

Company registration number 12914931 (England and Wales)

**STM 360 GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2022**

# STM 360 GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr G Taylor	
	Mr A Watson	
	Mr S Lazenby	(Appointed 21 April 2022)
	Mr R P Marshall	(Appointed 21 April 2022)
<b>Secretary</b>	Mr S Lazenby	
<b>Company number</b>	12914931	
<b>Registered office</b>	Unit 4 Marrtree Business Park Thunderhead Ridge Castleford WF10 4UA	
<b>Auditor</b>	Azets Audit Services Limited 33 Park Place Leeds LS1 2RY	

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# **STM 360 GROUP LIMITED**

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# STM 360 GROUP LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MAY 2022**

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The directors present the strategic report for the year ended 31 May 2022.

### **Fair review of the business**

STM 360 provides an integrated and co-ordinated approach to construction, property and maintenance solutions in both the public and private sectors. The business offers a full range of services to support every stage of the property building cycle, including design and build, refurbishment, conversions, fit outs and maintenance.

The group maintains strong trading relationships and a diverse customer base from various sectors including education, healthcare and housing.

Our people are pivotal to the success of the business, with their professionalism and enthusiasm valued by both management and customers. During the year, the ultimate ownership of STM 360 was transferred to an Employee Ownership Trust, promoting long-term stability and ensuring that staff are the beneficiaries of future profit.

### **Performance during this year**

By focusing on excellent delivery to its target customer base, STM 360 has generated sales growth of 10%. Management remain focussed on ensuring that the group undertakes projects that complement its operational capabilities, thereby exceeding customer expectations and also supporting the financial performance of STM 360.

The directors remain committed to investing in the long-term sustainability of the business, with new systems implemented in the year, including a new job management portal and estimating software.

Despite the volatility in the UK economy caused by national and international issues, the strategy adopted by the board continues to build the resilience of the group with increasing cash reserves and net assets.

### **Key performance indicators**

The company directors monitor sales and gross profit percentage when assessing the performance. A summary of these KPIs is below:

#### **2022 2021**

Sales (£'000)	12,257	11,126
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Gross Profit (%)	21%	20%
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### **Performance at the year end**

To support the continued strong financial and operational performance, after the year end, the board has been augmented with the appointment of three new directors through both internal promotion and external recruitment. These additional skills will help further leverage STM 360's capabilities and help grow the company's current already strong orderbook.

### **Future developments**

Our strategy remains to capitalise on the group's widely recognised strengths and expertise in building services into the vital and topical market sectors, which include education, healthcare, and housing. We will achieve this by continuing to improve on operational efficiencies and remaining resolutely focussed on these market sectors.

## **STM 360 GROUP LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MAY 2022***

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#### **Principal risks and uncertainties**

Following the COVID-19 pandemic, there remains considerable global economic uncertainty, which has been exacerbated by other factors including the invasion of Ukraine by Russian troops on 24 February 2022. However, due to the company's strong relationships, it has committed sales for the 2023 reporting period totalling £9,400,000. The strong order book, along with healthy cash reserves, provide the directors with confidence that the group will continue in operational existence for the foreseeable future.

In addition to the macro pressures, the business is subject to the risks associated with a construction company, including material price increase, resource availability, health and safety and cash flow. The board meets regularly to discuss and proactively manage these risks.

On behalf of the board

Mr G Taylor

**Director**

7 November 2022

# STM 360 GROUP LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MAY 2022**

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The directors present their annual report and financial statements for the year ended 31 May 2022.

### Principal activities

The principal activity of the group continued to be that of the provision of an integrated and co-ordinated approach to construction, property and maintenance solutions in both the public and private sectors. The business offers a full range of services to support every stage of the property building cycle, including design and build, refurbishment, conversions, fit-outs and maintenance.

### Results and dividends

No ordinary dividends were paid in the year (2021 - £500,000). The directors do not recommend payment of a further dividend.

### Directors

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

Mr G Taylor

Mr A Watson

Mr S Lazenby

(Appointed 21 April 2022)

Mr R P Marshall

(Appointed 21 April 2022)

### Political donations

Our goal is to contribute to the well-being and the economic, social and sustainable development of the communities in which we operate. We achieve this by employing local people and using local suppliers.

During the year the group made charitable donations of £500 (2021 - £750).

