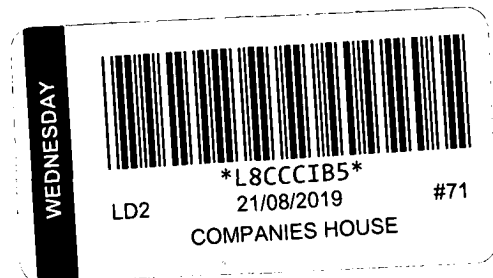


Company Registration No. 01524697 (England and Wales)

BLAZE SIGNS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019



BLAZE SIGNS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | C N Knight C R Abbott J P Boraston |
| Secretary | J P Boraston |
| Company number | 01524697 |
| Registered office | 5 Patricia Way Pysons Road Broadstairs Kent CT10 2XZ |
| Auditor | RSM UK Audit LLP Chartered Accountants 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG |
| Bankers | Lloyds TSB Bank plc 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA |

BLAZE SIGNS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Background/Market Sector

Blaze Signs Limited (Blaze) is one of the largest UK sign manufacturers. It offers genuine UK-wide coverage as well as extensive experience of operating in Ireland and mainland Europe.

Business Review and Risks

During 2018/19, the company saw reduced spend and delays to planned programmes by regular customers, hence a reduction in turnover and profits.

The signage market is unusual in its unpredictable and variable level of spend, dependent on rebranding programmes resulting from activities such as new marketing initiatives and mergers and acquisitions. Pricing remains competitive and this combined with increased demands and expectations from clients, presents many operational challenges. Blaze has a skilled workforce and some excess capacity, enabling it to respond to changes in demand. The group has a good spread of customers, enabling them to withstand sudden or major changes in the market. Prospects for 2019/20 from existing and prospective customers are good.

Default on debts due to customer insolvency is a continuing risk. However, the quality and spread of our customer base and regular credit reviews means that this risk should be much reduced.

Working capital is provided by an invoice discounting facility. Headroom on this facility is maintained at a level that enables the company to withstand pressures on cash flow.

The company reviews the infrastructure of the factory and offices on a regular basis. Actual amounts invested will vary considerably from year to year depending on those requirements.

Key performance indicators

| KPI | Year to March 2019 | Year to March 2018 | Definition, method of calculation and analysis |
|--|--------------------|--------------------|---|
| Turnover | £16.2m | £17.6m | There has been a small reduction in spend from regular customers |
| Gross profit margin | 39.5% | 37.5% | Gross profit margin is the ratio of gross profit to turnover expressed as a percentage. Despite the reduction in turnover, close cost control has increased gross margin %. |
| Operating profit before exceptional costs. | £0.93m | £1.53m | For analysis, see turnover and gross profit margin above. |
| Net current assets | £6.96m | £6.63m | Current assets less creditors due within one year. Increased cashflows have led to a higher net current assets position at the year end |

Future prospects

The order pipeline is good and new and existing customers are expected to generate good business over the next year and beyond. There are some excellent new prospective customers that should generate sales over the next year and beyond. Customer retention continues to be high and the company prides itself on receiving positive feedback and repeat business from its key customers.

While ensuring that essential investment is made in good quality staff and facilities, costs are managed as far as possible to maximise margins and profitability within the current market which continues to be subject to competitive pricing from competitors.

BLAZE SIGNS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Summary

2018/19 year was a steady year. The Directors would once again like to thank all members of staff for their continued hard work, support and dedication. We now expect to continue to enhance the service we provide to our customers and look forward to more successful years in 2019/20 and beyond.

By order of the board



J R Boraston

Secretary

Date: 26 July 2019

BLAZE SIGNS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

Principal activities

The principal activity of the company during the year was the design, manufacture and installation of illuminated and electronic signs.

Directors

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

C N Knight
C R Abbott
J P Boraston

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £226,221 (2018: £403,632). The directors do not recommend payment of a further dividend.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

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

Fixed assets

The freehold properties shown in the accounts at £683,527 have, in the opinion of the directors, a market value of approximately £150,000 in excess of the book value.

By order of the board



J P Boraston
Secretary

Date: 26 July 2019

BLAZE SIGNS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLAZE SIGNS LIMITED

Opinion

We have audited the financial statements of Blaze Signs Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLAZE SIGNS LIMITED (CONTINUED)

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 strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP
Zoe Rudling (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
Portland
25 High Street
Crawley
West Sussex, RH10 1BG
20 August 2019.

