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**MARTIN KEMP DESIGN LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1 AUGUST 2020 TO 31**

**DECEMBER 2021**

**MARTIN KEMP DESIGN LIMITED**

**Registered number 07721852**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 17 MONTH PERIOD ENDED 31  
DECEMBER 2021**

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**COMPANY INFORMATION**

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<b>Director</b>	M B T Kemp
<b>Registered number</b>	07721852
<b>Registered office</b>	Greencoat House Francis Street London SW1P 1DH
<b>Independent auditor</b>	Rawlinson & Hunter Audit LLP Statutory Auditor & Chartered Accountants Eighth Floor 6 New Street Square New Fetter Lane London EC4A 3AQ

**MARTIN KEMP DESIGN LIMITED**

**Registered number 07721852**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 17 MONTH PERIOD ENDED 31  
DECEMBER 2021**

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## **MARTIN KEMP DESIGN LIMITED**

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### **DIRECTOR'S REPORT** **For the 17 month period ended 31 December 2021**

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The director presents the Annual Report and the audited financial statements of Martin Kemp Design Limited ("the company") for the 17 month period from 1 August 2020 to 31 December 2021. The comparatives are unaudited and for the year ended 31 July 2020.

#### **Principal activity**

The principal activity of the company during the period was that of providing high end interior design and renovation services.

#### **Director's responsibilities statement**

The director is responsible for preparing the Director's Report and the financial statements, in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the Companies Act 2006.

Under company law the director must not approve the financial statements unless he is 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The director is 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. The director is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **Results and dividends**

The loss for the period, after taxation, amounted to £721,514 (2020 - profit £44,803 for year).

During the period no dividend (2020 - £Nil) was paid and declared.

## MARTIN KEMP DESIGN LIMITED

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### DIRECTOR'S REPORT For the 17 month period ended 31 December 2021

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#### Director

The director who served during the period was:

M B T Kemp

#### Going concern

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus has adopted the going concern basis in preparing the financial statements. The director will continue to monitor and evaluate the company's liquidity to ensure that there are no going concern threats to the operation of the company and that such threats, if any, are anticipated, are addressed and shortfalls bridged in a timely and prudent manner.

The Covid-19 pandemic and Ukraine War have resulted in supply chain and inflation impacts on the world economy. Having reviewed updated cashflow forecasts and the company's contingency plans, the director considers the adoption of the going concern basis in preparing these financial statements is appropriate on the basis that the parent company, Solstra Holdings Cyprus Limited, has provided an undertaking to continue to support the company.

#### Disclosure of information to auditor

The director at the time when this Director's 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 are 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 auditors are aware of that information.

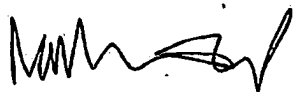
#### Small companies' exemption note

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

#### Auditor

Under section 487(2) of the Companies Act 2006, Rawlinson & Hunter Audit LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the director and signed on its behalf.



M B T Kemp  
Director

Date: 26-04-23

## **MARTIN KEMP DESIGN LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN KEMP DESIGN LIMITED**

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#### **Opinion**

We have audited the financial statements of Martin Kemp Design Limited ("the company") for the 17 month period ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006; 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**

In auditing the financial statements, we have concluded that the director's 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 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 director with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The director is responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our Auditor's report 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

## **MARTIN KEMP DESIGN LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN KEMP DESIGN LIMITED**

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a material misstatement in the financial statements or a material misstatement of this 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 Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Director's 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 Director's 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 company, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the Director's responsibilities statement on page 1, the director is 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 director determines 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 director is 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 director either intends 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 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.

## MARTIN KEMP DESIGN LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN KEMP DESIGN LIMITED

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Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached after the consideration of the following:

- due to the relatively simple business model and low volume of transactions within the company there are comparatively few unexpected items in the reported results and balances and any such unexpected items would be specifically enquired into by us; and
- there are a number of individuals which comprise "management" and therefore there is no single individual who is likely to be able to override controls to effect a fraud.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- the review of control accounts and journal entries for large or unusual entries;
- the analytical review of the profit and loss account for variances that are either unexpected or felt not to be in accordance with our understanding of the business during the period;
- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by International Financial Reporting Standards) and reviewing the ledgers of the company for previously unreported related party transactions;
- review of transactions and journals for any indication of fraud or management override;
- review of the opening balances; and
- assessment of the appropriateness of the going concern basis used with reference to the company's current performance and expectations for future periods.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

#### Other matters

The figures for the comparative year ended 31 July 2020 were not audited.