### Financial instruments

The group does not actively use complex financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk. The directors do not consider these risks to be material to an assessment of its financial position.

### Going Concern

Following the COVID-19 pandemic, there remains considerable global economic uncertainty, which has been exacerbated by the invasion of Ukraine by Russian troops on 24 February 2022. Due to the group's strong relationships and diverse customer base, including schools and healthcare, there has been no material effect on the business. The group has committed sales for the 2023 reporting period totalling £9,400,000. The strong orderbook, along with healthy cash reserves, provide the Directors confidence that the group will continue in operational existence for the foreseeable future.

### Post reporting date events

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

### Auditor

Azets Audit Services Limited were appointed auditor to the company following their acquisition of the trade of Garbutt & Elliott Audit Limited on 1 December 2021. In accordance with s487(2) of the Companies Act 2006 they are deemed reappointed annually.

## **STM 360 GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MAY 2022***

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#### **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 G Taylor

**Director**

7 November 2022

## **STM 360 GROUP LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MAY 2022***

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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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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



# STM 360 GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF STM 360 GROUP LIMITED

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#### Opinion

We have audited the financial statements of STM 360 Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 May 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# **STM 360 GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF STM 360 GROUP LIMITED**

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#### **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.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **STM 360 GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF STM 360 GROUP LIMITED**

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##### **Extent to which the audit was capable of identifying irregularities, including fraud**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management, and from inspection of the company's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental and employment legislation and health and safety and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities, incentives and pressures that may exist within the company to commit fraud. Our risk assessment procedures included: enquiry of directors to understand the high-level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures, we identified the greatest potential for fraud in the following areas:

- revenue recognition and in particular the risk that revenue is recorded in the wrong period in the application of long term contract accounting; and
- subjective accounting estimates

As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation; and
- assessing significant accounting estimates for bias; and
- testing the timing and recognition of revenue and, in particular, that it was appropriately recognised / sales cut off testing / testing post year end credit notes.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## **STM 360 GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF STM 360 GROUP LIMITED**

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##### **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.

**Matthew Grant (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services Limited**

7 November 2022

**Chartered Accountants**  
**Statutory Auditor**

33 Park Place  
Leeds  
LS1 2RY

## STM 360 GROUP LIMITED

### GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2021 £
Turnover	3	12,256,644	11,125,898
Cost of sales		(9,634,692)	(8,872,233)
<b>Gross profit</b>		<b>2,621,952</b>	<b>2,253,665</b>
Administrative expenses		(1,190,711)	(900,934)
Other operating income		500	133,112
<b>Operating profit</b>	<b>4</b>	<b>1,431,741</b>	<b>1,485,843</b>
Interest payable and similar expenses	8	(3,219)	(124)
<b>Profit before taxation</b>		<b>1,428,522</b>	<b>1,485,719</b>
Tax on profit	9	(308,539)	(316,099)
<b>Profit for the financial year</b>		<b>1,119,983</b>	<b>1,169,620</b>

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 notes on pages 16 to 31 form part of these financial statements.

# STM 360 GROUP LIMITED

## GROUP BALANCE SHEET

AS AT 31 MAY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		208,333		308,333
Tangible assets	12		77,261		104,381
			<u>285,594</u>		<u>412,714</u>
<b>Current assets</b>					
Stocks	14	527,198		323,168	
Debtors	15	2,867,493		2,556,176	
Cash at bank and in hand		1,914,247		1,671,158	
		<u>5,308,938</u>		<u>4,550,502</u>	
<b>Creditors: amounts falling due within one year</b>	16	(3,811,307)		(3,248,724)	
<b>Net current assets</b>			<u>1,497,631</u>		<u>1,301,778</u>
<b>Total assets less current liabilities</b>			<u>1,783,225</u>		<u>1,714,492</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	17	14,000		14,000	
		<u>(14,000)</u>		<u>(14,000)</u>	
<b>Net assets</b>			<u><u>1,769,225</u></u>		<u><u>1,700,492</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		200		200
Share premium account			895		895
Other reserves	20		(1,051,250)		-
Profit and loss reserves			<u>2,819,380</u>		<u>1,699,397</u>
<b>Total equity</b>			<u><u>1,769,225</u></u>		<u><u>1,700,492</u></u>

