

Company Registration No. 02463591 (England and Wales)

START SPELLMAN HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

START SPELLMAN HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr D Bay Mr L R Skeist
Secretary	Mrs J Hart
Company number	02463591
Registered office	Broomers Park Broomers Hill Lane Pulborough West Sussex RH20 2RY
Auditor	MHA Carpenter Box 5 Peveril Court 6-8 London Road Crawley West Sussex RH10 8JE

START SPELLMAN HOLDINGS LIMITED

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START SPELLMAN HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business

The year to 31st March 2020 has been better than originally forecasted with a 7% increase in sales from our previous year.

Spellman's vision is to power progress in health, safety and quality of life. We achieve this by understanding and providing what each customer values today and develop the technology and products each market segment and application will need tomorrow. We continue to build a safe, high-performance organization that protects the environment, supports our communities and develops our people. The Company will continue to leverage Spellman's Global resources to remain competitive.

The Group continues investment in its employees, facilities and R&D. We have added new customers and continue to work closely with our existing OEM partners who incorporate Spellman's power supplies into their New Product Introductions. Our focus on continuous improvement and making complete on-time deliveries of uncompromised quality to our customers is paramount.

The Group's Quality, Environmental and Health & Safety practices, ISO9001:2015, ISO14001:2015 and ISO45001:2018 are accredited by our registrar ISOQAR. The Company is also registered with Underwriters Laboratories (UL) Data Acceptance Program (DAP). This affords Spellman and its customers who require UL recognized products increased control over the scheduling of product testing and certification. Spellman also has been granted full European Authorized Economic Operator (AEO) authorisation.

The Group continues to innovate our products, processes and services while engaging a workforce with the knowledge, skills and passion to "Understand and Provide What Our Customers Value".

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic slowdown has dramatically changed the world around us. Our customers and our suppliers are working closely with us to manage the impact of COVID-19. We are also grateful that all of our employees are safe and well and that we have remained operational and staffed by our essential personnel. We have performed a risk analysis and implemented the necessary measures to manage the hazards and risks to our staff. These robust measures allowed us to not only maintain business continuity, but also to ensure on-time delivery for our customers. Further to our response to the COVID-19 pandemic, the Directors have performed an analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios. Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Key performance indicators

The following are the financial key performance indicators ('KPIs') used by management to assess and regulate the company's performance:

	2020	2019	Method of calculation
Growth in sales (%)	6.8%	15.9%	Year on year sales growth expressed as a percentage
Gross profit margin (%)	29.2%	24.7%	Gross profit margin is the ratio of gross profit to sales expressed as a percentage
Debtor days	42 days	42 days	Year end debtors over turnover for the year, multiplied by days in the year

START SPELLMAN HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly legal, economic conditions, technology and competitor activity.

Legislation risk

The Group closely monitors legal and regulatory matters at a Group, Company and operational level and consults with external advisors where necessary.

Financial, competitor, economic and technology risk

Competitor activity and developing technology could affect the level of the group's revenue and profitability.

The Group is committed to advancing high voltage design and manufacturing technology and devotes significant resource to achieving this goal. The group strives to continuously improve the features, performance, reliability and cost-effectiveness of its products. The group seeks to drive long-term growth and profitability by expanding its ability to serve global markets and developing product lines for new high voltage applications. The UK companies will continue to leverage Spellman Group's Global resources to remain competitive.

On behalf of the board

Mr D Bay

Director

30 June 2020

START SPELLMAN HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activity of the company and group continued to be that of the design, manufacture and distribution of high voltage equipment.

Branches

The group operates a small branch in Germany which operates as a sales office in support of the UK operations.

Directors

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

Mr D Bay

Mr L R Skeist

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,585,107 (2019 - £3,170,214). The directors do not recommend payment of a further dividend.

Financial instruments

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Research and development

The Spellman Group (herein referred to as "Spellman") has become a leading precision engineering technology provider to hi-tech customers in industry, research and medical equipment applications. Spellman had achieved this by working closely with those customers, providing strategic services and a quality product through all the research, design and development stages. The group strategy is to grow our ability to supply customer solutions by increasing our technical capabilities, using our technical knowledge and innovative ideas to develop substantially improved quality devices.

START SPELLMAN HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Future developments

The directors have presented the future developments of the company in the Strategic Report.