**MARTIN KEMP DESIGN LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN KEMP DESIGN 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.

*Rawlinson & Hunter Audit LLP*

Yueling Wei

(Senior Statutory Auditor)

for and on behalf of

**Rawlinson & Hunter Audit LLP**

Statutory Auditor

Chartered Accountants

Eighth Floor

6 New Street Square

New Fetter Lane

London

EC4A 3AQ

Date: *26 April 2023*

# MARTIN KEMP DESIGN LIMITED

## STATEMENT OF COMPREHENSIVE INCOME For the 17 month period ended 31 December 2021

	Note	17 month period ended 31 December 2021 £	As restated* Year ended 31 July 2020 (unaudited) £
Revenue from contracts with customers	1.6	2,482,145	2,100,458
Cost of providing services		(387,695)	(256,666)
<b>Gross profit</b>		<b>2,094,450</b>	<b>1,843,792</b>
Administrative expenses		(2,814,734)	(1,742,683)
<b>Operating (loss) / profit</b>	<b>4</b>	<b>(720,284)</b>	<b>101,109</b>
Finance income		4	80
Finance costs	5	(31,634)	(25,986)
<b>(Loss) / profit before income tax</b>		<b>(751,914)</b>	<b>75,203</b>
Income tax credit / (expense)	6	30,400	(30,400)
<b>(Loss) / profit for the period / year</b>		<b>(721,514)</b>	<b>44,803</b>

The result for the period is wholly attributable to continuing activities.

There were no recognised gains and losses for 2021 and 2020 other than those included in the statement of comprehensive income.

\*See Note 20 for details of the first time adoption of IFRS.

**MARTIN KEMP DESIGN LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
For the 17 month period ended 31 December 2021

	Note	As at 31 December 2021 £	As restated * As at 31 July 2020 (unaudited) £	As restated * As at 31 July 2019 (unaudited) £
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	426,315	639,015	137,308
		<u>426,315</u>	<u>639,015</u>	
<b>Current assets</b>				
Trade receivables and other receivable	8	307,571	644,981	481,508
Cash and cash equivalents	9	798,532	3,416,748	915,671
<b>Current assets</b>		<u>1,106,103</u>	<u>4,061,729</u>	<u>1,397,179</u>
<b>Total assets</b>		<u>1,532,418</u>	<u>4,700,744</u>	<u>1,534,487</u>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Trade payables and other payables	10	675,403	2,926,582	387,170
Lease liabilities	11	136,599	193,395	63,012
		<u>812,002</u>	<u>3,119,977</u>	<u>450,182</u>
<b>Non-current liabilities</b>				
Lease liabilities	11	304,489	446,659	-
Deferred tax	12	20,937	20,937	20,937
Provisions	13	30,833	27,500	22,500
		<u>356,259</u>	<u>495,096</u>	<u>43,437</u>
<b>Equity</b>				
Share capital	14	100	100	100
Retained earnings	15	364,057	1,085,571	1,040,768
<b>Total equity</b>		<u>364,157</u>	<u>1,085,671</u>	<u>1,040,868</u>
<b>Total equity and liabilities</b>		<u>1,532,418</u>	<u>4,700,744</u>	<u>1,534,487</u>

\*See Note 20 for details of the first time adoption of IFRS.

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 7 to 29 were approved and authorised for issue by the director and were signed by:



**M B T Kemp**  
Director

Date: 26-04-23

The notes on pages 11 to 29 form part of these financial statements.