BLAZE SIGNS LIMITED

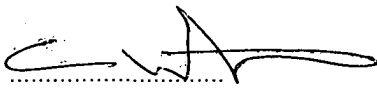
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

| | | 2019 £ | 2018 £ |
|--|---|-----------------------|-------------------------|
| Turnover | 3 | 16,199,335 | 17,558,440 |
| Cost of sales | | (9,795,709) | (10,979,325) |
| Gross profit | | <u>6,403,626</u> | <u>6,579,115</u> |
| Administrative expenses | | (5,472,817) | (5,053,697) |
| Operating profit | 6 | 930,809 | 1,525,418 |
| Interest receivable and similar income | 7 | 130 | 233 |
| Interest payable and similar expenses | 8 | (62,015) | (54,343) |
| Profit before taxation | | <u>868,924</u> | <u>1,471,308</u> |
| Tax on profit | 9 | (191,702) | (289,802) |
| Profit for the financial year | | <u><u>677,222</u></u> | <u><u>1,181,506</u></u> |

BLAZE SIGNS LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

| | Notes | 2019 | | 2018 | |
|--|-------|-------------|-------------------|-------------|-------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | | 2,572,061 | | 2,570,467 |
| Investments | 12 | | 1 | | 1 |
| | | | <u>2,572,062</u> | | <u>2,570,468</u> |
| Current assets | | | | | |
| Stocks | 14 | 1,254,234 | | 1,376,302 | |
| Debtors | 15 | 9,847,901 | | 12,462,889 | |
| Cash at bank and in hand | | 322,770 | | 172,378 | |
| | | | <u>11,424,905</u> | | <u>14,011,569</u> |
| Creditors: amounts falling due within one year | 16 | (4,461,206) | | (7,382,204) | |
| Net current assets | | | <u>6,963,699</u> | | <u>6,629,365</u> |
| Total assets less current liabilities | | | <u>9,535,761</u> | | <u>9,199,833</u> |
| Creditors: amounts falling due after more than one year | 17 | | (380,115) | | (512,468) |
| Provisions for liabilities | 20 | | (103,088) | | (85,808) |
| Net assets | | | <u>9,052,558</u> | | <u>8,601,557</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 25,000 | | 25,000 |
| Profit and loss reserves | 24 | | 9,027,558 | | 8,576,557 |
| Total equity | | | <u>9,052,558</u> | | <u>8,601,557</u> |

The financial statements were approved by the board of directors and authorised for issue on 26 July 2019 and are signed on its behalf by:


C N Knight
Director


J P Boraston
Director

BLAZE SIGNS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|-------------------------------|------------|
| Balance at 1 April 2017 | | 25,000 | 7,798,683 | 7,823,683 |
| Year ended 31 March 2018: | | | | |
| Profit and total comprehensive income for the year | | - | 1,181,506 | 1,181,506 |
| Dividends | 10 | - | (403,632) | (403,632) |
| Balance at 31 March 2018 | | 25,000 | 8,576,557 | 8,601,557 |
| Year ended 31 March 2019: | | | | |
| Profit and total comprehensive income for the year | | - | 677,222 | 677,222 |
| Dividends | 10 | - | (226,221) | (226,221) |
| Balance at 31 March 2019 | | 25,000 | 9,027,558 | 9,052,558 |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Blaze Signs Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 5 Patricia Way, Pysons Road, Broadstairs, Kent, CT10 2XZ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Interest income/expense and net gains/losses for each category of financial instrument; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation based on budgets and cash flow forecasts that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Tangible fixed assets

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

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

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

| | |
|----------------------------------|-------------------------------|
| Land and buildings Freehold | Straight line over 50 years |
| Land and buildings Leasehold | Evenly over term of the lease |
| Plant and machinery | 5% to 10% straight line |
| Fixtures, fittings and equipment | 10% to 25% straight line |
| Motor vehicles | 20% straight line |

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

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment of fixed assets

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate.

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and an invoice discounting facility, which is shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

Other financial liabilities

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

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

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

Retirement benefits

The company operates a defined contribution pension scheme for employees. The annual contributions payable are charged to profit or loss.

