Company Registration No. 02286795

Starcom Technologies Limited

Annual report and financial statements

16 month period to

31 March 2021

Starcom Technologies Limited

Annual report and financial statements for the period to 31 March 2021

Contents

Starcom Technologies Limited

Annual report and financial statements for the period to 31 March 2021

Officers and Registered Office

Directors

A Gilbert
P Bryce
L Keller

Registered office

Unit 1A-1B, Millennium Way
Pride Park
Derby
Derbyshire
England
DE24 8HZ

Independent auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Company Number

02286795

Starcom Technologies Limited

Strategic report
for the period to 31 March 2021

The directors present their strategic report for the 16 month period to 31 March 2021.

Business review

The principal activity of the company is that of managed IT solutions for software and hardware including application hosting, cloud platform provision and cyber security solutions. hosting, maintenance and support of computer hardware and software systems.

The company's turnover for the 16 month period to 31 March 2021 was £13,672k (year to 30 November 2019: £10,025k). The market move towards cloud-based and managed services from on premise solutions and hardware sales has positive long-term implications for the company with recurring revenues increasing as a proportion of total revenues, which provides core stability to the business.

The company adopted Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") for these financial statements following the change in ownership on acquisition by Node 4 Limited on 26 February 2021 to a group applying the UK rather than the international financial accounting standard. As a result, goodwill is now amortised over its estimated useful life and charged in administrative expenses. Operating profit for the 16 month period increased to £1,213k (year to 30 November 2019: £582k) as a result of both the longer period and lower overheads. The company generated earnings before non-recurring costs, interest, taxation, depreciation and amortization (adjusted EBITDA) of £2,057k for the 16 month period (year to 30 November 2019: £1,076k).

The Board is pleased with the company's performance and believes the company has a strong customer base with a portfolio of quality products in a growing market place for managed services and where the increased market need for the company's solutions has been heightened in the remote working corona virus environment and on the back of additional cyber security awareness driven by GDPR.

Key performance indicators

The directors consider the key performance indicators by which they measure the performance of the company to be turnover, adjusted EBITDA and operating profit.

Business and financial risks and uncertainties

Whilst we consider our continuing prospects to be positive, all businesses face risks and uncertainties which could have a material impact on the company's performance and could cause results to differ materially from expected and historical results. The directors consider the most significant risks to be the business environment in which we operate, our relationships with our key suppliers and customers, and our ability to continue to meet contractual commitments and customer expectations. There are also financial risks associated with providing credit and cash flow.

Our credit risk is primarily attributable to our trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the directors based on prior experience and their assessment of the current economic environment. Credit risk is managed by the group's central management by ensuring that outlays by the group are matched by receipts from customers where possible and by tight control over contractual terms.

We do not have any financial instruments which are exposed to price risk.

Liquidity and cash flow are managed by the group's central management. The group ensures it has sufficient funds to meet its obligations by monitoring cash flow as part of its procedures and also, more strategically, to ensure that financing is in place with manageable repayment periods and the appropriate facilities are available to be drawn upon when the need arises. Interest rate risks are managed by the group's central management.

The corona virus pandemic has had a short term impact on the company but long term we believe provides an opportunity for the business as customers upgrade IT systems in a new remote working environment.

Approved by the Board of Directors and signed on behalf of the Board

L Keller
Director
20 December 2021

Starcom Technologies Limited

Directors' report
for the period to 31 March 2021

The directors present their annual report on the affairs of the company, together with the audited financial statements, for the 16 month period to 31 March 2021.

Strategic report

The principal activities of the company, business review, future developments, key performance indicators, financial risk management and principal risks and uncertainties have been covered in the strategic report on page 2.

Results and dividends

The profit for the period after taxation was £1,233,337 (year to 30 November 2019: £351,486 profit for the year). The directors do not propose the payment of a dividend (2019: £nil).

Directors

The directors who served during the period and subsequently where stated, were as follows:

A Gilbert	(appointed 26 February 2021)
P Bryce	(appointed 26 February 2021)
L Keller	(appointed 26 February 2021)
A Valdimarsson	(resigned 26 February 2021)
R D Price	(resigned 26 February 2021)

Going concern

The directors have considered the trading performance of the company, together with the factors likely to affect its future development as well as its current liquidity position. The directors have reviewed the company's forecasts and likely future cash flows, taking into account in particular the continued potential impact of COVID-19 on trading, the group's current net borrowings and uncommitted cash deposits. The group facilities are subject to covenant tests and the directors have run a number of downside scenarios, including those considered worse case and factoring in reasonable mitigating factors, to demonstrate that no covenant breaches are considered likely. Following the investment by Providence Equity Partners in March-21 a new Senior Debt Facility was put in place which also provides increased covenant headroom over the previous facility providing additional confidence to management.