# MARTIN KEMP DESIGN LIMITED

## STATEMENT OF CHANGES IN EQUITY For the 17 month period ended 31 December 2021

	Called up share capital	Retained earnings	Total equity
At 1 August 2019 (as previously stated)	100	1,049,589	1,049,689
Prior year adjustment - change in accounting standard (See Note 20)	-	(8,821)	(8,821)
At 1 August 2019 (as restated)	100	1,040,768	1,040,868
<b>Comprehensive income for the year</b>			
Profit for the year (as restated)	-	44,803	44,803
<b>At 31 July 2020 (unaudited)</b>	<b>100</b>	<b>1,085,571</b>	<b>1,085,671</b>
At 1 August 2020 (as previously stated)	100	1,101,216	1,101,316
Prior year adjustment - change in accounting standard (See Note 20)	-	(15,645)	(15,645)
At 1 August 2020 (as restated)	100	1,085,571	1,085,671
<b>Comprehensive expense for the period</b>			
Loss for the period	-	(721,514)	(721,514)
<b>At 31 December 2021</b>	<b>100</b>	<b>364,057</b>	<b>364,157</b>

**MARTIN KEMP DESIGN LIMITED**

**STATEMENT OF CASH FLOWS**  
For the 17 month period ended 31 December 2021

	2021 £	2020 (unaudited) £
<b>Cash flows from operating activities</b>		
(Loss) / profit for the period / year	(721,514)	44,803
<b>Adjustments for:</b>		
Tax (credit) / charge	(30,400)	30,400
Provisions	3,333	5,000
Finance charge	31,634	25,986
Depreciation of owned assets	14,993	71,686
Depreciation of right of use assets	198,094	127,180
	<u>(503,860)</u>	<u>305,055</u>
<b>Movements in working capital</b>		
Decrease/(increase) in trade and other receivables	337,410	(163,473)
Increase / (decrease) in trade and other payables	(2,467,088)	2,516,395
<b>Net cash (used in) / generated from operating activities</b>	<u>(2,129,678)</u>	<u>2,352,922</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(387)	(3,175)
<b>Net cash used in investing activities</b>	<u>(387)</u>	<u>(3,175)</u>
<b>Cash flows from financing activities</b>		
Principal elements of lease payments	(224,630)	(153,725)
Loan received in period	240,339	-
<b>Cash from financing</b>	<u>15,709</u>	<u>(153,725)</u>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<u>(2,618,216)</u>	<u>2,501,077</u>
Cash and cash equivalents at the beginning of year	3,416,748	915,671
<b>Cash and cash equivalents at the end of the period/year</b>	<u>798,532</u>	<u>3,416,748</u>

The notes on pages 11 to 29 form part of these financial statements.

## MARTIN KEMP DESIGN LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

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#### 1. General information and accounting policies

##### 1.1 General information

Martin Kemp Design Limited ("the company") is a private company limited by shares domiciled and incorporated in England and Wales. The company's registered office is at Greencoat House, Francis Street, London, SW1P 1DH, United Kingdom and registered number is 07721852. The principal activity of the company during the period was that of providing high end interior design and renovation services. The comparative amounts are unaudited and for 12 months instead of 17 months.

##### 1.2 Presentation and functional currency

These financial statements are presented in pound sterling (£), which is the company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

##### 1.3 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the Companies Act 2006.

Information on the impact of first-time adoption of IFRS is given in Note 20 for the 17 month period ended 31 December 2021. The year ended 31 July 2020 financial statements were previously prepared under FRS 102 Section 1A.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed (see note 2).

##### 1.4 New Standards, interpretations and amendments not yet effective

All IFRS standards, amendments to standards and interpretations that are effective in accounting periods beginning on or after 1 January 2022 are not considered to have a material impact on the company and not early adopted.

##### 1.5 Going concern

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus have adopted the going concern basis in preparing the financial statements. The director will continue to monitor and evaluate the company's liquidity to ensure that there are no going concern threats to the operation of the company and that such threats, if any, are anticipated, are addressed and shortfalls bridged in a timely and prudent manner.

