

BLAZE MANUFACTURING SOLUTIONS LTD.

**INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 MARCH 2022**

BLAZE MANUFACTURING SOLUTIONS LTD.

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**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

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

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

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

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

BLAZE MANUFACTURING SOLUTIONS LTD.**REGISTERED NUMBER: SC306482****BALANCE SHEET
AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	4,062	-
Tangible assets	5	176,474	193,710
		<u>180,536</u>	<u>193,710</u>
Current assets			
Stocks	6	41,188	43,424
Debtors: amounts falling due within one year	7	1,475,807	1,223,306
Cash at bank and in hand	8	72,739	200
		<u>1,589,734</u>	<u>1,266,930</u>
Creditors: amounts falling due within one year	9	(1,186,691)	(952,393)
Net current assets		403,043	314,537
Creditors: amounts falling due after more than one year	10	(1,207,664)	(485,028)
Net (liabilities)/assets		<u>(624,085)</u>	<u>23,219</u>
Capital and reserves			
Called up share capital	12	1,000,100	1,000,100
Share premium account		26,992	26,992
Capital redemption reserve		8	8
Profit and loss account		(1,651,185)	(1,003,881)
		<u>(624,085)</u>	<u>23,219</u>

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

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

WE Main
Director

H Johnson
Director

Date: 14 December 2022

The notes on pages 3 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

Blaze Manufacturing Solutions Ltd. (the Company) is a limited company incorporated in the United Kingdom. The company's registered office is Blaze House, Laurencekirk Business Park, Laurencekirk, Aberdeenshire, AB30 1EY.

The Company designs, installs and services fire safety systems.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Going concern

The Company has net current assets of £403,043 (2021 - £314,537), however has net liabilities of £624,085 (2021 - net assets of £23,219). Included within creditors is amounts due to group undertakings of £1,207,664 (2021 - £485,028). The ultimate parent company, Balmoral Group Holdings Limited, has confirmed that it will continue to provide financial support to the Company with an element of this support being not calling for repayment of this balance until there are suitable levels of working capital.

Looking forward, the directors have prepared a detailed business plan and financial projections which forecast a return to a profitable trading and subsequently and an improved balance sheet position. This projection is underpinned by improving market conditions and key opportunities identified in emerging markets, along with the continued support of the parent company.

Given the circumstances set out, the directors remain positive about the future of the Company and its ability to meet its obligations as they fall due, and accordingly have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue for construction contracts is stated at the estimated stage of completion at the end of the reporting period, less amounts recognised in previous years.

2.5 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.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

The Company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	4	years
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2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	15%	reducing balance
Motor vehicles	-	25%	straight line
Fixtures and fittings	-	15%	reducing balance
Office equipment	-	30%	straight line
Tenant's improvements	-	5%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

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

2.13 Cash and cash equivalents

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

2.14 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.15 Provisions for liabilities

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

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

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

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the year was 27 (2021 - 24).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

4. Intangible assets

	Software £
Cost	
Additions	5,000
At 31 March 2022	<u>5,000</u>
Amortisation	
Charge for the year on owned assets	938
At 31 March 2022	<u>938</u>
Net book value	
At 31 March 2022	<u>4,062</u>
At 31 March 2021	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Tangible fixed assets

	Tenant's improvements £	Plant and vehicles £	Office equipment and fittings £	Assets under construction £	Total £
Cost or valuation					
At 1 April 2021	189,945	229,505	233,427	-	652,877
Additions	-	1,451	276	24,333	26,060
Disposals	(55,189)	(875)	-	-	(56,064)
At 31 March 2022	<u>134,756</u>	<u>230,081</u>	<u>233,703</u>	<u>24,333</u>	<u>622,873</u>
Depreciation					
At 1 April 2021	78,227	158,324	222,616	-	459,167
Charge for the year on owned assets	9,494	10,109	1,816	-	21,419
Disposals	(33,401)	(786)	-	-	(34,187)
At 31 March 2022	<u>54,320</u>	<u>167,647</u>	<u>224,432</u>	<u>-</u>	<u>446,399</u>
Net book value					
At 31 March 2022	<u>80,436</u>	<u>62,434</u>	<u>9,271</u>	<u>24,333</u>	<u>176,474</u>
At 31 March 2021	<u>111,718</u>	<u>71,181</u>	<u>10,811</u>	<u>-</u>	<u>193,710</u>

