

STELLAR ASSOCIATES 1 LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019



STELLAR ASSOCIATES 1 LIMITED

COMPANY INFORMATION

Directors

M S Ansari
R M Johnson
A Schemmel
T Shah
M Vandamme

Registered number

10956230

Registered office

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Independent auditor

Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
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DE74 2SA

STELLAR ASSOCIATES 1 LIMITED

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STELLAR ASSOCIATES 1 LIMITED
REGISTERED NUMBER: 10956230

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2019

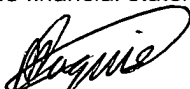
	Note	2019 £	2018 £
Fixed assets			
Intangible assets	3	8,163,932	9,169,633
Tangible assets	4	137,070	104,206
		<u>8,301,002</u>	<u>9,273,839</u>
Current assets			
Stocks	6	1,247,598	1,140,491
Debtors	7	1,364,136	1,198,949
Cash at bank and in hand		1,322,844	1,232,897
		<u>3,934,578</u>	<u>3,572,337</u>
Creditors: amounts falling due within one year	8	<u>(3,018,348)</u>	<u>(2,457,800)</u>
Net current assets		<u>916,230</u>	<u>1,114,537</u>
Total assets less current liabilities		<u>9,217,232</u>	<u>10,388,376</u>
Creditors: amounts falling due after more than one year	9	<u>(4,145,980)</u>	<u>(5,750,000)</u>
Net assets		<u><u>5,071,252</u></u>	<u><u>4,638,376</u></u>
Capital and reserves			
Called up share capital	11	4,300,943	4,300,943
Profit and loss account	12	770,309	337,433
		<u><u>5,071,252</u></u>	<u><u>4,638,376</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the consolidated profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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


M S Ansari
 Director

Date: 25/10/2019

The notes on pages 5 to 15 form part of these financial statements.

STELLAR ASSOCIATES 1 LIMITED
REGISTERED NUMBER: 10956230

COMPANY BALANCE SHEET
AS AT 30 APRIL 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	5	542,918	542,918
Current assets			
Debtors	7	3,758,025	3,758,025
		<u>3,758,025</u>	<u>3,758,025</u>
Total assets less current liabilities		<u>4,300,943</u>	<u>4,300,943</u>
Net assets		<u>4,300,943</u>	<u>4,300,943</u>
Capital and reserves			
Called up share capital	11	4,300,943	4,300,943
		<u>4,300,943</u>	<u>4,300,943</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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


M S Ansari
Director

Date: 25/Oct/2019

The notes on pages 5 to 15 form part of these financial statements.

STELLAR ASSOCIATES 1 LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 11 September 2017	-	-	-
Profit for the period	-	337,433	337,433
Shares issued during the period	4,300,943	-	4,300,943
At 1 May 2018	4,300,943	337,433	4,638,376
Profit for the year	-	432,876	432,876
At 30 April 2019	4,300,943	770,309	5,071,252

The notes on pages 5 to 15 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2019**

	Called up share capital £	Total equity £
At 11 September 2017	-	-
Shares issued during the period	4,300,943	4,300,943
At 1 May 2018	4,300,943	4,300,943
Profit for the year	-	-
At 30 April 2019	4,300,943	4,300,943

The notes on pages 5 to 15 form part of these financial statements.

STELLAR ASSOCIATES 1 LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2019**

	2019	2018
	£	£
Cash flows from operating activities		
Profit for the financial year	432,876	337,433
Adjustments for:		
Amortisation of intangible assets	1,005,701	586,659
Depreciation of tangible assets	51,957	48,595
Interest paid	218,126	130,173
Interest received	(965)	-
Taxation charge	111,716	68,325
(Increase) in stocks	(107,107)	(1,140,491)
(Increase) in debtors	(104,164)	(1,198,949)
Decrease in amounts owed by groups	82,499	-
(Decrease)/increase in creditors	(294,537)	3,128,464
Corporation tax (paid)/received	(338,697)	15,135
Net cash generated from operating activities	<u>1,057,405</u>	<u>1,975,344</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(84,821)	-
Purchase of fixed asset investments	-	(9,909,093)
Interest received	965	-
Net cash used in investing activities	<u>(83,856)</u>	<u>(9,909,093)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	4,300,943
New secured loans	-	4,995,876
Repayment of loans	(665,476)	-
Interest paid	(218,126)	(130,173)
Net cash used in financing activities	<u>(883,602)</u>	<u>9,166,646</u>
Net increase in cash and cash equivalents	<u>89,947</u>	<u>1,232,897</u>
Cash and cash equivalents at beginning of year	1,232,897	-
Cash and cash equivalents at the end of year	<u><u>1,322,844</u></u>	<u><u>1,232,897</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,322,844	1,232,897
	<u><u>1,322,844</u></u>	<u><u>1,232,897</u></u>