## MARTIN KEMP DESIGN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

#### 1.5 Going concern (continued)

The Covid-19 pandemic and Ukraine War have resulted in supply chain and inflation impacts on the world economy. Having reviewed updated cashflow forecasts and the company's contingency plans, the director considers the adoption of the going concern basis in preparing these financial statements is appropriate on the basis that parent company, Solstra Holdings Cyprus Limited, has provided an undertaking to continue to support the company.

#### 1.6 Revenue

Revenue is derived from interior design contracts. Each contract is bespoke to each customer, varying in price and duration. The majority of contracts are projects which are performed over a defined period with pre-agreed amounts.

The company transfers control of the contract over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs; or
- the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the company's performance does not create an asset with an alternative use to the entity and the company has an enforceable right to payment for performance completed to date.

#### 1.7 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the Statement of Comprehensive Income.

#### 1.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 1.9 Taxation

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

##### (i) Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date.

Income taxes include all taxes based upon the taxable profits of the company. Other taxes not based on income, such as property and capital taxes, are included within operating expenses or financial expenses according to their nature.

## MARTIN KEMP DESIGN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

#### 1.9 Taxation (continued)

##### (ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is recognised in the Statement of Comprehensive Income.

#### 1.10 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rate:

Leasehold property, and fixtures and fittings	-	Straight line over the period of the lease
Office and computer equipment	-	3 years straight line

In the case of property and equipment, carrying values are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated and compared to the carrying value. If the carrying value is higher than the recoverable amount impairment losses are recognised in profit or loss account.

#### 1.11 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



## **MARTIN KEMP DESIGN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021**

#### **1.11 Financial instruments (continued)**

##### **Financial assets**

The principal financial assets of the company are trade and other receivables and cash and cash equivalents.

##### **Trade and other receivables**

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Appropriate allowances for estimated irrevocable amounts are recognised in the Statement of Comprehensive Income when management considers the assets to be impaired in accordance with the expected credit loss model.

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for purposes of the statement of cash flows bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

##### **Financial liabilities**

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangement entered into and definitions of a financial liability and an equity instrument.

##### **Trade and other payables**

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost.

##### **Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

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

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. No such loss allowance has been recognised in the year. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. A default on a financial asset is considered to be the unlikelihood of the counterparty to make contractual payments within 90 days of when they fall due. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on

## MARTIN KEMP DESIGN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

#### 1.11 Financial instruments (continued)

the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Where financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### 1.12 Leases

In accordance with IFRS 16, at inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

##### As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value

## MARTIN KEMP DESIGN LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

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#### 1.12 Leases (continued)

guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 1.13 Holiday pay

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### 1.14 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 reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are credited to the provision carried in the Statement of financial position.

#### 2. Accounting estimates and judgements

In the application of the company's accounting policies, the director is required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 key estimates and judgements are outlined below:

**NOTES TO THE FINANCIAL STATEMENTS**  
For the 17 month period ended 31 December 2021

**2. Accounting estimates and judgements (continued)**

**Leases**

The accounting for leases under IFRS16 makes assumptions regarding future rental costs, term and discount rate. Rental costs within contracts sometimes have a variable element or points in time where the cost can be rebased. If the cost of the lease is increased at a point in time, this will increase the lease liability and right to use asset, leading to higher interest expense and depreciation expense. When the lease contract does not contain an implicit interest rate for the financing, the company's estimated incremental borrowing rate is used. This cost of capital is subject to change, as external interest rates and the company's credit rating change over time. If a lease is reassessed or modified and the incremental borrowing rate is higher than it was previously, this may lead to a disproportionate increase in the lease liability and right-to-use asset, leading to higher interest expense and depreciation expense.

**Revenue**

Accounting for revenue under IFRS 15 requires the director to consider the stage of completion of each project and ascertain if the necessary criteria have been satisfied to recognise the revenue as outlined in the revenue accounting policy.

**3. Key management personnel compensation and employees**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, including the director of the company listed on page 2.

	17 month period ended 31 December 2021 £	Year ended 31 July 2020 (unaudited) £
Remuneration paid to key management personnel (excluding Employers National Insurance)	202,083	125,000
	<u>202,083</u>	<u>125,000</u>

The average number of persons employed by the company, including the director, during the year was 22 (2020 - 20).