Auditor

In accordance with the company's articles, a resolution proposing that MHA Carpenter Box be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr D Bay

Director

30 June 2020

START SPELLMAN HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

START SPELLMAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF START SPELLMAN HOLDINGS LIMITED

Opinion

We have audited the financial statements of Start Spellman Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

START SPELLMAN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF START SPELLMAN HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Robert Dowling FCA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box
Chartered Accountants
Statutory Auditor
Crawley

16 July 2020

MHA Carpenter Box is a trading name of Carpenter Box Limited

START SPELLMAN HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	35,117,732	32,885,868
Cost of sales		(25,018,367)	(24,778,161)
Gross profit		10,099,365	8,107,707
Administrative expenses		(6,696,871)	(4,555,209)
Operating profit	4	3,402,494	3,552,498
Interest receivable and similar income	8	306	1,646
Amounts written off investments		(51,200)	9,326
Profit before taxation		3,351,600	3,563,470
Tax on profit	9	(712,658)	(709,055)
Profit for the financial year		2,638,942	2,854,415
Other comprehensive income			
Currency translation differences		(5,072)	(2,834)
Total comprehensive income for the year		2,633,870	2,851,581

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

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

The group profit and loss account has been prepared on the basis that all operations are continuing operations.

START SPELLMAN HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11	83,556		128,030	
Tangible assets	12	1,799,700		1,730,345	
Investments	13	771,085		806,636	
			2,654,341		2,665,011
Current assets					
Stocks	15	3,247,933		2,979,443	
Debtors	16	6,163,372		5,326,362	
Cash at bank and in hand		1,681,111		2,312,701	
			11,092,416		10,618,506
Creditors: amounts falling due within one year	17	(3,758,921)		(4,465,744)	
Net current assets			7,333,495		6,152,762
Total assets less current liabilities			9,987,836		8,817,773
Provisions for liabilities	18	(244,076)		(122,776)	
Net assets			9,743,760		8,694,997
Capital and reserves					
Called up share capital	21	10,000		10,000	
Share premium account		26,500		26,500	
Profit and loss reserves		9,707,260		8,658,497	
Total equity			9,743,760		8,694,997

The financial statements were approved by the board of directors and authorised for issue on 30 June 2020 and are signed on its behalf by:

Mr D Bay
Director

START SPELLMAN HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	13		6,502		6,500
Current assets					
Debtors	16	34,834		34,834	
Creditors: amounts falling due within one year	17	(2,583)		(2,581)	
Net current assets			32,251		32,253
Total assets less current liabilities			38,753		38,753
Capital and reserves					
Called up share capital	21		10,000		10,000
Share premium account			26,500		26,500
Profit and loss reserves			2,253		2,253
Total equity			38,753		38,753

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,585,107 (2019 - £3,417,209).

The financial statements were approved by the board of directors and authorised for issue on 30 June 2020 and are signed on its behalf by:

Mr D Bay
Director

Company Registration No. 02463591

START SPELLMAN HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2018		10,000	26,500	9,224,125	9,260,625
Year ended 31 March 2019:					
Profit for the year		-	-	2,854,415	2,854,415
Other comprehensive income:					
Currency translation differences		-	-	(2,834)	(2,834)
Total comprehensive income for the year		-	-	2,851,581	2,851,581
Dividends	10	-	-	(3,417,209)	(3,417,209)
Balance at 31 March 2019		10,000	26,500	8,658,497	8,694,997
Year ended 31 March 2020:					
Profit for the year		-	-	2,638,942	2,638,942
Other comprehensive income:					
Currency translation differences		-	-	(5,072)	(5,072)
Total comprehensive income for the year		-	-	2,633,870	2,633,870
Dividends	10	-	-	(1,585,107)	(1,585,107)
Balance at 31 March 2020		10,000	26,500	9,707,260	9,743,760

START SPELLMAN HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2018		10,000	26,500	2,253	38,753
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	3,417,209	3,417,209
Dividends	10	-	-	(3,417,209)	(3,417,209)
Balance at 31 March 2019		10,000	26,500	2,253	38,753
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	1,585,107	1,585,107
Dividends	10	-	-	(1,585,107)	(1,585,107)
Balance at 31 March 2020		10,000	26,500	2,253	38,753

