

STELLAR ASSOCIATES 1 LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 APRIL 2018



STELLAR ASSOCIATES 1 LIMITED

COMPANY INFORMATION

Directors	M S Ansari (appointed 11 September 2017) R M Johnson (appointed 2 October 2017) A Schemmel (appointed 2 October 2017) T Shah (appointed 2 October 2017) M Vandamme (appointed 2 October 2017)
Registered number	10956230
Registered office	Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Independent auditor	PKF Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

STELLAR ASSOCIATES 1 LIMITED

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STELLAR ASSOCIATES 1 LIMITED
REGISTERED NUMBER: 10956230

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2018


	Note	2018 £
Fixed assets		
Intangible assets	5	9,169,633
Tangible assets	6	104,206
		<hr/> 9,273,839
Current assets		
Stocks		1,140,491
Debtors	9	1,198,949
Cash at bank and in hand		1,232,897
		<hr/> 3,572,337
Creditors: amounts falling due within one year		<hr/> (2,457,800)
Net current assets		1,114,537
Total assets less current liabilities		<hr/> 10,388,376
Creditors: amounts falling due after more than one year		(5,750,000)
Net assets		<hr/> <hr/> 4,638,376
Capital and reserves		
Called up share capital	13	4,300,943
Profit and loss account	14	337,433
		<hr/> <hr/> 4,638,376

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 statement of income and retained earnings 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 on


M S Ansari
 Director
 18/10/2018

The notes on pages 3 to 13 form part of these financial statements..

STELLAR ASSOCIATES 1 LIMITED
REGISTERED NUMBER: 10956230

COMPANY BALANCE SHEET
AS AT 30 APRIL 2018


	Note	2018 £
Fixed assets		
Investments	7	542,918
Current assets		
Debtors	9	3,758,025
		<u>3,758,025</u>
Total assets less current liabilities		<u>4,300,943</u>
Net assets		<u>4,300,943</u>
Capital and reserves		
Called up share capital		4,300,943
Profit and loss account		-
		<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 consolidated statement of income and retained earnings 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: 10/10/2018

The notes on pages 3 to 13 form part of these financial statements.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

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 company was incorporated on 13 September 2017 and the financial statements are for the period from incorporation to 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:

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 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 2018

1. Accounting policies (continued)

1.4 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 1.10].

Software licences - the group recognises revenue when evidenced by a signed agreement, 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 profit and loss account under this policy is classified as deferred income in the balance sheet.

1.5 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.

1.6 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 2018

1. Accounting policies (continued)

1.6 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.

1.7 Investments

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

1.8 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.

1.9 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, loans to related parties and investments in non-puttable ordinary shares.

1.10 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 2018

1. Accounting policies (continued)

1.11 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. Nonmonetary 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 profit and loss account within administrative expenses. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within 'other operating income'.

1.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.13 Operating leases

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

1.14 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 period.

1.15 Borrowing costs

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

1.16 Taxation

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.

1.17 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.

1.18 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 2018

1. Accounting policies (continued)

1.19 Share options

During the period 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. Auditor's remuneration

Fees payable to the Group's auditor for the audit of the Group's annual financial statements totalled £ (2017 -).

3. Auditor's remuneration

	2018 £	2017 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	2,000	-
		2018 £
Fees payable to the group's auditor and its associates in respect of:		
Audit-related assurance services		14,850
Taxation compliance services		4,000
		<u>18,850</u>

4. Employees

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

The average monthly number of employees, including directors, during the period was 47.

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

5. Intangible assets

Group

	Goodwill £
Cost	
On acquisition of subsidiaries	9,756,292
At 30 April 2018	<u>9,756,292</u>
Amortisation	
Charge for the year	586,659
At 30 April 2018	<u>586,659</u>
Net book value	
At 30 April 2018	<u><u>9,169,633</u></u>

6. Tangible fixed assets

Group

	Leasehold improvements £	Other fixed assets £	Total £
Cost			
Acquisition of subsidiary	16,240	136,561	152,801
At 30 April 2018	<u>16,240</u>	<u>136,561</u>	<u>152,801</u>
Depreciation			
Charge for the period	3,477	45,118	48,595
At 30 April 2018	<u>3,477</u>	<u>45,118</u>	<u>48,595</u>
Net book value			
At 30 April 2018	<u><u>12,763</u></u>	<u><u>91,443</u></u>	<u><u>104,206</u></u>

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

7. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
Additions	542,918
At 30 April 2018	<u>542,918</u>
Net book value	
At 30 April 2018	<u><u>542,918</u></u>

On 2 October 2017 the company acquired 100% of the shares in Stellar Finance 1 Limited which in turn acquired 100% of the shares in Esprit Automation Limited. On the same date the company acquired 100% of the shares in Stellar Associates Limited.

