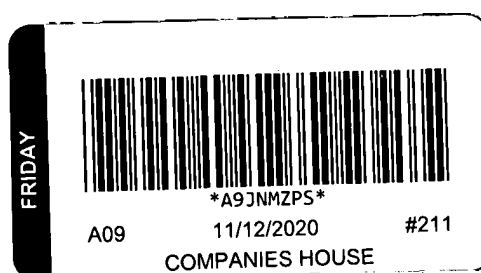


Registered number: 01345698

Delstar Engineering Limited

Directors' report and financial statements

For the year ended 31 December 2019



Delstar Engineering Limited

Company Information

Directors

A D Davis
M A N Ager
A K Golding
U Schachner-Dadley
S M Marimow (appointed 1 June 2019)
M J Dominguez (appointed 1 June 2019)
B G DiCarlo (resigned 1 November 2019)
R C Rathsam (appointed 1 November 2019)
D C Bernstein (resigned 29 March 2019)

Registered number

01345698

Registered office

9 Falcon Park
Neasden Lane
London
NW10 1RZ

Independent auditor

Kreston Reeves LLP
Statutory Auditor & Chartered Accountants
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Delstar Engineering Limited

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 15

Delstar Engineering Limited

Directors' report For the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

Delstar Engineering Limited is part of the TAIT Group of companies and is currently a non trading company within the group.

Directors

The directors who served during the year were:

A D Davis
M A N Ager
A K Golding
U Schachner-Dadley
S M Marimow (appointed 1 June 2019)
M J Dominguez (appointed 1 June 2019)
B G DiCarlo (resigned 1 November 2019)
R C Rathsam (appointed 1 November 2019)
D C Bernstein (resigned 29 March 2019)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Delstar Engineering Limited

Directors' report (continued)
For the year ended 31 December 2019

Post balance sheet events

On 11 March 2020, the World Health Organisation assessed that COVID-19 was to be characterised as a pandemic. In light of the COVID-19 pandemic, the company is not affected due to its non-trading environment.

Auditor

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

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

This report was approved by the board on 29th June 2020 and signed on its behalf.



U Schachner-Dadley
Director

Delstar Engineering Limited

Independent auditor's report to the members of Delstar Engineering Limited

Opinion

We have audited the financial statements of Delstar Engineering Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes, 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 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 Company's affairs as at 31 December 2019 and of its result 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Delstar Engineering Limited

Independent auditor's report to the members of Delstar Engineering Limited (continued)

Emphasis of matter

We draw your attention to the Directors Report, which describes the risks and uncertainties relating to the coronavirus (COVID-19), a global pandemic, and its impact to the company. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Delstar Engineering Limited

Independent auditor's report to the members of Delstar Engineering Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Delstar Engineering Limited

Independent auditor's report to the members of Delstar Engineering Limited (continued)

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Robert Sellers FCCA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

London

Date: *29 June 2020*

Delstar Engineering Limited

**Profit and loss account
For the year ended 31 December 2019**

	Note	2019 £	2018 £
Administrative expenses		-	(350,000)
Operating profit/(loss)		-	(350,000)
Tax on profit/(loss)		-	69,690
Profit/(loss) for the financial year		<u>-</u>	<u>(280,310)</u>

The Company has not traded during the year. During this period, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

The notes on pages 10 to 15 form part of these financial statements.

Delstar Engineering Limited
Registered number: 01345698

Balance sheet
As at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due within one year	6	1,095,957	1,144,218
Cash at bank and in hand		8,374	27,670
		<u>1,104,331</u>	<u>1,171,888</u>
Creditors: amounts falling due within one year	7	(114,796)	(182,353)
Net current assets		<u>989,535</u>	<u>989,535</u>
Total assets less current liabilities		<u>989,535</u>	<u>989,535</u>
Provisions for liabilities			
Other provisions	8	(350,000)	(350,000)
		<u>(350,000)</u>	<u>(350,000)</u>
Net assets		<u><u>639,535</u></u>	<u><u>639,535</u></u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account		<u>639,435</u>	<u>639,435</u>
		<u><u>639,535</u></u>	<u><u>639,535</u></u>

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

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

29th June 2020



U Schachner-Dadley
Director

The notes on pages 10 to 15 form part of these financial statements.