Based on the available information including resilient trading through the lock down periods in the economy, the directors consider that the company has the plans and resources needed to manage its business risks successfully and remain financially robust. Whilst COVID-19 continues to have some impact on certain customers the group benefits from operating with a diverse range of clients across resilient sectors such as Healthcare, Financial Services and IT and Software Services which are continuing to see growth and therefore provide the group with opportunities to grow. In addition, the group saw a material improvement in trading conditions in the second half of FY21 despite further COVID-19 lockdowns demonstrating how businesses have adapted to the current environment and we expect to continue to see this in FY22 as the successful vaccine roll-out continues. The company and group also benefits from offering critical IT infrastructure services and considers that the breadth of value-added services it can offer will remain attractive to a range of new clients in the current environment. However, management remains very focused on cash management to ensure that the business has sufficient headroom to manage the risk that are inherent in the current economic environment which continues to be impacted by COVID-19.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through informal discussions between management and other employees at a local level and through employee surveys, newsletters and Intranet.

Starcom Technologies Limited

Directors' report
for the period to 31 March 2021 (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Directors' indemnities

The company maintained liability insurance for its directors and officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, and was in place during the financial year up to the date of signing these financial statements.

Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' 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 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board

L Keller
Director
20 December 2021

Starcom Technologies Limited

Independent auditors' report to the members of Starcom Technologies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Starcom Technologies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the sixteen month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the statement of comprehensive income and statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the strategic report and directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Reporting on other information (continued)

Strategic report and directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and directors' report for the period ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Claire Browne

Claire Browne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
20 December 2021

Statement of comprehensive income for the period ended 31 March 2021

	Note	16 month period ended 31 March 2021 £	Year ended 30 November 2019 £
Turnover	4	**13,672,489**	10,025,481
Cost of sales		**(5,827,946)**	(4,191,811)
Gross profit		**7,844,543**	5,833,670
Administrative expenses		**(6,631,169)**	(5,251,701)
Operating profit	6	**1,213,374**	581,969
Interest payable and similar expenses	7	**(12,825)**	(28,773)
Profit before taxation		**1,200,549**	553,196
Tax on profit	8	**32,788**	(201,710)
Profit for the financial year		**1,233,337**	351,486

All amounts relate to continuing activities.

There was no other comprehensive income in the current period or prior year.

The notes on pages 10 to 20 form part of these financial statements.

Starcom Technologies Limited

Company number: 02286795

Balance sheet
As at 31 March 2021

	Note	31 March 2021 £	30 November 2019 £
Fixed assets			
Intangible assets	9	**1,775,355**	2,084,112
Tangible fixed assets	10	**249,785**	388,738
Investments	11	-	-
		2,025,140	2,472,850
Current assets			
Debtors	12	**2,419,888**	1,890,457
Cash at bank and in hand		**2,036,652**	452,253
		4,456,540	2,342,710
Creditors: amounts falling due within one year	13	**(4,127,764)**	(3,568,793)
Net current assets/(liabilities)		**328,776**	(1,226,083)
Total assets less current liabilities		**2,353,916**	1,246,767
Creditors: amounts falling due after more than one year	14	-	(126,188)
Net assets		**2,353,916**	1,120,579
Capital and reserves			
Called up share capital	16	**100**	100
Profit and loss account		**2,353,816**	1,120,479
Total equity		**2,353,916**	1,120,579

These financial statements on pages 7 to 20 were approved by the Board of Directors and authorised for issue on 20 December 2021.

Signed on behalf of the Board of Directors

L Keller
Director

The notes on pages 10 to 20 form part of these financial statements.

Starcom Technologies Limited

Statement of changes in equity
Period ended 31 March 2021

	Share capital	Retained earnings	Total
	£	£	£
Changes in equity for the year ended 30 November 2019			
At 1 December 2018	100	768,993	769,093
Profit for the year	-	351,486	351,486
At 30 November 2019	100	1,120,479	1,120,579
Changes in equity for the period ended 31 March 2021			
Profit for the period	-	1,233,337	1,233,337
At 31 March 2021	**100**	**2,353,816**	**2,353,916**

The notes on pages 10 to 20 form part of these financial statements.