The financial statements were approved by the board of directors and authorised for issue on 7 November 2022 and are signed on its behalf by:

Mr G Taylor  
Director

# STM 360 GROUP LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MAY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	13		166		166
<b>Current assets</b>					
Debtors	15	929		929	
<b>Net current assets</b>			929		929
<b>Net assets</b>			1,095		1,095
<b>Capital and reserves</b>					
Called up share capital	19		200		200
Share premium account			895		895
Other reserves	20	(1,051,250)		-	
Profit and loss reserves		1,051,250		-	
<b>Total equity</b>			1,095		1,095

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 £1,051,250 (2021 - £500,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 7 November 2022 and are signed on its behalf by:

Mr G Taylor  
**Director**

**Company Registration No. 12914931**

# STM 360 GROUP LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2022

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2020</b>		-	-	-	1,029,777	1,029,777
<b>Year ended 31 May 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	1,169,620	1,169,620
Issue of share capital	19	200	-	-	-	200
Dividends	10	-	-	-	(500,000)	(500,000)
Other movements		-	895	-	-	895
<b>Balance at 31 May 2021</b>		200	895	-	1,699,397	1,700,492
<b>Year ended 31 May 2022:</b>						
Profit and total comprehensive income for the year		-	-	-	1,119,983	1,119,983
Other reserves	20	-	-	(1,051,250)	-	(1,051,250)
<b>Balance at 31 May 2022</b>		200	895	(1,051,250)	2,819,380	1,769,225



# STM 360 GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2022

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2020</b>		-	-	-	-	-
<b>Year ended 31 May 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	500,000	500,000
Issue of share capital	19	200	-	-	-	200
Dividends	10	-	-	-	(500,000)	(500,000)
Other movements		-	895	-	-	895
<b>Balance at 31 May 2021</b>		200	895	-	-	1,095
<b>Year ended 31 May 2022:</b>						
Profit and total comprehensive income for the year		-	-	-	1,051,250	1,051,250
Other reserves	20	-	-	(1,051,250)	-	(1,051,250)
<b>Balance at 31 May 2022</b>		200	895	(1,051,250)	1,051,250	1,095

# STM 360 GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	1,707,262		1,694,666	
Interest paid		(3,219)		(124)	
Income taxes paid		(391,450)		(253,985)	
<b>Net cash inflow from operating activities</b>		1,312,593		1,440,557	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(18,254)		(38,178)	
<b>Net cash used in investing activities</b>		(18,254)		(38,178)	
<b>Financing activities</b>					
Proceeds from issue of shares		-		166	
Other distributions from other reserves	20	(1,051,250)		-	
Dividends paid to equity shareholders		-		(500,000)	
<b>Net cash used in financing activities</b>		(1,051,250)		(499,834)	
<b>Net increase in cash and cash equivalents</b>		243,089		902,545	
Cash and cash equivalents at beginning of year		1,671,158		768,613	
<b>Cash and cash equivalents at end of year</b>		1,914,247		1,671,158	

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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### 1 Accounting policies

#### Company information

STM 360 Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 4, Marrtree Business Park, Thunderhead Ridge, Castleford, WF10 4UA.

#### 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 include the revaluation of 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: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### 1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

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### 1 Accounting policies

(Continued)

#### 1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company STM 360 Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 May 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

#### 1.4 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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.5 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the period, exclusive of Value Added Tax. Turnover is recognised on invoice the work performed has been certified by a quantity surveyor.

Turnover from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 1 Accounting policies

(Continued)

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.7 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 improvements	Over the term of the lease
Fixtures and fittings	20 - 33% Straight Line

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 recognised in the profit and loss account.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are 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.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 1 Accounting policies

(Continued)

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.10 Stocks

Stock are valued at the lower of cost and net realisable value. Work in progress on contracts is valued at costs incurred, plus attributable profit less turnover already invoiced. Costs incurred includes all direct costs and an appropriate proportion of fixed and variable overheads. Attributable profit is calculated on a prudent basis to reflect the portion of work carried out at the period end. For any contracts where amounts invoiced exceed costs incurred plus attributable profit, the excess is included within other creditors.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 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.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

### 1.13 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.

### 1.14 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

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### 1 Accounting policies

(Continued)

#### 1.15 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

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

#### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.18 Profit recognition on contracts

Profit is taken on contracts where the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the portion of the work carried out at the period end, by recording turnover and related costs as a contract activity progresses. Turnover is recognised on certification. The relevant proportion of costs are recognised in line with the stage percentage completion as a percentage of total expected cost. Turnover derived from variations on contracts is recognised only when they have been accepted by the customer. Full Provisions are made for losses on all contracts in the period, in which they are first foreseen.

