

BALLYCLARE LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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BALLYCLARE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTORS:

C Greener
M Luddington
M W G Stead

REGISTERED OFFICE:

The Forum, Hercules Business Park
Bird Hall Lane
Cheadle Hulme
Stockport
Cheshire
SK3 0UX

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 2020**

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

Ballyclare holds a strong presence in the European protective clothing market producing high quality flame retardant and waterproof clothing. Our key customers include emergency services and public utilities.

DEVELOPMENT AND PERFORMANCE

The results of the company for the period show a loss before taxation of £758k (2019 £1.5m). Turnover for the period was £17.6m (2019: £11.4m).

Our growth in revenue is from a combination of organic growth with several of our key customers that continued to operate during the Covid-19 pandemic. Despite this growth, the well documented challenges around supply chain and a weak exchange rate put pressure on margins. We have also suffered significant increases in freight costs due to the Covid-19 pandemic creating delays in our international supply chain.

During the year we have continued to improve our warehousing and distribution operation in Altham, Lancashire. This facility is shared with our sister company Simon Jersey and now offers a more flexible and efficient shared resource. We also continue to develop our Group factory in Tunisia which offers quick turnaround capability and is fully accredited to produce structural firefighting suits and tape seam waterproof garments.

During the year the group reorganised some long-term intercompany loans which reduced the share capital by £5m

OUR PEOPLE

Our colleagues are pivotal to the success of the business and have shown incredible loyalty and dedication over the last 12 months. The Directors would like to thank all colleagues for their contributions and continued support in the business.

The business has introduced several colleague engagement activities including weekly briefings, more detailed and supportive line management relationships, regular training opportunities and begun a series of mental health and well-being sessions throughout the year. A colleague survey has been introduced and is achieving high levels of engagement across the business and providing the board with additional feedback and business improvement opportunities.

MARKET CONDITIONS

In March 2020 a global pandemic was declared and shortly afterwards the British Government implemented the first of 3 national lockdowns. Thanks to the rapid deployment of disaster recovery measures the company was able to support colleagues working from home and those required in the warehouse were able to operate in a covid compliant working environment.

There was an immediate impact on demand as many workwear sectors closed overnight. This was mitigated by an increase in demand for PPE which we were able to provide due to the strength of our supply chain relationships and our own manufacturing capabilities.

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 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks facing the business are:

Impacts of Covid-19

The company is monitoring its exposure and the continuing impact of the coronavirus (COVID-19) pandemic on the company's performance. We are referring to government and professional advice so that action can be considered which may help minimise the impact of this risk. The impact of COVID-19 adds uncertainty to future forecasts and makes it difficult to plan.

UK Exit from the European Union

The company continues to monitor its risks related to the uncertainties and effects of the implementation of the United Kingdom's withdrawal from membership of the EU (referred to as Brexit), including financial, legal, tax and trade implications. The company has seen delays in supply chain during the first half of 2021 but feels it has limited exposure going forward.

Credit risk

The company manage the credit risk by maintenance of appropriate credit control procedures.

Foreign currency risk

The company's transactions are 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:

M Luddington - Director

30 September 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS

A distribution in specie of £4,885,059 was made during the year.

FUTURE DEVELOPMENTS

The directors are 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.

DIRECTORS

C Greener has held office during the whole of the period from 1 January 2020 to the date of this report.

Other changes in directors holding office are as follows:

N P Teagle - appointed 22 May 2020

M Luddington and M W G Stead were appointed as directors after 31 December 2020 but prior to the date of this report.

S M Hendricks and N P Teagle ceased to be directors after 31 December 2020 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are 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 each director 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:

M Luddington - Director

30 September 2021

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 2020 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 2020 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 directors' 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, 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 Directors 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 Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLYCLARE LIMITED

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 Directors.

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 Statement of Directors' Responsibilities set out on page four, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BALLYCLARE LIMITED

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.

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

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 and regulations as part of our financial statements audit. This included the identification and testing of unusual material journal entries and challenging management on key areas of uncertainty being the estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies.