1. General information

The company provides managed IT solutions for software and hardware including application hosting, cloud platform provision and cyber security solutions. The company is a private company, limited by shares, United Kingdom incorporated, registered and domiciled in England. The address of the registered office is Unit 1A-1B, Millennium Way, Pride Park, Derby, DE24 8HZ

2. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 102 as the company was acquired on 26 February 2021 by a group which reports under FRS 102. The 2019 financial statements were prepared applying Financial Reporting Standard 101 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework which was the standard applied by the former parent companies. The impact of the change from FRS 101 to FRS 102 is set out in note 20 and only impacted the treatment of operating leases and amortisation of goodwill.

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006. The presentational currency is sterling.

Disclosure exemptions adopted

The company is a wholly-owned subsidiary of Chiron Midco Limited and is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The company has taken advantage of the exemption from preparing a cash flow statement, from disclosing key management personnel remuneration and from financial instruments disclosures as it is a qualifying subsidiary included in the publicly available consolidated financial statements of a parent company (note 19). The company has taken advantage of the exemption under FRS 102 not to disclose transactions between wholly owned entities in the group. The company discloses transactions with related parties which are not wholly owned group entities.

Going concern

The directors have considered the trading performance of the company, together with the factors likely to affect its future development as well as its current liquidity position. The directors have reviewed the company's forecasts and likely future cash flows, taking into account in particular the continued potential impact of COVID-19 on trading, the group's current net borrowings and uncommitted cash deposits. The group facilities are subject to covenant tests and the directors have run a number of downside scenarios, including those considered worse case and factoring in reasonable mitigating factors, to demonstrate that no covenant breaches are considered likely. Following the investment by Providence Equity Partners in March-21 a new Senior Debt Facility was put in place which also provides increased covenant headroom over the previous facility providing additional confidence to management.

Based on the available information including resilient trading through the lock down periods in the economy, the directors consider that the company has the plans and resources needed to manage its business risks successfully and remain financially robust. Whilst COVID-19 continues to have some impact on certain customers the group benefits from operating with a diverse range of clients across resilient sectors such as Healthcare, Financial Services and IT and Software Services which are continuing to see growth and therefore provide the group with opportunities to grow. In addition, the group saw a material improvement in trading conditions in the second half of FY21 despite further COVID-19 lockdowns demonstrating how businesses have adapted to the current environment and we expect to continue to see this in FY22 as the successful vaccine roll-out continues. The company and group also benefit from offering critical IT infrastructure services and considers that the breadth of value-added services it can offer will remain attractive to a range of new clients in the current environment. However, management remains very focused on cash management to ensure that the business has sufficient headroom to manage the risk that are inherent in the current economic environment which continues to be impacted by COVID-19.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

2. Accounting policies (continued)

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period and preceding year.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the company.

Turnover comprises the value of sales to third party customers of IT managed services. It is stated exclusive of value added tax and net of trade discounts and rebates.

Turnover on the sale of hardware and services is recognised on delivery to a customer or on completion of contractual milestones. Turnover from recurring revenue is recognised on a monthly for support and hosting contracts, with support being invoiced annually or quarterly in advance and hosting monthly in arrears. Turnover for software is recognised on delivery of the software and issue of a licence code.

Taxation

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

The tax currently payable is based on taxable profit for the period. 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 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.

Pension costs

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred. The company has no defined benefit arrangements in place.

Foreign currency

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are translated at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates ruling at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the profit and loss account.

2. Accounting policies (continued)

Goodwill

The company has hived up the trade and assets of a subsidiary undertaking into the company at book value. This results in an investment in a subsidiary which has no trade and hence provision would normally be made against that investment under UK GAAP. The company has however applied a true and fair override as allowed under the Companies Act 2006 and transferred an amount equal to the goodwill arising on the investment to goodwill. The directors feel that this more accurately reflects the fact that in substance there has been no loss of value to the company.

Goodwill arising on acquisition or hive up is amortised to the profit and loss account over its estimated life of ten years. Intangible assets are tested for impairment when an event that might affect asset values has occurred. Any such impairment in carrying value is written off to the profit and loss account immediately. Deferred tax is not provided in respect of goodwill and its amortisation.

