

BALLYCLARE LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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BALLYCLARE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTOR:

C Greener

REGISTERED OFFICE:

102 The Oaks Business Park
Crewe Road
Wythenshawe
Greater Manchester
M23 9HZ

REGISTERED NUMBER:

07463998 (England and Wales)

AUDITORS:

Duncan & Toplis Limited, Statutory Auditor
14 All Saints Street
Stamford
Lincolnshire
PE9 2PA

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The director presents his strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

Ballyclare is a well-known name in the industry holding a strong presence in the European protective clothing market producing high quality flame retardant and waterproof clothing. Our key customers include emergency services, railway infrastructure, military and public utilities.

DEVELOPMENT AND PERFORMANCE

The results of the company for the period show a loss before taxation of £3.5m (2021 loss £6.2m). Revenue for the period was £5.8m (2021: £11.4m). As a result of these losses the Statement of Financial Position net assets reduced to net liability of £4.4m from a liability of £0.8m in 2021.

Sales reduced with a lower level of rollouts to UK fire services. Trading losses in 2022 occurred due to a combination of a reduction in sales and significant stock provisions.

Management have implemented a 'turnround' plan in 2022 with continued restructuring of overhead costs, improved pricing and exits from less profitable contracts. Work continues to improve efficiency and productivity with significant improvements in profitability in 2023. The business is now integrated with Ballyclare's sister company Simon Jersey Ltd sharing the same head office, back-office functions and warehouse facility.

OUR PEOPLE

Our colleagues are pivotal to the success of the business showing loyalty and dedication over the last 12 months. The director thanks all colleagues for their contributions and continued support to the business.

MARKET CONDITIONS

2022 was very challenging with inflationary pressures continuing to drive costs up putting further pressure on the company's cost base. This pressure has eased in 2023 but management continue to apply measures to mitigate the impact. The company's markets remain highly competitive particularly in Ballyclare's key UK structural fire suit market where there has been a consolidation of contracts. Ballyclare retained its contract with the North-West Fire Services in 2023 and remains a market leader in the UK structural fire suit market.

KEY PERFORMANCE INDICATORS

Management monitors the performance of the operations compared to budget and forecast.

KPI's monitored on a daily basis are:

- Sales volume, value and margin
- Order Intake
- Customer Service levels - OTIF
- Quality

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks facing the business are:

Inflation

High levels of inflation continued to impact the business through 2022 and into 2023. The company is managing this issue through improved pricing and increased efficiency. The company continues to monitor its costs monthly and manages these costs proactively to ensure the most favourable rates are obtained.

Liquidity and Interest rate risk

The company produces cashflow forecasts on a rolling 12-month basis to ensure it can meet its obligations. It also prepares annual budgets and regular reforecasts. The company has financial support from its parent company and has a facility with Secure Trust Bank.

Credit risk

The company manages the credit risk by maintenance of appropriate credit control procedures. Credit limits are regularly reviewed with a credit agency and limits set accordingly. The company sells mostly to local authorities and the public sector with relatively low credit risk.

Foreign currency risk

The company's transactions are performed in a mixture of Sterling, Euros and US Dollars. The company aims to hedge the currency exposure by equalising the purchases and sales of goods and services in the foreign currencies.

ON BEHALF OF THE BOARD:

C Greener - Director

30 September 2023

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2022**

The director presents his report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the sale, maintenance and hire of corporate work-wear and protective clothing.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

C Greener has held office during the whole of the period from 1 January 2022 to the date of this report.

Other changes in directors holding office are as follows:

M Luddington - resigned 15 February 2022

M W G Stead - resigned 30 April 2022

GOING CONCERN

At the date of the Statement of Financial Position the company has net liabilities and was loss-making. The director is however confident about the long term prospects for the company which is well established and focussed on specialist markets where quality and service have intrinsic value. A turnaround plan has been constructed with the help of industry experts.

The ultimate controlling party has confirmed his continued financial support for the company until such time as it returns to a cash generative position, and at least twelve months from the date of this report. The wider group is financially secure with very limited external debt aside from the ultimate controlling party. The directors of group companies to which this company has loans payable have given assurances that these loans will not be recalled to an extent that would jeopardise this company's ability to continue as a going concern.

The director having considered the above believes it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director 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 the director has 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 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 these financial statements, the director is 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 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

BALLYCLARE LIMITED (REGISTERED NUMBER: 07463998)

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

C Greener - Director

30 September 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLYCLARE LIMITED

Opinion

We have audited the financial statements of Ballyclare Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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

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 in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have 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 Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLYCLARE LIMITED

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, 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 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 has 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with directors and other management obtained as part of the work required by auditing standards. We have also discussed with the directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit. The potential impact of different laws and regulations varies considerably.

Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates as well as the risk of inappropriate journal entries to increase reported profitability. Audit procedures performed by the engagement team included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. We carried out substantive tests on accounting estimates, including reviewing the methods and data used by management to make those estimates, reperforming the calculation and reviewing the outcome of current year estimates since the financial reporting date.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: Health and safety regulations, employment law, garment quality certifications and environmental regulations.

Our work included a review of relevant correspondence within the year for any evidence of non-compliance and reading minutes of meetings of those charged with governance. In addition, an assessment of the company's legal expenses and possible contingencies was performed. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BALLYCLARE LIMITED**

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 a Report of the Auditors 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.

Alistair Main BFP FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
14 All Saints Street
Stamford
Lincolnshire
PE9 2PA

30 September 2023

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
REVENUE	3	5,838,842	11,352,292
Cost of sales		<u>5,401,268</u>	<u>12,521,271</u>
GROSS PROFIT/(LOSS)		437,574	(1,168,979)
Administrative expenses		<u>3,171,613</u>	<u>4,706,514</u>
		(2,734,039)	(5,875,493)
Other operating income	4	<u>414,889</u>	<u>763,881</u>
OPERATING LOSS	6	(2,319,150)	(5,111,612)
Exceptional costs	7	<u>117,323</u>	<u>580,965</u>
		(2,436,473)	(5,692,577)
Interest payable and similar expenses	8	<u>1,105,975</u>	<u>487,744</u>
LOSS BEFORE TAXATION		(3,542,448)	(6,180,321)
Tax on loss	9	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(3,542,448)</u>	<u>(6,180,321)</u>

The notes form part of these financial statements

BALLYCLARE LIMITED (REGISTERED NUMBER: 07463998)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
LOSS FOR THE YEAR		(3,542,448)	(6,180,321)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(3,542,448)</u>	<u>(6,180,321)</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Property, plant and equipment	11		119,745		160,803
Investments	12		<u>1,844,053</u>		<u>1,844,053</u>
			1,963,798		2,004,856
CURRENT ASSETS					
Inventories	13	1,989,390		4,571,937	
Debtors	14	4,348,129		5,746,910	
Cash at bank		<u>471,871</u>		<u>343,248</u>	
		6,809,390		10,662,095	
CREDITORS					
Amounts falling due within one year	15	<u>13,153,689</u>		<u>13,505,004</u>	
NET CURRENT LIABILITIES			<u>(6,344,299)</u>		<u>(2,842,909)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(4,380,501)</u>		<u>(838,053)</u>
CAPITAL AND RESERVES					
Called up share capital	19		7,000,101		7,000,101
Retained earnings	20		<u>(11,380,602)</u>		<u>(7,838,154)</u>
SHAREHOLDERS' FUNDS			<u>(4,380,501)</u>		<u>(838,053)</u>

The financial statements were approved by the director and authorised for issue on 30 September 2023 and were signed by:

C Greener - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	7,000,101	(1,657,833)	5,342,268
Changes in equity			
Total comprehensive income	-	(6,180,321)	(6,180,321)
Balance at 31 December 2021	<u>7,000,101</u>	<u>(7,838,154)</u>	<u>(838,053)</u>
Changes in equity			
Total comprehensive income	-	(3,542,448)	(3,542,448)
Balance at 31 December 2022	<u>7,000,101</u>	<u>(11,380,602)</u>	<u>(4,380,501)</u>

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

1. STATUTORY INFORMATION

Ballyclare Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

At the date of the Statement of Financial Position the company has net liabilities and was loss-making. The director is however confident about the long term prospects for the company which is well established and focussed on specialist markets where quality and service have intrinsic value. A turnaround plan has been constructed with the help of industry experts.

The ultimate controlling party has confirmed his continued financial support for the company until such time as it returns to a cash generative position, and at least twelve months from the date of this report. The wider group is financially secure with very limited external debt aside from the ultimate controlling party. The directors of group companies to which this company has loans payable have given assurances that these loans will not be recalled to an extent that would jeopardise this company's ability to continue as a going concern.