**4. (Loss) / profit from operations**

The operating (loss) / profit is stated after charging / (crediting):

	17 month period ended 31 December 2021 £	Year ended 31 July 2020 (unaudited) £
Depreciation of right of use assets	198,094	127,180
Depreciation of owned assets	14,993	71,686
Exchange differences	(11,940)	15,067
Audit fees	20,000	-
	<u>202,083</u>	<u>125,000</u>

# MARTIN KEMP DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

### 5. Finance costs

	17 month period ended 31 December 2021 £	Year ended 31 July 2020 (unaudited) £
Interest on lease liabilities	31,634	25,986
	<u>31,634</u>	<u>25,986</u>

### 6. Income tax credit / (expense)

	17 month period ended 31 December 2021 £	Year ended 31 July 2020 (unaudited) £
<b>Current tax</b>		
Current tax credit / (charge) on (loss) / profit for period / year	30,400	(30,400)
	<u>30,400</u>	<u>(30,400)</u>
	2021 £	2020 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>

The reasons for the difference between the actual tax charge for the period / year and the standard rate of corporation tax in the United Kingdom applied to profits for the period / year are as follows:

	17 month period ended 2021 £	Year ended 31 July 2020 (restated – Note 20 unaudited) £
(Loss) / profit for the period / year	(751,914)	75,203
Tax using the company's domestic tax rate of 19% (2020 - 19%)	(142,864)	14,289
Difference between capital allowances and depreciation	2,849	13,620
Expenses not deductible for tax purposes	1,001	261
Other adjustments to tax charge	-	2,230
Losses to be carried back	30,400	-
Losses available to carry forward	78,214	-
<b>Total tax (credit) / expense</b>	<u>(30,400)</u>	<u>30,400</u>

### Changes in tax rates and factors affecting the future tax charges

The March 2021 Budget announced that the rate of 19% would increase from 19% to 25% from 1 April 2023. This will increase the company's future tax charge accordingly.

**MARTIN KEMP DESIGN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the 17 month period ended 31 December 2021

**7. Property, plant and equipment**

**Cost**

	Fixtures and fittings, office & computer equipment £	Right-of-use assets £	Total £
As at 1 August 2019 (previously stated)	529,890	-	529,890
Prior year adjustment (Note 20)	-	568,380	568,380
At 1 August 2019 (as restated)	529,890	568,380	1,098,270
Additions	3,175	697,398	700,573
Disposals	-	(568,380)	(568,380)
At 1 August 2020	533,065	697,398	1,230,463
As at 1 August 2020 (previously stated)	533,065	-	533,065
Prior year adjustment (Note 20)	-	697,398	697,398
As at 1 August 2020	533,065	697,398	1,230,463
Additions	387	-	387
As at 31 December 2021	533,452	697,398	1,230,850

**Accumulated depreciation**

As at 1 August 2019 (previously stated)	446,773	-	446,773
Prior year adjustment (Note 20)	-	514,189	514,189
At 1 August 2019 (as restated)	446,773	514,189	960,962
Disposals	-	(568,380)	(568,380)
Depreciation	71,686	127,180	198,866
At 1 August 2020	518,459	72,989	591,448
As at 1 August 2020 (previously stated)	518,459	-	518,459
Prior year adjustment (Note 20)	-	72,989	72,989
As at 1 August 2020	518,459	72,989	591,448
Charge for the period	14,993	198,094	213,087
As at 31 December 2021	533,452	271,083	804,535

**Net book value**

At 31 December 2021	-	426,315	426,315
At 31 July 2020 (as restated)	14,606	624,409	639,015

Included in Right-of-use assets is a property rental lease which commenced on 22 January 2020 and terminates on 21 January 2025. An incremental borrowing rate of 5% has been applied in calculating the present value of the lease. Payments of £224,630 (2020 – year £82,974) were made in the period in respect of the current lease and payments of £70,751 were made in year ended 31 July 2020 of the lease which terminated in the prior year.