Tangible fixed assets

Items of tangible fixed assets are initially recognised at cost. The cost of items of tangible fixed assets is its purchase cost, together with any incidental costs of acquisition. As well as the purchase price, cost includes directly attributable costs of bringing the asset into use.

Depreciation is calculated so as to write off, on a straight-line basis over the expected useful economic lives of the asset concerned, the cost of tangible fixed assets, less estimated residual values, which are adjusted, if appropriate, at each reporting date. The principal economic lives used for this purpose are:

Plant, office equipment and fixtures	20-33% p.a.

Provision is made against the carrying value of items of tangible fixed assets where an impairment in value is assessed to have occurred.

Investments

Fixed asset investments are shown at cost less any provision for losses arising on impairment.

Inventories

Inventories are valued at the lower of purchase cost and net realisable value, after due regard for obsolete and slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Financial assets

The company has chosen to adopt section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method. Cash and cash equivalents comprise cash held at bank which is available on demand.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 written off to the profit and loss account.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank borrowings and loans from fellow group companies 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. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2. Accounting policies (continued)

Trade payables 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Borrowings are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Issue costs are amortised to the profit and loss account over the estimated life of the relevant borrowings.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Leases

Leases for which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease. The capital element reduces the balance owed to the lessor.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Share capital

Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The company's ordinary shares are classified as equity instruments.

Profit and loss account

The profit and loss account reserve represents cumulative net profits from the statement of comprehensive income. Movements on the reserve are set out in the statement of changes in equity.

3. Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not always equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible and intangible assets

The annual depreciation or amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 9 and 10 for the carrying amount of fixed assets and note 2 for the useful economic lives for each class of assets.

The company uses an estimate for the useful life of goodwill and calculation of the amortisation charge in line with the nature of the businesses acquired. There is no current indication that the company's businesses will not continue to trade profitably although the life may differ from or be longer than the estimates used to amortise the assets.

4. Turnover

IT services is considered to be the only material class of business carried on by the company. An analysis of turnover by customer geographical location is given below:

	Period ended 31 March 2021	Year ended 30 November 2019
	£	£
United Kingdom	12,997,948	9,564,454
Rest of World	674,541	461,027
	13,672,489	10,025,481

5. Information regarding directors and employees

	Period ended 31 March 2021	**Year ended 30 November 2019**
	Number	**Number**
Average monthly number of persons employed (including directors)		
Programmers and consultants	67	64
Sales and distribution	10	10
Administration	6	6
	83	80

	Period ended 31 March 2021	Year ended 30 November 2019
	£	£
Staff costs during the year		
Wages and salaries	4,714,035	2,964,291
Social security costs	546,091	360,709
Other pension costs	358,375	239,130
	5,618,501	3,564,130

No directors have received any remuneration from the company during either period as these are paid by a parent company.

£918,990 of the staff costs above were recharged to other K3 group companies in respect of work performed on their projects in the 16 month period to 31 March 2021 before the company was sold to the Node 4 group (year to 30 November 2019: £315,000).

6. Operating profit

	Period ended 31 March 2021 £	Year ended 30 November 2019 £
Operating profit is stated after charging:		
Depreciation		
- Owned assets	257,474	229,961
- Leased assets	-	32,833
Amortisation of goodwill	308,757	231,568
Impairment of trade debtors	29,163	12,112
Rentals under operating leases		
- land and buildings	206,212	145,935
- other	103,738	71,954
Non recurring cost of staff bonuses	277,000	-
Auditors' remuneration		
- Audit fees	39,000	8,000

7. Interest payable and similar expenses

	Period ended 31 March 2021 £	Year ended 30 November 2019 £
Finance lease interest paid	-	443
Intra-group interest payable	12,380	13,406
Other	445	14,924
	12,825	28,773

8. Tax on profit

	Period ended 31 March 2021 £	Year ended 30 November 2019 £
United Kingdom corporation tax		
Current period	-	124,919
Adjustment in respect of prior periods	27,566	(9,259)
Total current tax charge	27,566	115,660
Deferred taxation		
Current period	33,861	86,050
Adjustment in respect of prior periods	(94,215)	-
Total deferred tax (credit)/charge	(60,354)	86,050
Total tax (credit)/charge	(32,788)	201,710