The director having considered the above believes it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

The company is a subsidiary of Mountain Berg Holdings Limited. Consolidated financial statements of Mountain Berg Holdings Limited can be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

Preparation of consolidated financial statements

The financial statements contain information about Ballyclare Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Mountain Berg Holdings Limited, 10 St James' Place, London, SW1A 1NP.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group that are consolidated into Mountain Berg Holdings Ltd.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Revenue

i) Direct sales

"Direct sales" are recognised by the company in respect of equipment supplied, exclusive of Value Added Tax and trade discounts. Revenue is recognised at the point of delivery of the equipment.

ii) Managed services

"Managed services" are those where the company supply a customer with equipment for a fixed contract term (ranging from 5-10 years) and maintain this equipment over the length of the contract. The contracts have a fixed fee which is billed in equal monthly instalments over the term of the contract. Revenue is recognised monthly on a straight line basis over the contract term.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of eight years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery: 3 - 6 years straight line

Computer equipment: 2 - 5 years straight line

Tangible fixed assets are carried at cost less accumulated depreciation and impairment losses.

Included within tangible fixed assets are "assets hired to third parties" being the equipment supplied to customers as part of managed services contracts. Under the terms of these contracts the company retain ownership of the equipment and it is depreciated over the length of the contract. Any condemned assets are written off with a loss on disposal being charged to the income statement.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and any conditions attached will be complied with. Grants are recognised as income over the period necessary to match them with related costs, for which they are intended to compensate, on a systematic basis.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less accumulated provisions for impairment.

Inventories

Inventories are valued at the lower of cost and fair value less costs to complete and sell, after making due allowance for obsolete and slow moving items. Standard costing is calculated by combining expenses incurred in order to create the final stock item. In the case of work in progress, cost comprises direct materials, labour and an appropriate proportion of production overheads.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Income Statement in proportion to the remaining balance outstanding.

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Critical accounting judgements and estimation uncertainty

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

i) Stock provision

The company provides protective equipment for the fire industry and is subject to changing consumer demands and economic trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. Stocks are stated after provisions for impairment. When calculating the stock provision, management consider the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has adopted the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares 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 receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3. REVENUE

The revenue and loss before taxation are attributable to the principal activities of the company.

An analysis of revenue by class of business is given below:

	2022	2021
	£	£
Direct sales	5,353,356	10,318,310
Managed services	485,486	1,033,982
	<u>5,838,842</u>	<u>11,352,292</u>

An analysis of revenue by geographical market is given below:

	2022	2021
	£	£
United Kingdom	5,594,723	10,949,504
Europe	-	143,276
Rest of World	244,119	259,512
	<u>5,838,842</u>	<u>11,352,292</u>

4. OTHER OPERATING INCOME

	2022	2021
	£	£
Management charges	414,889	741,418
Coronavirus Job Retention Scheme	-	22,463
	<u>414,889</u>	<u>763,881</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	1,611,932	2,238,805
Social security costs	140,913	206,478
Other pension costs	37,286	54,275
	<u>1,790,131</u>	<u>2,499,558</u>

The average number of employees during the year was as follows:

	2022	2021
Management and administration	26	48
Sales and distribution	10	10
	<u>36</u>	<u>58</u>

	2022	2021
	£	£
Directors' remuneration	47,609	53,900
Directors' pension contributions to money purchase schemes	<u>250</u>	<u>1,500</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2022	2021
Money purchase schemes	<u>1</u>	<u>1</u>

Key management personnel compensation totalled £265,922 (2021: £327,350) for the year.

6. OPERATING LOSS

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

	2022	2021
	£	£
Depreciation - owned assets	74,989	110,060
Loss/(profit) on disposal of fixed assets	8,106	(233,815)
Auditors' remuneration	20,769	28,495
Foreign exchange differences	(606)	311,325
Hire of plant and machinery	61,447	89,132
Operating leases - land and buildings	<u>182,218</u>	<u>189,420</u>

7. EXCEPTIONAL ITEMS

	2022	2021
	£	£
Reorganisation and restructuring costs	98,288	240,057
Exceptional manufacturing costs	19,035	-
VAT surcharges	-	51,251
Provision against overseas VAT receivable	-	339,657
Release of general provisions	-	(50,000)
	<u>117,323</u>	<u>580,965</u>

Reorganisation and restructuring costs relate to redundancy and retention costs as well as associated professional fees.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Group loan interest and guarantee fees	421,587	331,439
Invoice discounting facility charges	493,980	133,776
Interest on taxes	190,408	22,529
	<u>1,105,975</u>	<u>487,744</u>

9. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2022	
and 31 December 2022	<u>2,265,233</u>
AMORTISATION	
At 1 January 2022	
and 31 December 2022	<u>2,265,233</u>
NET BOOK VALUE	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Assets hired to third parties £	Computer equipment £	Totals £
COST				
At 1 January 2022	309,616	8,162,985	541,308	9,013,909
Additions	29,496	10,030	42,324	81,850
Disposals	(125,784)	(8,101,446)	(224,789)	(8,452,019)
At 31 December 2022	<u>213,328</u>	<u>71,569</u>	<u>358,843</u>	<u>643,740</u>
DEPRECIATION				
At 1 January 2022	192,965	8,135,588	524,553	8,853,106
Charge for year	32,890	18,196	23,903	74,989
Eliminated on disposal	(77,865)	(8,101,446)	(224,789)	(8,404,100)
At 31 December 2022	<u>147,990</u>	<u>52,338</u>	<u>323,667</u>	<u>523,995</u>
NET BOOK VALUE				
At 31 December 2022	<u>65,338</u>	<u>19,231</u>	<u>35,176</u>	<u>119,745</u>
At 31 December 2021	<u>116,651</u>	<u>27,397</u>	<u>16,755</u>	<u>160,803</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2022	
and 31 December 2022	<u>1,844,053</u>
NET BOOK VALUE	
At 31 December 2022	<u>1,844,053</u>
At 31 December 2021	<u>1,844,053</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Ballyclare LHD Limited 03487040

Registered office: 102 The Oaks Business Park, Crewe Road, Manchester, M23 9HZ

Nature of business: Rental of Fire Equipment

	% holding
Class of shares:	
Ordinary	100.00

13. INVENTORIES

	2022 £	2021 £
Raw materials	785,074	1,619,231
Finished goods	<u>1,204,316</u>	<u>2,952,706</u>
	<u>1,989,390</u>	<u>4,571,937</u>

Stocks are stated after provisions for impairment of £3,630,090 (2021: £2,768,604).

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	945,892	2,038,701
Amounts owed by group undertakings	3,279,779	3,375,102
Other debtors	-	623
Prepayments and accrued income	<u>122,458</u>	<u>332,484</u>
	<u>4,348,129</u>	<u>5,746,910</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank loans and overdrafts (see note 16)	6,469,808	4,443,777
Trade creditors	566,960	1,660,339
Amounts owed to group undertakings	5,395,197	6,031,987
Other taxes and social security	507,291	830,605
Other creditors	49,632	198,977
Accruals and deferred income	<u>164,801</u>	<u>339,319</u>
	<u>13,153,689</u>	<u>13,505,004</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans	<u>6,469,808</u>	<u>4,443,777</u>

Bank loans comprise of an invoice discounting facility of up to £6,600,000 on which rates of 3% and 4% over the Bank of England base rate are charged respectively on invoice discounting and overpayment facilities.

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	27,141	27,141
Between one and five years	<u>32,885</u>	<u>65,848</u>
	<u>60,026</u>	<u>92,989</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2022 £	2021 £
Bank loans	<u>6,469,808</u>	<u>4,443,777</u>

The bank loan facility is secured by an unlimited debenture over the assets of the company and its fellow group companies Ballyclare Group Limited and Simon Jersey Limited. A further guarantee of up to £6,600,000 has been provided by another group company Mountain Berg Limited.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
101	Ordinary	£1	101	101
7,000,000	Irredeemable Preference	£1	<u>7,000,000</u>	<u>7,000,000</u>
			<u>7,000,101</u>	<u>7,000,101</u>

The preference shares are irredeemable, have no voting rights and rank ahead of the Ordinary shares of £1 each on winding up. In all other respects, they rank pari passu with Ordinary shares of £1 each.

20. RESERVES

	Retained earnings £
At 1 January 2022	(7,838,154)
Deficit for the year	<u>(3,542,448)</u>
At 31 December 2022	<u>(11,380,602)</u>

Retained earnings

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. ULTIMATE PARENT COMPANY

The company is controlled by Mountain Berg Holdings Limited, a company incorporated in the United Kingdom. The registered office of Mountain Berg Holdings Limited is:

10 St James's Place
London
United Kingdom
SW1A 1NP

Mountain Berg Holdings Limited is the largest group in which the results of the company are consolidated.

22. RELATED PARTY DISCLOSURES

Group companies not under disclosure exemption

	2022	2021
	£	£
Sales to related party	62,668	457,593
Purchases from related party	-	1,125
Amount due from related party	<u>464,939</u>	<u>383,713</u>

The above balances and transactions relate to a subsidiary of this company's parent that is 60% owned and is not consolidated into the group accounts of Mountain Berg Holdings Ltd.

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is David PJ Ross.

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