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgement has had the most significant effect on amounts recognised in the financial statements.

Work in progress

Work in progress represents those activities which have commenced during the year, where the risks and rewards of ownership have not passed to the buyer as at the reporting date. The Directors are required to ascertain the level of completion on these activities, which requires judgements to be made.

Finished goods

Management make a judgement on the allocation of costs to finished goods at the year end to arrive at the cost included in the financial statements.

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Sign manufacturing | 16,199,335 | 17,558,440 |
| | <u>16,199,335</u> | <u>17,558,440</u> |
| | | |
| | 2019 £ | 2018 £ |
| Other revenue | | |
| Interest income | 130 | 233 |
| | <u>130</u> | <u>233</u> |
| | | |
| | 2019 £ | 2018 £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 16,172,179 | 17,557,718 |
| Europe | 27,156 | 722 |
| | <u>16,199,335</u> | <u>17,558,440</u> |

4 Employees

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

| | 2019 Number | 2018 Number |
|-------------------------|----------------|----------------|
| Directors | 3 | 3 |
| Sales and sales support | 30 | 26 |
| Administration | 21 | 20 |
| Production | 107 | 95 |
| Drawing | 21 | 20 |
| | <u>182</u> | <u>164</u> |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

4 Employees (Continued)

Their aggregate remuneration comprised:

| | 2019 £ | 2018 £ |
|---------------------------------------|------------------|------------------|
| Wages and salaries | 5,619,877 | 5,078,460 |
| Social security costs | 561,878 | 520,712 |
| Pension costs | 196,837 | 156,535 |
| | <u>6,378,592</u> | <u>5,755,707</u> |
| Redundancy payments made or committed | <u>26,000</u> | <u>-</u> |

5 Directors' remuneration

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 466,960 | 481,824 |
| Company pension contributions to defined contribution schemes | 52,661 | 52,243 |
| | <u>519,621</u> | <u>534,067</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 198,644 | 205,325 |
| Company pension contributions to defined contribution schemes | 27,217 | 27,114 |
| | <u>225,861</u> | <u>232,439</u> |

6 Operating profit

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Operating profit for the year is stated after charging: | | |
| Exchange losses | 834 | 902 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 15,050 | 14,600 |
| Depreciation of owned tangible fixed assets | 290,933 | 325,742 |
| Depreciation of tangible fixed assets held under finance leases | 151,506 | 81,741 |
| Loss on disposal of tangible fixed assets | 21,379 | 68,977 |
| Cost of stocks recognised as an expense | 3,352,144 | 3,863,894 |
| Operating lease charges | 400,126 | 322,227 |
| | <u>4,232,972</u> | <u>4,637,183</u> |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

| | | | |
|----------|--|-------------------|-------------------|
| 7 | Interest receivable and similar income | 2019 | 2018 |
| | | £ | £ |
| | Interest income | | |
| | Interest on bank deposits | 130 | 233 |
| | | <u> </u> | <u> </u> |
| 8 | Interest payable and similar expenses | 2019 | 2018 |
| | | £ | £ |
| | Other interest on financial liabilities | 28,756 | 31,364 |
| | Interest on finance leases and hire purchase contracts | 33,259 | 22,979 |
| | | <u> </u> | <u> </u> |
| | | 62,015 | 54,343 |
| | | <u> </u> | <u> </u> |
| 9 | Taxation | 2019 | 2018 |
| | | £ | £ |
| | Current tax | | |
| | UK corporation tax on profits for the current period | 174,422 | 273,229 |
| | | <u> </u> | <u> </u> |
| | Deferred tax | | |
| | Origination and reversal of timing differences | 17,280 | 16,573 |
| | | <u> </u> | <u> </u> |
| | Total tax charge | 191,702 | 289,802 |
| | | <u> </u> | <u> </u> |

In recent years the UK Government has reduced the rate of UK corporation tax with the latest rates substantively enacted by the reporting date, being 19% effective from 1 April 2017, and 17% effective from 1 April 2020. The deferred tax liabilities reflect these rates.