8. Tax on profit (continued)

The differences between the total tax (credit)/charge and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	Period ended 31 March 2021 £	Year ended 30 November 2019 £
Profit before tax	1,200,549	553,196
Profit before tax at standard corporation tax rate in the UK of 19% (2019: 19%)	228,104	105,107
Effects of:		
Goodwill amortisation not deductible for tax purposes	58,664	43,998
Other expenses not deductible for tax purposes	12,743	45,823
Group relief not paid for	(249,610)	-
Effect of change in rate on deferred tax	(16,040)	16,041
Adjustment in respect of prior periods	(66,649)	(9,259)
Total tax (credit)/charge for the period/year	(32,788)	201,710

In March 2020, the Finance Bill 2020 was substantively enacted which maintained the corporation tax rate at 19%. Previously enacted bills had included a reduction to 17%. Deferred taxes at the balance sheet dates have been measured using the enacted tax rate of 19% and reflected in these financial statements.

In May 2021 an increase in the rate of corporation tax to 25% from April 2023 was substantively enacted. The potential impact on the deferred taxation asset of an increase of £62,000 is not recognised in these financial statements.

9. Intangible assets

	Goodwill £
Cost	
At 1 December 2019 and 31 March 2021	2,315,680
Accumulated amortisation	
At 1 December 2019	231,568
Charge for the period	308,757
At 31 March 2021	540,325
Net book value	
At 31 March 2021	1,775,355
At 30 November 2019	2,084,112

The goodwill relates to the hive up of the trade and assets of a subsidiary, K3 Hosting Limited (now renamed Node 4 Hosting Limited), into the company on 1 January 2016 at book value.

10. Tangible fixed assets

	Plant, office equipment and fixtures £
Cost	
At 1 December 2019	1,597,125
Additions	121,021
Disposals	(2,500)
At 31 March 2021	1,715,646
Accumulated depreciation	
At 1 December 2019	1,208,387
Charge for the period	257,474
At 31 March 2021	1,465,861
Net book value	
At 31 March 2021	249,785
At 30 November 2019	388,738

11. Investments

	£
At 1 December 2019 and 31 March 2021	-

The company holds investments in the following wholly owned subsidiary undertaking:

Company	Nature of Business	Country of registration
Node 4 Hosting Limited	Dormant	Scotland

The registered office of Node 4 Hosting Limited (previously named K3 Hosting Limited) is 13 Queen's Road, Aberdeen, United Kingdom, AB15 4Y.

12. Debtors

	31 March 2021 £	30 November 2019 £
Amounts falling due within one year:		
Trade debtors	1,565,865	1,139,747
Amounts owed by group undertakings	187,260	61,307
Other debtors	109,228	-
Deferred tax (see note 15)	196,697	136,343
Prepayments and accrued income	360,838	553,060
	2,419,888	1,890,457

No interest is charged on amounts owed by group undertakings. The amounts are due on demand. Trade debtors are stated after provisions for impairment of £34,472 (2019: £26,879). Other debtors represented amounts owed by the former parent company and received post period end.

13. Creditors: amounts falling due within one year

	31 March 2021	30 November 2019
	£	£
Trade creditors	1,056,432	883,934
Amounts owed to group undertakings	844,917	422,376
Corporation tax	-	124,920
Other creditors	10,271	-
Other taxation and social security	526,086	271,371
Accruals and deferred income	1,690,058	1,866,192
	4,127,764	3,568,793

No interest is charged on amounts owed to group undertakings. The amounts are unsecured and due on demand.

14. Creditors: amounts falling due after more than one year

	31 March 2021	30 November 2019
	£	£
Amounts owed to group undertakings	-	126,188

Interest was charged on amounts owed to the former ultimate parent company at 3.74% (2019: 4.25%) which is deemed a market rate. No interest is charged on other amounts owed to group undertakings.

Maturity analysis of amounts due after more than one year:

	31 March 2021	30 November 2019
	£	£
In more than one year but not more than two years	-	126,188

15. Deferred taxation

	£
Asset at 1 December 2019	136,343
Credit for the period	60,354
Asset at 31 March 2021	196,697

The balance is included within debtors (see note 12). The amounts provided in the financial statements are as follows:

	31 March 2021	30 November 2019
	£	£
Capital allowances in advance of depreciation	193,803	136,343
Other timing differences	2,894	-
	196,697	136,343

16. Called up share capital

	31 March 2021	30 November 2019
	£	£
100 allotted, called up and fully paid ordinary shares of £1 each (2019: 100)	100	100

17. Pension schemes

The company operates a defined contribution scheme for which the pension cost charge for the 16 month period amounted to £354,903 (year to 30 November 2019: £239,130). £nil was outstanding at 31 March 2021 (£nil at 30 November 2019).