Stellar Finance 1 Limited and Stellar Associates Ltd are included within these consolidated financial statements from acquisition on 2 October 2017. The registered office of these subsidiaries are shown on the company information page. Esprit Automation Limited is included within these consolidated financial statements from acquisition on 2 October 2017. The registered office of this subsidiary undertaking is Placket Mill, Church Drive, Sandiacre, Nottingham, NG10 5EE.

Please see note 18 for further information.

8. Stocks

	Group 2018 £
Finished goods and goods for resale	1,140,491
	<u><u>1,140,491</u></u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

STELLAR ASSOCIATES 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

9. Debtors

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

10. Creditors: Amounts falling due within one year

	Group 2018 £
Bank loans	545,876
Trade creditors	702,066
Corporation tax	83,460
Other taxation and social security	422,572
Other creditors	696,836
Accruals and deferred income	6,990
	<u>2,457,800</u>

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

	Group 2018 £
Bank loans	4,450,000
Other creditors	1,300,000
	<u>5,750,000</u>

The group borrowed £5,500,000 from Clydesdale Yorkshire bank on 2 October 2017 to fund the acquisition of Esprit Automation Limited. 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.

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

STELLAR ASSOCIATES 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

12. Loans

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2018 £
Bank loans	2,175,000

13. Share capital

	2018 £
Allotted, called up and fully paid	
43,008 Ordinary shares of £1 each	43,008
14,335 Ordinary shares of £0.01 each	143
4,257,792 Preference shares of £1 each	4,257,792
	<u>4,300,943</u>

On 11 September 2017 1 Ordinary share of £0.10 was issued for par.

On 28 September 2017 37,833 ordinary shares were issued for £1.00 per share and 3,745,467 preferred shares were issued for £1.00 per share. A second allotment on 28 September 2017 of 14,334 ordinary shares were issued for £0.01 per share. A third allotment on 28 September 2017 for 5,175 ordinary shares were issued for £0.01 per share and 512,325 preferred shares were issued for £1.00 per share.

The preference shares rank pari passu and have full rights to dividends.

14. 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 2018

15. Acquisitions

Stellar Associates 1 Limited acquired Stellar Finance 1 Limited on 2 October 2017 and on 2 October 2017 Stellar Finance 1 Limited acquired Esprit Automation Limited, a company that operates as a manufacturer of precision plasma cutting tools.

On 2 October 2017 Stellar Associates 1 Limited also acquired Stellar Associates Ltd.

The net book value of the net assets at the date of acquisition together with any fair value adjustments are detailed below:

	Esprit Automation Limited £	Stellar Associates Ltd £	Fair value £
Fixed assets			
Tangible fixed assets	108,654	1,089	109,743
	<u>(108,654)</u>	<u>(1,089)</u>	<u>(109,743)</u>
Current assets			
Stocks	1,011,027	-	1,011,027
Debtors	1,152,094	170,000	1,322,094
Cash at bank and in hand	5,045,596	41,675	5,087,271
Total assets	<u>7,317,371</u>	<u>212,764</u>	<u>7,530,135</u>
Due within one year	(2,035,621)	(13,488)	(2,049,109)
Deferred tax on differences between fair value and tax bases	(17,961)	-	(17,961)
Total identifiable net assets	<u>5,263,789</u>	<u>199,276</u>	<u>5,463,065</u>
Goodwill			9,756,252
Total purchase consideration			<u>15,219,317</u>
Consideration			
			£
Cash			12,889,124
Stamp duty			72,190
Directors loan accounts transferred from Esprit Automation Limited			80,000
Legal fees			38,265
Investment			579,738
Deferred consideration			1,560,000
Total purchase consideration			<u>15,219,317</u>

STELLAR ASSOCIATES 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

15. Acquisitions (continued)

Cash outflow on acquisition

Purchase consideration settled in cash, as above	12,889,124
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The results of Esprit Automation Limited, since acquisition are as follows:

	Current period since acquisition £
Turnover	5,332,108
Profit for the period	1,031,119

16. Related party transactions

During the year the group paid rent of £90,000 to a company in which the directors of Esprit Automation Limited are beneficiaries.

There are no key management personnel other than the directors of the company. Details of their remuneration are shown in note 4.

17. 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.

18. 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 PKF Cooper Parry Group Limited.

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