one year or for low value items).

Information about leases where the Company has recognised a right-of-use asset and lease liability is presented below:

Right-of-use assets	Buildings
	£000
Cost	
Balance at 1 July 2019	-
Additions	170
At June 2020	<u>170</u>
Depreciation	
Charge for the year	(85)
At June 2020	<u>(85)</u>
Net book value	
At June 2020	<u><u>85</u></u>

The Company leases other assets with contract terms of less than one year. These leases are short-term and/or leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Lease liabilities	Buildings
	£000
Balance at 1 July 2019	-
Additions	170
Interest expense	7
Lease payments	(90)
At June 2020	<u><u>87</u></u>

All lease liabilities are current liabilities.

Notes to the financial statements (continued)

for the year ended 30 June 2020

14 Debtors: Amounts falling due within one year

	2020	2019
	£000	£000
Amounts due from group companies	1,501	2,766
Prepayments and deposits	55	22
Sundry debtors and accrued income	58	87
Corporation tax	-	86
VAT receivable	64	45
	<u>1,678</u>	<u>3,006</u>

Included within amounts owed by group undertakings are trading accounts of £157,000 (2019: £23,000) which are interest free and repayable on demand.

Also included within amounts owed by group undertakings are intercompany loans with a total value of £1,257,000 (2019: £2,743,000) and interest receivable on these loans of £87,000 (2019: £nil). The terms of these loans are as follows:

- A loan to Sturrock and Robson USA Inc. with a principal value of £184,000 (2019: £610,000), an annual interest rate of 7.75% which is repayable on demand (2019: repayable on 30 June 2020).
- A loan to Sturrock and Robson USA Inc. with a principal value of £1,060,000 (2019: £1,193,000), an annual interest rate of 6% which is repayable on demand (2019: repayable on 30 June 2020).
- A loan to Reach Engineering and Diving Services Limited with a principal value of £640,000 (2019: £640,000), an annual interest rate of 6% which is repayable on demand (2019: repayable on 30 June 2020). Interest receivable on this loan of £39,000 (2019: £nil) is repayable on demand. Interest due and not paid incurs an interest charge of 6% per annum. This loan has been impaired at 30 June 2020 by £627,000. Refer to note 7 for further information.
- Interest receivable from Sturrock and Robson S.à r.l. of £48,000 (2019: £nil) is repayable on demand. Interest due and not paid incurs an interest charge of 6% per annum. Details of the loan balances to which this interest receivable relates are disclosed in note 15 below.

Following the liquidation of a dormant sister company, **Excelsa Ventures Limited**, the loan receivable balance of £300,000 was written off. Refer to note 7 for further information.

Notes to the financial statements (continued)

for the year ended 30 June 2020

15 Debtors: Amounts falling due after more than one year

	2020	As restated 2019
	£000	£000
Amounts due from group companies	1,362	-
Deferred tax (note 17)	68	42
	<u>1,430</u>	<u>42</u>

The amounts owed by group undertakings are intercompany loans with a total value of £1,362,000 (2019: £nil). The terms of these loans are as follows:

- A loan to Sturrock and Robson S.à r.l. with a principal value of £1,000,000, an annual interest rate of 6% which is repayable on 30 June 2024.
- A loan to Sturrock and Robson S.à r.l. with a principal value of £362,000, an annual interest rate of 6% which is repayable on 30 June 2025.

16 Trade and other payables

	2020	2019
	£000	£000
Trade payables	100	27
Other payables and accrued expenses	337	745
Amounts due to group companies	2,015	579
Group relief payable	78	58
	<u>2,530</u>	<u>1,409</u>

The amounts due to group companies were trading accounts with a total value of £2,015,000 (2019: £579,000). Trading accounts are interest free and repayable on demand.

Group relief payable is interest free and repayable on demand.