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 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.

#### Contract accounting

The most critical accounting policies and significant areas of judgment and estimation arises from the accounting for contracts. Contract accounting requires estimates to be made for contract costs and income. In many cases, these contractual obligations span more than one financial period. Also the costs and income may be affected by a number of uncertainties that depend on the outcome of the future events, and may need to be revised as events unfold and uncertainties are resolved.

Management bases its judgement of costs and income and its assessment of the expected outcome of each contractual obligation on the latest available information which includes detailed contract valuations and forecasts of the cost to complete. The estimate of the contract position and the profit or loss earned to date are updated regularly and significant changes are highlighted through established internal review procedures. The impact of any change in the accounting estimates is then reflected in the accounts.

### 3 Turnover and other revenue

Turnover is wholly attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

	2022	2021
	£	£
<b>Other revenue</b>		
Grants received	-	122,612
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	45,374	34,861
Amortisation of intangible assets	100,000	100,000
Operating lease charges	61,864	55,720
	<u>          </u>	<u>          </u>

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	17,600	16,750
<b>For other services</b>		
All other non-audit services	7,400	3,900

### 6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Office	7	6	-	-
Operatives	32	33	-	-
Directors	2	2	2	2
Total	41	41	2	2

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	1,768,856	1,496,702	-	-
Social security costs	195,945	161,713	-	-
Pension costs	47,795	43,952	-	-
	2,012,596	1,702,367	-	-

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	197,684	42,736
Company pension contributions to defined contribution schemes	1,035	480
	198,719	43,216

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	3,219	124
	<u>          </u>	<u>          </u>

### 9 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	308,539	311,450
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	1,252
Changes in tax rates	-	3,397
	<u>          </u>	<u>          </u>
Total deferred tax	-	4,649
	<u>          </u>	<u>          </u>
Total tax charge	308,539	316,099
	<u>          </u>	<u>          </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:

	2022	2021
	£	£
Profit before taxation	1,428,522	1,485,719
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	271,419	282,287
Tax effect of expenses that are not deductible in determining taxable profit	13,932	10,262
Effect of change in corporation tax rate	-	3,397
Depreciation on assets not qualifying for tax allowances	20,733	20,733
Other	2,455	(580)
	<u>          </u>	<u>          </u>
Taxation charge	308,539	316,099
	<u>          </u>	<u>          </u>

### 10 Dividends

	2022	2021
	£	£
Recognised as distributions to equity holders:		
Interim paid	-	500,000
	<u>          </u>	<u>          </u>

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 June 2021 and 31 May 2022	500,000
<b>Amortisation and impairment</b>	
At 1 June 2021	191,667
Amortisation charged for the year	100,000
At 31 May 2022	291,667
<b>Carrying amount</b>	
At 31 May 2022	208,333
At 31 May 2021	308,333

The company had no intangible fixed assets at 31 May 2022 or 31 May 2021.

### 12 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 June 2021	64,278	85,002	149,280
Additions	-	18,254	18,254
Disposals	-	(2,525)	(2,525)
At 31 May 2022	64,278	100,731	165,009
<b>Depreciation and impairment</b>			
At 1 June 2021	16,212	28,687	44,899
Depreciation charged in the year	12,855	32,519	45,374
Eliminated in respect of disposals	-	(2,525)	(2,525)
At 31 May 2022	29,067	58,681	87,748
<b>Carrying amount</b>			
At 31 May 2022	35,211	42,050	77,261
At 31 May 2021	48,066	56,315	104,381

The company had no tangible fixed assets at 31 May 2022 or 31 May 2021.