**MARTIN KEMP DESIGN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the 17 month period ended 31 December 2021

**8. Trade and other receivables**

	31 December 2021	31 July 2020 (unaudited)
	£	£
Trade receivables	106,191	126,104
Prepayments and accrued income	67,018	164,101
Other receivables	134,362	354,776
<b>Total trade and other payables</b>	<b>307,571</b>	<b>644,981</b>

**9. Cash and cash equivalents**

	31 December 2021	31 July 2020 (unaudited)
	£	£
Cash and bank balances	798,532	3,416,748
	<b>798,532</b>	<b>3,416,748</b>

**10. Trade and other liabilities**

	31 December 2021	31 July 2020 (unaudited)
	£	£
Trade payables	55,993	1,213,829
Accruals and deferred income	26,127	71,410
Other payables	593,283	1,641,343
<b>Total trade and other payables</b>	<b>675,403</b>	<b>2,926,582</b>

Included in Other payables is a loan of £240,339 (2020 - £Nil) from Solstra Holdings Cyprus Limited, the parent company, which is repayable on demand, unsecured and accrues interest at 3%.

**11. Lease liabilities**

	31 December 2021	As restated* 31 July 2020 (unaudited)
	£	£
Lease liabilities less than 1 year	136,599	193,395
Lease liabilities 2 to 5 years	304,489	446,659
<b>Total lease liabilities</b>	<b>441,088</b>	<b>640,054</b>

Lease liabilities relate to a property rental lease which commenced on 22 January 2020 and terminates on 21 January 2025. An incremental borrowing rate of 5% has been applied in calculating the present value of the liabilities. The short term lease liabilities for the year ended 31 July 2020 also included liabilities relating to a lease which terminated during that year.

\*See Note 20 for details of first time adoption of IFRS.

# MARTIN KEMP DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

### 12. Deferred tax

	£
At 1 August 2020	20,937
Charge to Statement of Comprehensive Income	-
At 31 December 2021	<u>20,937</u>

Deferred tax relates to timing difference between depreciation and capital allowances.

### 13. Provisions

	£
At 1 August 2020	27,500
Charge to Statement of Comprehensive Income	<u>3,333</u>
At 31 December 2021	<u>30,833</u>

Included in provisions is a dilapidations provision in relation to the rental property.

### 14. Share capital

Allotted, called up and fully paid

	31 December 2021	31 July 2020
	£	£
1,000 Ordinary shares (2020 – 1,000) of £0.10 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

### 15. Retained earnings

Retained earnings represents cumulative profit and losses net of dividends and other adjustments.

### 16. Pension Commitments

#### Defined Contribution Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £56,738 (2020 – £35,242). There were outstanding contributions of £Nil (2020 – £8,785) payable to the fund at the balance sheet date.



**MARTIN KEMP DESIGN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the 17 month period ended 31 December 2021

**17. Financial instruments - fair values and risk management**

**Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

17 months to 31 December 2021	Carrying Amount		Total £
	FVTPL £	Amortised Cost £	
<b>Financial assets measured at fair value</b>			
Cash and equivalents	798,532	-	798,532
	<u>798,532</u>	<u>-</u>	<u>798,532</u>
<b>Financial assets not measured at fair value</b>			
Trade receivables	-	106,191	106,191
Other receivables	-	110,189	110,189
	<u>-</u>	<u>216,380</u>	<u>216,380</u>
<b>Financial liabilities not measured at fair value</b>			
Trade payables	-	55,993	55,993
Accruals	-	26,127	26,127
Other payables	-	270,986	270,986
Lease liabilities	-	441,088	441,088
	<u>-</u>	<u>794,194</u>	<u>794,194</u>

**MARTIN KEMP DESIGN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the 17 month period ended 31 December 2021

**17. Financial instruments - fair values and risk management (continued)**

**Accounting classifications and fair values (continued)**

Year ended 31 July 2020	Carrying Amount		Total (unaudited) £
	FVTPL £	Amortised Cost £	
<b>Financial assets measured at fair value</b>			
Cash and equivalents	3,416,748	-	3,416,748
	<u>3,416,748</u>	<u>-</u>	<u>3,416,748</u>
<b>Financial assets not measured at fair value</b>			
Trade receivables	-	126,104	126,104
Accrued income	-	92,431	92,431
Other receivables	-	90,514	90,514
	<u>-</u>	<u>309,049</u>	<u>309,049</u>
<b>Financial liabilities not measured at fair value</b>			
Trade payables	-	1,213,829	1,213,829
Accruals	-	71,410	71,410
Other payables	-	1,610,414	1,610,414
Lease liabilities	-	640,054	640,054
	<u>-</u>	<u>3,535,707</u>	<u>3,535,707</u>