The notes on pages 5 to 15 form part of these financial statements.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Stellar Associates 1 Limited (the 'company') and its subsidiary undertakings (the 'group') are limited liability companies incorporated and domiciled in the United Kingdom. The address of the company's registered office is shown on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the group. The financial statements are for the year ended 30 April 2019 (2018: 8 month period ended 30 April 2018).

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

1.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries (the 'group') as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income and retained earnings from the date on which control is obtained.

1.3 Disclosure exemptions

The company has adopted the following disclosure exemption:

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

1.4 Going concern

The directors have prepared cash flow forecasts which demonstrate that the group has sufficient finance facilities available to continue in business for a period of at least 12 months from the date of approval of the financial statements. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting policies (continued)

1.5 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The group derives revenue from the sale of machinery, service and maintenance contracts, software licences and software support contracts.

Machines - the group recognises revenue on delivery of the machine. On long term contracts profit is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty [see 1.11].

Software licences - the group recognises revenue when evidenced by a signed agreements, the delivery of the produce has occurred, and the fee is fixed and determinable.

Software support contracts - the group recognises revenue on a straight line basis over the period of the contract. Revenue not recognised in the profit and loss account under this policy is classified as deferred income in the balance sheet.

Service and maintenance contracts - the group recognises revenue in line with its obligations based on the contract. Revenue not recognised in the consolidated statement of income and retained earnings under this policy is classified as deferred income in the balance sheet.

1.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated profit and loss account over its useful economic life assessed at 10 years.

1.7 Tangible fixed assets

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

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the period of the lease
Plant and machinery	- 20 % straight line
Motor vehicles	- 25 % straight line
Fixtures and fittings	- 15 % straight line
Office equipment	- 33 % straight line

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

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

1.8 Investments

In the parent company financial statements the investment in the subsidiary is accounted for at cost less accumulated impairment.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting policies (continued)

1.10 Financial instruments

The group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

1.11 Long term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as a proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting policies (continued)

1.12 Foreign currency translation

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of income and retained earnings within administrative expenses. All other foreign exchange gains and losses are presented in the consolidated profit and loss account within 'other operating income'.

1.13 Dividends

1.14 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of income and retained earnings on a straight line basis over the lease term.

1.15 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

1.16 Borrowing costs

All borrowing costs are recognised in the consolidated profit and loss account in the year in which they are incurred.

1.17 Taxation

Tax is recognised in the consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

1.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

1.19 Research and development

Research and development is written off in the year which it is incurred.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. Accounting policies (continued)

1.20 Share options

In the prior year EMI options over 1,720 ordinary shares were granted to certain managers in the company. These options which have an exercise price of £0.36 per share. 25% of the option share will vest within 24 months, 25% will vest within 36 months, 25% within 48 months and vest in full within 60 months of the vesting commencement date. No such charge was made to the profit and loss account under FRS 102 as the directors considered that such a charge would not be material.

2. Employees

The company has no employees other than the directors, who were remunerated via other group companies.

The average monthly number of employees in the group, including directors, during the year was 52 (2018: 47).

3. Intangible assets

Group

	Goodwill £
Cost	
At 1 May 2018	9,756,292
At 30 April 2019	<u>9,756,292</u>
Amortisation	
At 1 May 2018	586,659
Charge for the year	1,005,701
At 30 April 2019	<u>1,592,360</u>
Net book value	
At 30 April 2019	<u><u>8,163,932</u></u>
At 30 April 2018	<u><u>9,169,633</u></u>