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	24	-	-	166	166
<b>Movements in fixed asset investments</b>					
<b>Company</b>					<b>Shares in subsidiaries £</b>
<b>Cost or valuation</b>					
At 1 June 2021 and 31 May 2022					166
<b>Carrying amount</b>					
At 31 May 2022					166
At 31 May 2021					166

### 14 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Work in progress	527,198	323,168	-	-

### 15 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	2,761,395	2,382,147	-	-
Amounts owed by group undertakings	-	-	929	929
Other debtors	39,882	125,338	-	-
Prepayments and accrued income	66,216	48,691	-	-
	2,867,493	2,556,176	929	929

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 16 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors	1,022,826	837,222	-	-
Corporation tax payable	228,539	311,450	-	-
Other taxation and social security	306,742	298,338	-	-
Other creditors	12,964	9,146	-	-
Accruals and deferred income	2,240,236	1,792,568	-	-
	<u>3,811,307</u>	<u>3,248,724</u>	<u>-</u>	<u>-</u>

### 17 Deferred taxation

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

Group	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	16,000	16,000
Provisions	(2,000)	(2,000)
	<u>14,000</u>	<u>14,000</u>

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

The UK corporation tax rate was 19% throughout the current and prior year. The UK budget on 3 March 2021 announced the intention to increase the tax rate from the current rate of 19% to 25%, with effect from April 2023 and therefore 25% (2021 - 25%) has been used for the future tax rate.

### 18 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	<u>47,795</u>	<u>43,952</u>

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.

The pension cost charge represents contributions payable by the group to the fund or individual staff pensions as is shown in note 6. £8,267 of unpaid pension contributions were accrued at the year end (2021 - £8,624).

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 19 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
<b>Issued and fully paid</b>				
Ordinary A Shares of 1p each	16,560	16,560	166	166
Ordinary B1 & B2 Shares of 1 p each	3,440	3,440	34	34
	<u>20,000</u>	<u>20,000</u>	<u>200</u>	<u>200</u>

The A Ordinary Shares and the B Ordinary shares rank pari passu with respect to a distribution of profits and a return of capital.

The A Ordinary Shares and the B Ordinary shares carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to vote on written resolutions and on a poll or written resolution to exercise one vote per share.

During the year, STM 360 Employee Ownership Trust acquired all shares from the previous shareholders which was established to provide benefits to the company's employees.

### 20 Other reserves

Other reserves is the consideration for company own shares paid for by the company on behalf STM 360 Employee Ownership Trust. In accordance with FRS 102 S9.33-38, the consideration paid is deducted from equity until such time that the equity instrument vest unconditionally with employees.

The total consideration for the EOT is £10,250,000 which is deferred over 6 years, depending on the group meeting performance requirements the consideration should be fully vested in May 2028.

### 21 Operating lease commitments

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		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	64,899	64,933	-	-
Between two and five years	101,139	142,419	-	-
	<u>166,038</u>	<u>207,352</u>	<u>-</u>	<u>-</u>



## STM 360 GROUP LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

#### 22 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022	2021
	£	£
Aggregate compensation	355,172	170,416

In the year, the number of employees considered to be key management personnel, including directors, was 4 (2021: 4).

##### Transactions with related parties

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

	Sales 2022	Sales 2021	Purchases 2022	Purchases 2021
	£	£	£	£
<b>Group</b>				
Entities with control, joint control or significant influence over the group	-	-	-	100,000
A Watson	130,433	344,074	-	-
G Taylor	2,730	9,651	-	-

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 Balance	2021 Balance
	£	£
<b>Group</b>		
A Watson	5,702	98,846
G Taylor	-	1,081
Key management personnel	122	-

#### 23 Controlling party

The company is controlled by its directors.

#### 24 Subsidiaries

Details of the company's subsidiaries at 31 May 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
STM 360 Limited	Unit 4, Martree Business Park, Thunderhead Ridge, Castleford, England, WF10 4UA	Ordinary	100.00

# STM 360 GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 25 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	1,119,983	1,169,620
<b>Adjustments for:</b>		
Taxation charged	308,539	316,099
Finance costs	3,219	124
Amortisation and impairment of intangible assets	100,000	100,000
Depreciation and impairment of tangible fixed assets	45,374	34,861
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(204,030)	36,897
Increase in debtors	(311,317)	(1,032,294)
Increase in creditors	645,494	1,069,359
<b>Cash generated from operations</b>	<b>1,707,262</b>	<b>1,694,666</b>

### 26 Analysis of changes in net funds - group

	1 June 2021 £	Cash flows £	31 May 2022 £
Cash at bank and in hand	1,671,158	243,089	1,914,247

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.