START SPELLMAN HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25	2,308,232		5,154,423	
Income taxes paid		(667,168)		(567,348)	
Net cash inflow from operating activities		<u>1,641,064</u>		<u>4,587,075</u>	
Investing activities					
Purchase of intangible assets		(606)		(56,941)	
Purchase of tangible fixed assets		(764,021)		(598,209)	
Proceeds on disposal of tangible fixed assets		41,223		13,680	
Purchase of fixed asset investments		-		(82,215)	
Proceeds on disposal of fixed asset investments		35,551		750,000	
Interest received		306		1,646	
Net cash (used in)/generated from investing activities		<u>(687,547)</u>		<u>27,961</u>	
Financing activities					
Dividends paid to equity shareholders		(1,585,107)		(3,417,209)	
Net cash used in financing activities		<u>(1,585,107)</u>		<u>(3,417,209)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(631,590)</u>		<u>1,197,827</u>	
Cash and cash equivalents at beginning of year		2,312,701		1,114,874	
Cash and cash equivalents at end of year		<u><u>1,681,111</u></u>		<u><u>2,312,701</u></u>	

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Start Spellman Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Broomers Park, Broomers Hill Lane, Pulborough, West Sussex, RH20 2RY.

The group consists of Start Spellman Holdings Limited and its subsidiary.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The consolidated financial statements incorporate those of Start Spellman Holdings Limited and of its subsidiary, Spellman High Voltage Electronics Limited, in the current and comparative period.

All financial statements are made up to 31 March 2020 and the group applies consistent accounting policies.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The impact of COVID-19 has been further considered within the strategic report. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transactions will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover derived from long term contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimates reliably. The stage of completion is determined with reference to project milestones and considering costs incurred as a proportion of total costs.

1.4 Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	3 years straight line
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Software under development is amortised from the date it is brought into use having been reclassified into the computer software category.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	15% straight line
Plant and equipment	20%-33% straight line
Fixtures, fittings and equipment	15% straight line
Computer equipment	33% straight line

Assets under construction are depreciated from the date they are brought into use having been reclassified into an appropriate category.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

In the parent company financial statements, the investment in its subsidiary is initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell after making allowances for obsolete and slow moving stock on a first in first out basis.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include deposits held at call with banks.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.13 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

The directors have made key assumptions in determining the appropriate impairment provision against stock items held at the end of the reporting period. At the financial reporting date, the carrying amount of stock was £3,247,933 (2019 - £2,979,443).

3 Turnover and other revenue

	2020 £	2019 £
Turnover analysed by class of business		
Sale of goods	33,318,856	29,546,217
Rendering of services	1,798,876	3,339,651
	<u>35,117,732</u>	<u>32,885,868</u>
	2020 £	2019 £
Other significant revenue		
Interest income	306	1,646
	<u>306</u>	<u>1,646</u>
	2020 £	2019 £
Turnover analysed by geographical market		
UK	6,978,263	5,407,684
Overseas	28,139,469	27,478,184
	<u>35,117,732</u>	<u>32,885,868</u>

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(252,272)	(259,393)
Depreciation of owned tangible fixed assets	653,443	668,399
(Profit)/loss on disposal of tangible fixed assets	-	941
Amortisation of intangible assets	45,080	92,260
Operating lease charges	80,849	195,047
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £252,272 (2019 - £259,393).

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,000	1,000
Audit of the financial statements of the company's subsidiaries	19,000	18,500
	<u> </u>	<u> </u>
	20,000	19,500
	<u> </u>	<u> </u>
For other services		
Audit-related assurance services	500	500
Other assurance services	4,250	4,250
Taxation compliance services	2,000	2,000
	<u> </u>	<u> </u>
	6,750	6,750
	<u> </u>	<u> </u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	3	3	-	-
Production	89	78	-	-
Design	44	41	-	-
Sales and administration	25	23	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	161	145	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	6,394,178	5,808,374	-	-
Social security costs	703,472	646,777	-	-
Pension costs	657,413	599,635	-	-
	<u>7,755,063</u>	<u>7,054,786</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	326,132	323,628
Company pension contributions to defined contribution schemes	10,000	10,000
	<u>336,132</u>	<u>333,628</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

As only one of the directors is remunerated through the group, the amounts recorded above also constitute the remuneration of the highest paid director. This value is also considered to represent the aggregate compensation paid to key management personnel.