6. Stocks

	2022 £	2021 £
Raw materials and consumables	<u>41,188</u>	<u>43,424</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

7. Debtors

	2022 £	2021 £
Trade debtors	586,709	566,855
Amounts owed by group undertakings	-	120,000
Other debtors	119,243	35,778
Prepayments	53,396	42,941
Amounts recoverable on long term contracts	559,387	300,660
Deferred taxation	157,072	157,072
	<u>1,475,807</u>	<u>1,223,306</u>

8. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	72,739	200
Less: bank overdraft (Note 9)	(690,124)	(42,362)
	<u>(617,385)</u>	<u>(42,162)</u>

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdraft	690,124	42,362
Payments received on account	81,453	535,837
Trade creditors	124,079	113,762
Other taxation and social security	50,978	145,500
Other creditors	51,515	29,188
Accruals and deferred income	188,542	85,744
	<u>1,186,691</u>	<u>952,393</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	<u>1,207,664</u>	<u>485,028</u>

Amounts owed to group undertakings are not under a formal lending arrangement and are therefore effectively repayable on demand, however the parent entity has signaled its intention to continue to provide financial support for the Company which includes not calling for repayment of the amounts owed (note 2.2). Accordingly, the directors consider it appropriate to classify the balances as being due in greater than one year. The prior year comparatives have been re-stated to reflect this allocation.

11. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>72,739</u>	<u>200</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

12. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000,100 (2021 - 1,000,100) A Ordinary shares of £1.00 each	<u>1,000,100</u>	<u>1,000,100</u>

13. Contingent liabilities

There are contingent liabilities arising from contractual obligations entered into in the normal course of business including, at the balance sheet date, £419,500 (2021 - £183,000) in respect of bonds and contract performance and tender guarantees issued by the Company's bankers.

14. Pension commitments

The Company contributes to a defined contributions 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 £58,382 (2021 - £56,396). Contributions totaling £12,022 (2021 - £11,093) were payable to the fund at the Balance sheet date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Related party transactions

The Company has taken advantage of the exemptions available under FRS 102 from disclosing transactions with its parent undertaking and other subsidiary undertakings where 100% of the voting rights are controlled within the group.

Outside of this exemption, the Company made sales to companies under common control, amounting to £654,000 (2021 - £589,000) and purchases amounting to £149,000 (2021 - £nil). The total balance due to these entities at 31 March 2022 was £1,207,664 (2021 - £365,028).

Director loans of £15,000 were due from the Company at the current and prior year-end in respect of two directors. No interest is charged on these loans and there are no set repayment terms.

16. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments under non-cancelable operating leases of £137,834 (2021 - £174,000).

17. Controlling party

The Company's immediate parent company is Blaze Holdco Limited, a company registered in Scotland, and the ultimate parent company is Balmoral Group Holdings Limited, a company registered in Scotland. The registered office of Balmoral Group Holdings Limited is Balmoral Park, Loirston, Aberdeen, AB12 3GY.

The smallest and largest group in which the results of the Company are consolidated is that headed by Balmoral Group Holdings Limited. The consolidated accounts of this group are available to the public and may be obtained from the Registrar of Companies, 139 Fountainbridge, Edinburgh, EH3 9FF. No other group accounts include the results of the Company.

18. Auditor's information

The auditor's report on the financial statements for the year ended 31 March 2022 was unqualified.

The audit report was signed on 14 December 2022 by Derek Mair (Senior statutory auditor) on behalf of Anderson Anderson & Brown Audit LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.