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

4. Tangible fixed assets

Group

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 May 2018	16,240	169,205	170,184	258,535	614,164
Additions	8,276	3,587	45,540	27,418	84,821
Disposals	-	-	-	(197,170)	(197,170)
At 30 April 2019	24,516	172,792	215,724	88,783	501,815
Depreciation					
At 1 May 2018	3,477	158,620	109,611	238,250	509,958
Charge for the year	1,906	3,696	33,957	12,398	51,957
Disposals	-	-	-	(197,170)	(197,170)
At 30 April 2019	5,383	162,316	143,568	53,478	364,745
Net book value					
At 30 April 2019	19,133	10,476	72,156	35,305	137,070
At 30 April 2018	12,763	10,585	60,573	20,285	104,206

The company has no tangible fixed assets.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

5. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 May 2018	542,918
At 30 April 2019	542,918

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Stellar Finance 1 Limited	United Kingdom	Ordinary	100%
Stellar Associates Limited	United Kingdom	Ordinary	100%
Esprit Automation Limited *	United Kingdom	Ordinary	100%
Esprit Automation SARL *	United Kingdom	Ordinary	100%

The aggregate of the share capital and reserves as at 30 April 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Stellar Finance 1 Limited	788,459	391,929
Stellar Associates Limited	205,901	(6,264)
Esprit Automation Limited *	3,819,465	1,696,700
Esprit Automation SARL *	9,010	(72,486)

* These investments are held indirectly.

6. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials	664,459	569,318	-	-
Work in progress	583,139	571,173	-	-
	1,247,598	1,140,491	-	-

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

7. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Amounts owed by group undertakings	-	-	3,665,000	3,665,000
Due within one year				
Trade debtors	913,427	794,344	-	-
Amounts owed by group undertakings	-	-	93,025	93,025
Other debtors	434,709	388,605	-	-
Interest rate collar	16,000	16,000	-	-
	<u>1,364,136</u>	<u>1,198,949</u>	<u>3,758,025</u>	<u>3,758,025</u>

8. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	580,400	545,876	-	-
Trade creditors	930,648	702,066	-	-
Amounts owed to group undertakings	-	-	-	-
Corporation tax	-	83,460	-	-
Other taxation and social security	563,138	422,572	-	-
Other creditors	941,338	696,836	-	-
Accruals and deferred income	2,824	6,990	-	-
	<u>3,018,348</u>	<u>2,457,800</u>	<u>-</u>	<u>-</u>

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	3,750,000	4,450,000	-	-
Other creditors	395,980	1,300,000	-	-
	<u>4,145,980</u>	<u>5,750,000</u>	<u>-</u>	<u>-</u>

The bank loan is secured against the assets of the group.

STELLAR ASSOCIATES 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

10. Loans

The bank loans comprise of facility A with amounts borrowed of £3,500,000 and facility B with amounts borrowed for £2,000,000. The interest rate charged on facility A is 3.45% and facility B is 3.95%.

The loan is repayable over five years in quarterly instalments of £175,000, commencing 31 January 2018 and the remaining balance to be repaid 2 April 2023.

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year				
Bank loans	580,400	545,876	-	-
Amounts falling due 2-5 years				
Bank loans	1,575,000	2,275,000	-	-
Amounts falling due after more than 5 years				
Bank loans	<u>2,175,000</u>	<u>2,175,000</u>	<u>-</u>	<u>-</u>

11. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
43,008 Ordinary shares of £1.00 each	43,008	43,008
14,335 Ordinary shares of £0.01 each	143	143
4,257,792 Preference shares of £1.00 each	4,257,792	4,257,792
	<u>4,300,943</u>	<u>4,300,943</u>

The preference shareholders have no voting rights.

12. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

STELLAR ASSOCIATES 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

13. Commitments under operating leases

At 30 April 2019 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	101,749	101,749
Later than 1 year and not later than 5 years	384,237	391,423
Later than 5 years	378,298	472,810
	<hr/> <hr/> 864,284	<hr/> <hr/> 965,982

The company had no commitments under non-cancellable operating leases as at the balance sheet date.

14. Related party transactions

The group has taken advantage of the exemption conferred by FRS 102 and has not disclosed details of related party transactions between group undertakings.

There are no key management personnel other than the directors of the company. Details of their remuneration are shown in note 3.

15. Controlling party

The company is controlled by the board of directors by virtue of their position as officers of the company and also their shareholdings.

16. Auditor's information

As the profit and loss account has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006.

The auditor's report was unqualified.

The auditor was Cooper Parry Group Limited.

Andrew Honarmand signed the auditor's report as senior statutory auditor.