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	306	1,646
	<u>306</u>	<u>1,646</u>

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	599,393	700,000
Adjustments in respect of prior periods	-	(35,714)
Total UK current tax	<u>599,393</u>	<u>664,286</u>
Foreign current tax on profits for the current period	40,365	32,369
Total current tax	<u>639,758</u>	<u>696,655</u>

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation		(Continued)	
	2020	2019	
	£	£	
Deferred tax			
Origination and reversal of timing differences	72,900	12,400	
	<u>72,900</u>	<u>12,400</u>	
 Total tax charge	 712,658	 709,055	
	<u>712,658</u>	<u>709,055</u>	

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019	
	£	£	
Profit before taxation	3,351,600	3,563,470	
	<u>3,351,600</u>	<u>3,563,470</u>	
 Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	636,804	677,059	
Tax effect of expenses that are not deductible in determining taxable profit	22,743	32,661	
Adjustments in respect of prior years	(12,208)	(40,790)	
Depreciation on assets not qualifying for tax allowances	27,717	31,498	
Tax on foreign branch	40,365	32,369	
	(2,763)	(23,742)	
	<u>712,658</u>	<u>709,055</u>	
 Taxation charge	 712,658	 709,055	
	<u>712,658</u>	<u>709,055</u>	
 10 Dividends			
	2020	2019	
	£	£	
Final paid	1,585,107	3,417,209	
	<u>1,585,107</u>	<u>3,417,209</u>	

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Intangible fixed assets

Group	Computer software	Software under development	Total
	£	£	£
Cost			
At 1 April 2019	773,372	36,027	809,399
Additions	-	606	606
Transfers	36,633	(36,633)	-
	<u>810,005</u>	<u>-</u>	<u>810,005</u>
At 31 March 2020	810,005	-	810,005
Amortisation and impairment			
At 1 April 2019	681,369	-	681,369
Amortisation charged for the year	45,080	-	45,080
	<u>726,449</u>	<u>-</u>	<u>726,449</u>
At 31 March 2020	726,449	-	726,449
Carrying amount			
At 31 March 2020	83,556	-	83,556
	<u>92,003</u>	<u>36,027</u>	<u>128,030</u>
At 31 March 2019	92,003	36,027	128,030

The company had no intangible fixed assets at 31 March 2020 or 31 March 2019.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Tangible fixed assets

Group	Leasehold land and buildings	Assets under construction	Plant and fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2019	1,550,678	30,347	4,274,585	714,824	6,772,173
Additions	89,606	171,666	451,703	48,746	764,021
Disposals	-	-	(65,505)	-	(65,505)
Transfers	3,746	(89,901)	86,155	-	-
At 31 March 2020	1,644,030	112,112	4,746,938	763,570	7,470,689
Depreciation and impairment					
At 1 April 2019	1,142,891	-	3,145,364	581,248	5,041,828
Depreciation charged in the year	147,899	-	412,272	82,898	653,443
Eliminated in respect of disposals	-	-	(24,282)	-	(24,282)
At 31 March 2020	1,290,790	-	3,533,354	664,146	5,670,989
Carrying amount					
At 31 March 2020	353,240	112,112	1,213,584	99,424	1,799,700
At 31 March 2019	407,787	30,347	1,129,221	133,576	1,730,345

The company had no tangible fixed assets at 31 March 2020 or 31 March 2019.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	6,500	6,500
Listed investments		771,083	806,636	-	-
Unlisted investments		2	-	2	-
		<u>771,085</u>	<u>806,636</u>	<u>6,502</u>	<u>6,500</u>
Listed investments included above:					
Listed investments carrying amount		<u>771,083</u>	<u>806,636</u>	<u>-</u>	<u>-</u>

Fixed asset investments revalued

The group holds investments in a number of listed bonds through an investment advisor. These bonds are publicly traded and the fair value is based on a market report provided at the reporting date.

Movements in fixed asset investments

Group	Investments other than loans £
Cost or valuation	
At 1 April 2019	806,636
Additions	126,739
Fair value movements	(29,400)
Disposals	(132,890)
At 31 March 2020	<u>771,085</u>
Carrying amount	
At 31 March 2020	<u>771,085</u>
At 31 March 2019	<u>806,636</u>

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 April 2019	6,500	-	6,500
Additions	-	2	2
At 31 March 2020	6,500	2	6,502
Carrying amount			
At 31 March 2020	6,500	2	6,502
At 31 March 2019	6,500	-	6,500

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Spellman High Voltage Electronics Limited	Same as the parent	Design, manufacture and distribution of high voltage equipment	Ordinary	100