**MARTIN KEMP DESIGN LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 17 month period ended 31 December 2021**

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**17. Financial instruments - fair values and risk management (continued)**

**Accounting classifications and fair values (continued)**

**Financial risk management objectives**

The company predominantly finances its operations through cash at bank. Finance requirements are reviewed by the director when funds are required for capital improvements or operational working capital requirements.

The company's financial instruments comprise cash and various items such as other receivables and trade payables that arise directly from its operations, to maintain working capital. The main risks arising from the company's financial statements are credit risk, foreign currency risk and liquidity risk. The director's review of policies for managing each of these are summarised below:

**Foreign exchange risks**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to trading transactions which is mitigated by holding bank accounts in foreign currencies.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The company is exposed to credit risk from its operating activities and primarily for other receivables.

The company's maximum exposure to credit risk at 31 December 2021 is £216,380 (2020 - £309,049) being the carrying value of trade receivables and other receivables. The company does not use credit derivatives or similar instruments to mitigate exposure.

There were no material financial assets that were past due dates at the close of 2021 or 2020.

**MARTIN KEMP DESIGN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 17 month period ended 31 December 2021**

**17. Financial Instruments - fair values and risk management (continued)**

**Liquidity risk management**

Liquidity risk is defined as the risk that the company does not have sufficient, available, financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive costs.

The company is considered well capitalised as of 31 December 2021. Given the company's current liquidity, liquidity risk is not considered to be significant.

**Liquidity and interest risk tables**

As noted above, liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that sufficient resources and flexibility is maintained to allow the company to meet its obligations without incurring unacceptable losses or risking damage to the company's name in the market place. The company manages liquidity risk by maintaining adequate banking facilities and continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements:

	<b>Carrying Amount</b>	<b>Total</b>	<b>6 Months or less</b>	<b>6-12 Months</b>	<b>Greater than 1 year</b>
<b>31 December 2021</b>					
Trade payables	55,993	55,993	55,993	-	-
Accruals	26,127	26,127	26,127	-	-
Other payables	270,986	270,986	270,986	-	-
Lease liabilities	441,088	441,088	441,088	-	-
	<u>794,194</u>	<u>794,194</u>	<u>794,194</u>	<u>-</u>	<u>-</u>
<b>31 July 2020</b>					
Trade payables	1,213,829	1,213,829	1,213,829	-	-
Other payables	71,410	71,410	71,410	-	-
Other payables	1,610,414	1,610,414	1,610,414	-	-
Lease liabilities	640,054	640,054	640,054	-	-
	<u>3,535,707</u>	<u>3,535,707</u>	<u>3,535,707</u>	<u>-</u>	<u>-</u>

**MARTIN KEMP DESIGN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the 17 month period ended 31 December 2021

**17. Financial instruments - fair values and risk management (continued)**

**Liquidity risk management (continued)**

**Liquidity and interest risk tables (continued)**

The following table details the company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Carrying Amount	Total	6 Months or less	6-12 Months	Greater than 1 year
<b>31 December 2021</b>					
Trade and other receivables	216,380	216,380	216,380	-	-
Cash and other equivalents	798,532	798,532	798,532	-	-
	<u>1,014,912</u>	<u>1,014,912</u>	<u>1,014,912</u>	<u>-</u>	<u>-</u>
<b>31 July 2020</b>					
Trade and other receivables	309,049	309,049	309,049	-	-
Cash and other equivalents	3,416,748	3,416,748	3,416,748	-	-
	<u>3,725,797</u>	<u>3,725,797</u>	<u>3,725,797</u>	<u>-</u>	<u>-</u>

**18. Related party transactions**

Included in revenue is income of £Nil (2020 - £38,000) and included in trade debtors is a balance of £38,014 (2020 - £38,014) owed by Albany Cube Investments Limited, a party related by common ownership.