Delstar Engineering Limited

**Statement of changes in equity
For the year ended 31 December 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	1,619,745	1,619,845
Loss for the year	-	(280,310)	(280,310)
Dividends: Equity capital	-	(700,000)	(700,000)
At 1 January 2019	100	639,435	639,535
At 31 December 2019	100	639,435	639,535

The notes on pages 10 to 15 form part of these financial statements.

Delstar Engineering Limited

Notes to the financial statements For the year ended 31 December 2019

1. General information

Delstar Engineering Limited is a limited liability company incorporated in England with registered number 01345698. The address of the company's principal place of business is 9 Falcon Park, Neasden Lane, London, NW10 1RZ. The company no longer trades.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The company's functional and presentational currency is pounds sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of TAIT Group International Limited as at 31 December 2019 and these financial statements may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

2.3 Going concern

In accordance with UK GAAP, the company annually assesses whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of the company to continue as a going concern and meet its obligations as they become due for one year after the date that the financial statements are issued. This evaluation is based on relevant conditions and events that are known or reasonably knowable at this date. If substantial doubt exists, management must also assess whether there are effective plans in place to alleviate those conditions. Management has performed this evaluation through to the date of the signing of the accounts and determined that there are no conditions or events, considered in the aggregate, that raise substantial doubt about the company's ability to continue as a going concern for one year after signing.

Delstar Engineering Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other amounts receivable and payable, loans from banks and other third parties, and loans to related parties.

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

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

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

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

Delstar Engineering Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.11 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Delstar Engineering Limited

Notes to the financial statements For the year ended 31 December 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

Provision for dilapidations

Provision has been made in the financial statements for the expected cost of leased freehold dilapidations amounting to £350,000 at the reporting date (see note 8). This provision is based upon the directors' assessment of the potential payments due on the expiry of the lease required to comply with legislative requirements.

4. Employees

The average monthly number of employees, including directors, during the year was 0 (2018 - 0).

5. Dividends

	2019	2018
	£	£
Dividends paid on equity capital	-	700,000
	-	700,000

6. Debtors

	2019	2018
	£	£
Amounts owed by group undertakings	1,065,423	955,932
Other debtors	17,900	176,250
Prepayments and accrued income	12,634	12,036
	1,095,957	1,144,218

Delstar Engineering Limited

Notes to the financial statements For the year ended 31 December 2019

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,406	1,344
Amounts owed to group undertakings	110,940	176,209
Accruals and deferred income	2,450	4,800
	<u>114,796</u>	<u>182,353</u>

There is a fixed and floating charge over the assets of the company in favour of HSBC Bank plc to cover all liabilities owing to the bank by the company. The company has entered into a cross guarantee with all members of the TAIT International Limited group (with the exception of TAIT Tech UK Limited, TAIT Towers Asia Limited, TAIT Stage Technologies LLC and TAIT Towers Stage Design (Shenzhen) Limited) to secure all bank liabilities of each other. The group did not have any borrowings at the year end.

8. Provisions

	Dilapidations provision £
At 1 January 2019	350,000
At 31 December 2019	<u>350,000</u>

9. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

Delstar Engineering Limited

Notes to the financial statements For the year ended 31 December 2019

10. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Land & Buildings		
Not later than 1 year	<u>67,500</u>	<u>67,500</u>
	2019 £	2018 £
Other leases		
Not later than 1 year	<u>830</u>	<u>5,811</u>

Whilst the Company has the obligation for the above payments, the payments are made by and the expenses are accounted for by TAIT Technologies UK Limited, another company within the group.

11. Post balance sheet events

On 11 March 2020, the World Health Organisation assessed that COVID-19 was to be characterised as a pandemic. In light of the COVID-19 pandemic, the company is not affected due to its non-trading environment.

12. Controlling party

At the balance sheet date, the immediate parent company was TAIT International Limited, a company incorporated in England and Wales. The ultimate parent undertaking was Providence Equity Partners VIII-A LP, which is a limited partnership registered in the Cayman Islands and in which no individual has a controlling interest.