Notes to the financial statements (continued)

for the year ended 30 June 2020

17 Deferred taxation

	2020	2019
	£000	£000
Deferred tax asset at the beginning of the year	42	4
Credit to comprehensive income (note 10)	26	38
Deferred tax asset at the end of the year	<u>68</u>	<u>42</u>

The deferred tax asset is made up as follows:

	2020	2019
	£000	£000
Fixed asset timing differences	47	38
Short term timing differences	21	4
	<u>68</u>	<u>42</u>

18 Called up share capital

	2020	2019
	£000	£000
<i>Authorised, allotted, called up and fully paid</i>		
Equity:		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19 Contingent liabilities

A cross guarantee and a debenture exists for a multi-currency group revolving facility between the Company and certain other members of the Sturrock and Robson S.à r.l. Group. As at 30 June 2020, the total contingent liability in relation to this is £2,038,000 (2019: £2,432,000). This may become payable should the other members fail to pay their facility commitments. The facility matures in January 2021.

Under a group registration scheme, the Company is jointly and severally liable for Value Added Tax by other group companies. At 30 June 2020 this contingent liability amounted to £1,000 (2019: £16,000).

Notes to the financial statements (continued)

for the year ended 30 June 2020

20 Related party disclosures

The Company is under the control of its immediate holding company, Sturrock and Robson S.à r.l.

The Company has taken the exemption under IAS 24 *Related Party Disclosures* and elected not to disclose the transactions and outstanding amounts with these 100%-owned entities.

21 Post balance sheet events

On 31 December 2020, the Group disposed of Reach Engineering and Diving Services Limited (REDS), and the loan receivable from REDS was written off.

The Company has not incurred any material losses on receivables due to COVID-19 and no further information has been identified that suggests significant adjustments are currently required to forward-looking loss allowance assumptions applied as at 30 June 2020. Latest forecasts also do not suggest that the Company's deferred tax assets may need to be de-recognised.

22 Ultimate parent company

The Company is a subsidiary undertaking of Sturrock and Robson S.à r.l. which is the ultimate parent company incorporated in the Grand-Duchy of Luxembourg.

The largest group in which the results of the Company are consolidated is Sturrock and Robson S.à r.l., incorporated in the Grand-Duchy of Luxembourg. The consolidated financial statements of this group are available to the public and may be obtained from the Luxembourg Commerce Registry.

23 Transition to FRS 101

For all periods up to and including the year ended 30 June 2019, the Company prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). These financial statements for the year ended 30 June 2020, are the first the Company has prepared in accordance with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 July 2018, the Company's date of transition to FRS 101, and made changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the

Company in restating its balance sheet as at 1 July 2018 prepared under IFRS and its previously published IFRS financial statements for the year ended 30 June 2019.

The exemptions applied by the Company are disclosed in note 1. The transition adjustments are balance sheet reclassifications only. There is no impact on net equity or profit/loss in any period.

Notes to the financial statements (continued)

for the year ended 30 June 2020

23 Transition to FRS 101 (continued)

Reconciliation of equity as at 30 June 2019

	Notes	EU-IFRS	FRS 101 Reclassification	FRS 101
		£000	£000	£000
Non-current assets / Fixed Assets				
Property, plant and equipment	11	55	(39)	16
Intangible assets	12	-	39	39
Deferred tax assets	17	42	(42)	-
Total non-current assets / fixed assets		97	(42)	55
Current assets				
Debtors: amounts falling due within one year	14	3,006	-	3,006
Debtors: amounts falling due after more than one year	15	-	42	42
Total current assets		3,006	42	3,048
Current liabilities				
Bank overdraft		(539)	-	(539)
Creditors: amounts falling due within one year	16	(1,409)	-	(1,409)
Total current liabilities		(1,948)		(1,948)
Net assets		1,155	-	1,155
Capital and reserves				
Called up share capital	18	1	-	1
Profit or loss account		1,154	-	1,154
		1,155	-	1,155

a) Deferred tax assets

Accounts prepared under EU-adopted IFRS are 'IAS accounts' and are within the scope of EU Regulation 1606/2002 (IAS Regulation). Following the adoption of FRS 101, the company is required to prepare 'Companies Act accounts' in accordance with the Companies Act 2006. The current/non-current distinction under IAS 1 is not consistent with the due within/after one year presentation set out in company law, as a result, deferred tax assets are presented under current assets under FRS 101.

b) Intangible assets

Upon conversion, the Company has reassessed its treatment of software and licenses. The Company previously recognised software and licenses under tangible fixed assets, however under IAS 36 Intangible Assets, these are required to be disclosed separately as intangible assets. As a result, software and licenses were split out from tangible assets and are now disclosed separately in note 12 and on the face of the balance sheet.