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Profit before taxation | 868,924 | 1,471,308 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 165,096 | 279,549 |
| Tax effect of expenses that are not deductible in determining taxable profit | 6,227 | 8,114 |
| Group relief | - | (23,189) |
| Deferred tax adjustments in respect of prior years | (2,033) | (1,949) |
| Capital allowances in excess of depreciation | 22,555 | 27,443 |
| Other tax adjustments | (143) | (166) |
| Taxation charge for the year | 191,702 | 289,802 |

10 Dividends

| | 2019 £ | 2018 £ |
|------------|-----------|-----------|
| Final paid | 226,221 | 403,632 |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

11 Tangible fixed assets

| | Land and buildings Freehold £ | Land and buildings Leasehold £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|------------------------------------|--|---|-----------------------------|---|------------------------|------------|
| Cost | | | | | | |
| At 1 April 2018 | 1,169,576 | 823,464 | 2,445,919 | 814,168 | 539,115 | 5,792,242 |
| Additions | 15,063 | 19,619 | 91,398 | 143,744 | 246,164 | 515,988 |
| Disposals | - | - | (12,500) | (55,228) | (169,414) | (237,142) |
| At 31 March 2019 | 1,184,639 | 843,083 | 2,524,817 | 902,684 | 615,865 | 6,071,088 |
| Depreciation | | | | | | |
| At 1 April 2018 | 477,679 | 577,638 | 1,279,203 | 642,910 | 244,345 | 3,221,775 |
| Depreciation charged in the year | 23,433 | 47,713 | 203,171 | 59,080 | 109,042 | 442,439 |
| Eliminated in respect of disposals | - | - | (4,708) | (55,228) | (105,251) | (165,187) |
| At 31 March 2019 | 501,112 | 625,351 | 1,477,666 | 646,762 | 248,136 | 3,499,027 |
| Carrying amount | | | | | | |
| At 31 March 2019 | 683,527 | 217,732 | 1,047,151 | 255,922 | 367,729 | 2,572,061 |
| At 31 March 2018 | 691,897 | 245,826 | 1,166,716 | 171,258 | 294,770 | 2,570,467 |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The net book value and the depreciation charge in respect of such assets are as follows:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Plant and machinery | 535,381 | 672,020 |
| Motor vehicles | 232,144 | 206,772 |
| | <u>767,525</u> | <u>878,792</u> |
| Depreciation charge for the year in respect of leased assets | <u>151,506</u> | <u>81,741</u> |

12 Fixed asset investments

| | Notes | 2019 £ | 2018 £ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 13 | <u>1</u> | <u>1</u> |

The costs of investments represents the company's interest in Blaze Neon Limited, a dormant company incorporated in England and Wales. The company holds 1 ordinary share of £1 comprising all of the issued share capital of Blaze Neon Limited.

Under the provision of section 405(2) of the Companies Act 2006 the company is exempt from preparing consolidated accounts due to the assets and results of the subsidiary being immaterial to the company. The company has elected not to do so; therefore the accounts show information about the company as an individual entity.

Movements in fixed asset investments

| | Shares in group undertakings £ |
|---------------------------------|---|
| Cost | |
| At 1 April 2018 & 31 March 2019 | <u>1</u> |
| Carrying amount | |
| At 31 March 2019 | <u>1</u> |
| At 31 March 2018 | <u>1</u> |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

| Name of undertaking | Nature of business | Class of shares held | % Held Direct |
|---------------------|--------------------|----------------------|---------------|
| Blaze Neon Limited | Dormant | Ordinary | 100.00 |

The registered office address of the above entity is 5 Patrica Way, Pysons Road, Broadstairs, Kent, CT10 2XZ.

14 Stocks

| | 2019 £ | 2018 £ |
|------------------|------------------|------------------|
| Raw materials | 466,764 | 413,469 |
| Work in progress | 563,445 | 694,799 |
| Component stock | 224,025 | 268,034 |
| | <u>1,254,234</u> | <u>1,376,302</u> |

15 Debtors

| | 2019 £ | 2018 £ |
|---|------------------|-------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 3,432,362 | 6,567,030 |
| Amounts owed by group undertakings | 5,792,295 | 5,169,418 |
| Other debtors | 10,667 | 5,440 |
| Prepayments and accrued income | 612,577 | 721,001 |
| | <u>9,847,901</u> | <u>12,462,889</u> |