18. Financial commitments

The total future value of minimum lease payments under non-cancellable operating leases is due as follows:

	31 March 2021		30 November 2019	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Not later than one year	106,812	47,585	314,764	16,302
Later than one year but not later than five years	3,514	16,271	321,854	4,902
	110,326	63,856	636,618	21,204

19. Ultimate parent company

The company was a subsidiary undertaking of K3 Business Technology Group plc and consolidated in the accounts of that company until 26 February 2021 when it was acquired by Node 4 Limited. Node 4 Limited is now the immediate parent company and Chiron Midco Limited is the only group company which prepares publicly available consolidated financial statements which include the company at 31 March 2021. Copies of the Chiron Midco Limited consolidated financial statements can be obtained from Unit 1A-1B, Millennium Way, Pride Park, Derby, DE24 8HZ.

Atten Group Limited is the ultimate parent company following the acquisition of Chiron Topco Limited and its subsidiaries including Node 4 Limited on 19 March 2021 and no party has a controlling beneficial interest in the parent company. The first accounting period end of Atten Group Limited will be 31 March 2022. Providence Equity Partners LLC manages the interest of the investing Providence fund, which held the majority of the shares in the group as of 31 March 2021, and was represented on the group board.

20. Transition to FRS 102

The company has adopted FRS 102 in respect of these financial statements as the Node 4 group applies FRS 102, whilst the former shareholders applied FRS 101 and IFRS. The transition date is 1 December 2019, the start of the prior accounting period and there is no change in the transition balance sheet as of 1 December 2018.

Two adjustments have arisen on transition to FRS 102 as explained and set out in the tables below.

IFRS 16 was adopted in the prior financial statements resulting in the capitalisation of operating leases and has been reversed. The asset of £453,616 at 30 November 2019 and lease liabilities of £447,459 have been removed and the right of use depreciation charge of £180,316 and finance charge of £37,573 replaced by operating lease rentals paid of £224,046 reducing the profit for the year and profit and loss reserve by £6,157 at 30 November 2019.

Goodwill in the balance sheet which was not previously amortised is maintained at the same carrying value at the transition date of £2,315,680 but is now amortised over a 10 year estimated life with a charge of £231,568 in the year to 30 November 2019 and of £308,757 in the 16 month period to 31 March 2021.

Starcom Technologies Limited

Notes to the financial statements
for the period ended 31 March 2021 (continued)

Balance sheet reconciliation as of 30 November 2019

	FRS 101	Reversal of IFRS 16	Amortisation of goodwill	FRS 102
	£	£	£	£
Intangible assets - goodwill	2,315,680	-	(231,568)	2,084,112
Tangible assets	842,354	(453,616)	-	388,738
Debtors	1,890,457	-	-	1,890,457
Cash at bank and in hand	452,253	-	-	452,253
Current liabilities	(3,732,139)	163,346	-	(3,568,793)
Creditors: amounts falling due after more than one year	(410,301)	284,113	-	(126,188)
Net assets	1,358,304	(6,157)	(231,568)	1,120,579
Called up share capital	100	-	-	100
Profit and loss account	1,358,204	(6,157)	(231,568)	1,120,479
Total equity	1,358,304	(6,157)	(231,568)	1,120,579

Income statement reconciliation for the year to 30 November 2019

	FRS 101	Reversal of IFRS 16	Amortisation of goodwill	FRS 102
	£	£	£	£
Turnover	10,025,481	-	-	10,025,481
Cost of sales	(4,191,811)	-	-	(4,191,811)
Gross profit	5,833,670	-	-	5,833,670
Administrative expenses	(4,976,403)	(43,730)	(231,568)	(5,251,701)
Operating profit	857,267	(43,730)	(231,568)	581,969
Interest payable and similar expenses	(66,346)	37,573	-	(28,773)
Profit before taxation	790,921	(6,157)	(231,568)	553,196
Tax on profit	(201,710)	-	-	(201,710)
Profit for the financial year	589,211	(6,157)	(231,568)	351,486