15 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	1,901,969	2,427,133	-	-
Work in progress	330,158	217,936	-	-
Finished goods and goods for resale	1,015,806	334,374	-	-
	3,247,933	2,979,443	-	-

There were no significant differences between the replacement cost and the values disclosed for stock.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Debtors

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	4,040,649	3,821,775	-	-
Amounts owed by group undertakings	1,110,667	463,062	34,834	34,834
Other debtors	674,881	879,460	-	-
Prepayments and accrued income	337,175	162,065	-	-
	<u>6,163,372</u>	<u>5,326,362</u>	<u>34,834</u>	<u>34,834</u>

17 Creditors: amounts falling due within one year

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Trade creditors	1,476,020	2,091,866	-	-
Amounts due to group undertakings	150,623	49,190	-	-
Corporation tax payable	296,667	324,077	-	-
Other taxation and social security	205,374	200,509	-	-
Deferred income	242,886	568,980	-	-
Other creditors	154,736	-	2	-
Accruals	1,232,615	1,231,122	2,581	2,581
	<u>3,758,921</u>	<u>4,465,744</u>	<u>2,583</u>	<u>2,581</u>

18 Provisions for liabilities

	Notes	Group 2020	2019	Company 2020	2019
		£	£	£	£
Warranty provision		154,876	106,476	-	-
Deferred tax liabilities	19	89,200	16,300	-	-
		<u>244,076</u>	<u>122,776</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Warranty provision £
At 1 April 2019	106,476
Additional provisions in the year	48,400
At 31 March 2020	<u>154,876</u>

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	79,100	10,600
Provisions and pension creditor	10,100	5,700
	<u>89,200</u>	<u>16,300</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 April 2019	16,300	-
Charge to profit or loss	72,900	-
	<u>89,200</u>	<u>-</u>

The deferred tax balances set out above are linked to the tangible and intangible fixed assets held by the group, the year end pension creditor and the level of the warranty provision. The deferred tax balances will reverse as the related balances are released.

20 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	657,413	599,635

Included in current liabilities is an amount of £55,684 (2019 - £51,593) due to defined contribution schemes.

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
6,500 Ordinary 'A' shares of £1 each	6,500	6,500
3,500 Ordinary 'B' shares of £1 each	3,500	3,500
	<u>10,000</u>	<u>10,000</u>

The 'A' and 'B' shares constitute different classes of share but attached to both classes are full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

22 Operating lease commitments

Lessee

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

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Within one year	224,499	222,166	-	-
Between two and five years	203,774	428,272	-	-
	<u>428,273</u>	<u>650,438</u>	<u>-</u>	<u>-</u>

23 Related party transactions

Group

During the year the company undertook the following transactions with fellow group undertakings:

- Sales of goods to group undertakings - £5,560,173 (2019 - £4,933,830)
- Expenses and commissions recharged to group undertakings - £251,001 (2019 - £272,446)
- Purchase of goods from group undertakings - £6,196,747 (2019 - £8,143,752)
- Expenses and commissions paid to group undertakings - £49,041 (2019 - £1,008,123)

At the reporting date the group was owed £724,029 (2019 - £463,062) from non-UK group undertakings and the group owed £150,633 (2019 - £49,190) to non-UK group undertakings. These balances are interest-free and repayable on demand.

Company

At the reporting date the company was owed £34,834 (2019 - £34,834) by its subsidiary undertaking.

24 Controlling party

The ultimate controlling party is Spellman High Voltage Electronics Corporation, a company registered in the United States of America. Copies of the group financial statements of Spellman High Voltage Electronics Corporation can be obtained from 475 Wireless Blvd, Hauppauge, New York 11788, USA.

START SPELLMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

25 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	2,638,942	2,854,415
Adjustments for:		
Taxation charged	712,658	709,055
Investment income	(306)	(1,646)
(Gain)/loss on disposal of tangible fixed assets	-	941
Amortisation and impairment of intangible assets	45,080	92,260
Depreciation and impairment of tangible fixed assets	653,443	668,399
Amounts written off investments	-	(9,326)
Increase in provisions	48,400	69,986
Movements in working capital:		
Increase in stocks	(268,490)	(423,025)
(Increase)/decrease in debtors	(837,010)	1,017,005
(Decrease)/increase in creditors	(358,391)	564,562
Decrease in deferred income	(326,094)	(388,203)
Cash generated from operations	2,308,232	5,154,423

26 Analysis of changes in net funds - group

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	2,312,701	(631,590)	1,681,111

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.