16 Creditors: amounts falling due within one year

| | Notes | 2019 £ | 2018 £ |
|------------------------------------|-------|------------------|------------------|
| Invoice discounting | 19 | 1,027,543 | 1,284,360 |
| Obligations under finance leases | 18 | 237,923 | 230,582 |
| Trade creditors | | 1,013,737 | 2,497,179 |
| Amounts due to group undertakings | | 1,519,794 | 1,479,569 |
| Corporation tax | | 84,422 | 273,229 |
| Other taxation and social security | | 216,768 | 644,729 |
| Other creditors | | 99,982 | 102,335 |
| Accruals and deferred income | | 261,037 | 870,221 |
| | | <u>4,461,206</u> | <u>7,382,204</u> |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

17 Creditors: amounts falling due after more than one year

| | Notes | 2019 £ | 2018 £ |
|----------------------------------|-------|-----------|-----------|
| Obligations under finance leases | 18 | 380,115 | 512,468 |

The company is subject to composite guarantees and debentures created by Blaze Signs Holdings Limited group for securing all monies due, or to become due, to Lloyds Bank plc, Lloyds Commercial Finance Limited, The Income and Growth VCT plc, Mobeus Income & Growth VCT PLC, Mobeus Income & Growth 2 VCT PLC, and Mobeus Income & Growth 4 VCT PLC.

18 Finance lease obligations

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Future minimum lease payments due under finance leases: | | |
| Less than one year | 237,923 | 230,582 |
| Between one and five years | 380,115 | 512,468 |
| | <u>618,038</u> | <u>743,050</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Borrowings

| | 2019 £ | 2018 £ |
|---------------------|------------------|------------------|
| Invoice discounting | 1,027,543 | 1,284,360 |
| | <u>1,027,543</u> | <u>1,284,360</u> |

Working capital funding is provided by way of an invoice discounting facility provided by Lloyds Commercial Finance Limited.

20 Provisions for liabilities

| | Notes | 2019 £ | 2018 £ |
|--------------------------|-------|-----------|-----------|
| Deferred tax liabilities | 21 | 103,088 | 85,808 |

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities 2019 £ | Liabilities 2018 £ |
|--------------------------------|-----------------------------------|-----------------------------------|
| Balances: | | |
| Accelerated capital allowances | 103,088 | 85,808 |
| | <u> </u> | <u> </u> |
| Movements in the year: | | 2019 £ |
| Liability at 1 April 2018 | | 85,808 |
| Charge to profit or loss | | 17,280 |
| | | <u> </u> |
| Liability at 31 March 2019 | | 103,088 |
| | | <u> </u> |

The deferred tax liability set out above is expected to reverse over the life of the assets which it relates and accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 196,837 | 156,535 |
| | <u> </u> | <u> </u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

One month's contributions totalling £43,601 (2018 - £34,562) were payable to the fund at the year end and are included in other creditors.

23 Share capital

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Ordinary share capital Issued and fully paid | | |
| 25,000 Ordinary shares of £1 each | 25,000 | 25,000 |
| | <u> </u> | <u> </u> |

The company's shares, which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

24 Profit and loss reserves

Profit and loss reserves represent cumulative profit and loss net of distributions to owners.

BLAZE SIGNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

25 Financial commitments, guarantees and contingent liabilities

The company is part of a group VAT election and is therefore jointly and severally liable for the VAT liability of other group companies. The liability of the other group entities at 31 March 2019 was £233,393 (2018 - £221,574).

26 Operating lease commitments

Lessee

The company occupies a number of properties with lease terms up to 20 years. It also leases a variety of machinery and vehicles with a lease period between 3 to 5 years.

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

| | 2019 £ | 2018 £ |
|----------------------------|------------------|------------------|
| Within one year | 440,181 | 386,455 |
| Between one and five years | 1,129,573 | 1,250,224 |
| In over five years | 150,000 | 160,530 |
| | <u>1,719,754</u> | <u>1,797,209</u> |

27 Controlling party

The ultimate parent company is Blaze Signs Holdings Limited by virtue of its 100% ownership of the company's share capital. Blaze Signs Holdings Limited is a company incorporated in England and Wales.

The largest and smallest group of undertakings for which group accounts are drawn up is Blaze Signs Holdings Limited. Copies of the group accounts can be obtained from the company's registered office, being 5 Patricia Way, Pysons Road, Broadstairs, Kent, CT10 2XZ.

There is not considered to be an ultimate controlling party because no one party is considered to control Blaze Signs Holdings Limited.