Included in Other payables is a loan of £240,339 (2020 - £Nil) from Solstra Holdings Cyprus Limited, the immediate parent company, which is repayable on demand, unsecured and accrues interest at 3%.

Included in other receivables is a balance of £5,928 (2020 - £Nil) owed by the director.

**19. Controlling party**

The immediate parent undertaking is Solstra Holdings Cyprus Limited, a company registered in Cyprus, and the ultimate parent undertaking is Markerina Investments Limited, a company incorporated in Cyprus.

The ultimate controlling party is Angelika Iris Moosleithner.

MARTIN KEMP DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
For the 17 month period ended 31 December 2021

20. First time adoption of IFRS

	Note	As Previously stated 1 August 2019	Effect of transition 1 August 2019	IFRS (as restated) 1 August 2019	As Previously stated 31 July 2020	Effect of transition 31 July 2020	IFRS (as restated) 31 July 2020
		£	£	£	£	£	£
Non-current assets		83,117	54,191	137,308	14,606	624,409	639,015
Current assets		1,397,179		1,397,179	4,061,729	-	4,061,729
<b>Total assets</b>	<b>1</b>	<b>1,480,296</b>	<b>54,191</b>	<b>1,534,487</b>	<b>4,076,335</b>	<b>624,409</b>	<b>4,700,744</b>
Current liabilities		(387,170)	(63,012)	(450,182)	(2,926,582)	(193,395)	(3,119,977)
Non-current liabilities		(43,437)	-	(43,437)	(48,437)	(446,659)	(495,096)
Equity		(1,049,689)	8,821	(1,040,868)	(1,101,316)	15,645	(1,085,671)
<b>Total liabilities</b>	<b>1</b>	<b>(1,480,296)</b>	<b>(54,191)</b>	<b>(1,534,487)</b>	<b>(4,076,335)</b>	<b>624,409</b>	<b>(4,700,744)</b>

# MARTIN KEMP DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the 17 month period ended 31 December 2021

### 20. First time adoption of IFRS

Note	As previously stated 31 July 2020	Effect of transition 31 July 2020	IFRS (as restated) 31 July 2020
	£	£	£
Turnover	2,100,458	-	2,100,458
Cost of sales	(256,666)	-	(256,666)
<b>Gross profit</b>	<b>1,843,792</b>	-	<b>1,843,792</b>
Administrative expenses	(1,761,845)	19,162	(1,742,683)
<b>Operating profit</b>	<b>81,947</b>	<b>19,162</b>	<b>101,109</b>
Finance income	80	-	80
Finance costs	-	(25,986)	(25,986)
<b>Profit before income tax</b>	<b>82,027</b>	<b>(6,824)</b>	<b>75,203</b>
Income tax expense	(30,400)	-	(30,400)
<b>Profit for the year</b>	<b>51,627</b>	<b>(6,824)</b>	<b>44,803</b>

**MARTIN KEMP DESIGN LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 17 month period ended 31 December 2021**

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**20. First time adoption of IFRS**

1. Transition from FRS 102 Section 1A to IFRS resulted in the capitalisation of a property lease in tangible fixed assets and the related short and long term liabilities being recognised as required under IFRS 16.

At 1 August 2019, the Net Book Value of total assets increased by £54,191 resulting from the net book value of the capitalisation of a property lease.

At 1 August 2019 total liabilities increased by £63,012 relating to recognition of lease liabilities.

At 31 July 2020, the Net Book Value of total assets increased by £624,409 resulting from the net book value of the capitalisation of a property lease.

At 31 July 2020 total liabilities increased by £640,054 relating to recognition of lease liabilities.

The reduction in the administrative expenses resulted from the derecognition of the rental charge and recognition of depreciation of the capitalised lease and the related finance costs.

Finance costs in the year ended 31 July 2020 increased by £25,986 reflecting the unwinding of the present value of the long term lease payments.