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 BSI certifications and environmental regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statements 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 & Topliss Limited, Statutory Auditor
14 All Saints Street
Stamford
Lincolnshire
PE9 2PA

30 September 2021

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
REVENUE	3	17,642,097	11,445,888
Cost of sales		<u>14,725,058</u>	<u>9,852,284</u>
GROSS PROFIT		2,917,039	1,593,604
Administrative expenses		<u>3,843,272</u> (926,233)	<u>2,955,929</u> (1,362,325)
Other operating income	4	<u>534,001</u>	-
OPERATING LOSS	6	(392,232)	(1,362,325)
Exceptional costs	7	<u>114,545</u> (506,777)	<u>171,889</u> (1,534,214)
Interest payable and similar expenses	8	<u>250,763</u> (757,540)	<u>1,773</u> (1,535,987)
LOSS BEFORE TAXATION			
Tax on loss	9	<u>-</u>	-
LOSS FOR THE FINANCIAL YEAR		<u>(757,540)</u>	<u>(1,535,987)</u>

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
LOSS FOR THE YEAR		(757,540)	(1,535,987)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(757,540)</u>	<u>(1,535,987)</u>

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Property, plant and equipment	11		225,250		430,315
Investments	12		<u>1,844,053</u>		<u>1,844,053</u>
			2,069,303		2,274,368
CURRENT ASSETS					
Inventories	13	7,017,312		5,605,481	
Debtors	14	6,272,466		7,562,514	
Cash at bank		<u>864,760</u>		<u>938,583</u>	
		14,154,538		14,106,578	
CREDITORS					
Amounts falling due within one year	15	<u>10,881,573</u>		<u>5,396,079</u>	
NET CURRENT ASSETS			<u>3,272,965</u>		<u>8,710,499</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,342,268</u>		<u>10,984,867</u>
CAPITAL AND RESERVES					
Called up share capital	17		7,000,101		12,000,101
Retained earnings			<u>(1,657,833)</u>		<u>(1,015,234)</u>
SHAREHOLDERS' FUNDS			<u>5,342,268</u>		<u>10,984,867</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:

M Luddington - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	12,000,101	520,753	12,520,854
Changes in equity			
Total comprehensive income	-	(1,535,987)	(1,535,987)
Balance at 31 December 2019	<u>12,000,101</u>	<u>(1,015,234)</u>	<u>10,984,867</u>
Changes in equity			
Reduction in share capital	(5,000,000)	5,000,000	-
Total comprehensive income	-	(757,540)	(757,540)
Distribution in specie	-	(4,885,059)	(4,885,059)
Balance at 31 December 2020	<u>7,000,101</u>	<u>(1,657,833)</u>	<u>5,342,268</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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

Revenue

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

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 the 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 recognized 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 subsidiary undertakings are recognised at cost.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

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 profit and loss account in proportion to the remaining balance outstanding.

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 is 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 of £1,532,330 (2019: £1,285,340). 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 2020

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:

	2020	2019
	£	£
Direct sales	15,620,602	6,690,480
Managed services	2,021,495	4,755,408
	<u>17,642,097</u>	<u>11,445,888</u>

4. OTHER OPERATING INCOME

	2020	2019
	£	£
Management charges	509,771	-
Coronavirus Job Retention Scheme grants	24,230	-
	<u>534,001</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	2,032,211	1,655,983
Social security costs	185,370	152,742
Other pension costs	46,575	50,880
	<u>2,264,156</u>	<u>1,859,605</u>

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

	2020	2019
Management and administration	22	24
Sales and distribution	39	43
	<u>61</u>	<u>67</u>

	2020	2019
	£	£
Directors' remuneration	-	-

Directors are remunerated through the parent company.

During the period key management personnel compensation of £201,686 (2019: £301,232) was paid.

6. OPERATING LOSS

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

	2020	2019
	£	£
Hire of plant and machinery	-	(3,425)
Depreciation - owned assets	207,687	2,127,166
Loss/(profit) on disposal of fixed assets	24,997	(456,953)
Auditors' remuneration	18,664	16,060
Foreign exchange differences	(53,073)	76,161
Operating leases - plant and machinery	100,000	60,053
Operating leases - land and buildings	<u>35,999</u>	<u>25,008</u>

7. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Exceptional costs	<u>(114,545)</u>	<u>(171,889)</u>

Exceptional items of £114,545 (2019: £171,889) include restructuring costs being redundancy costs and associated expenses, as well as the write off of provisions which had previously been accrued for but are no longer deemed to be required.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Other loan interest	<u>250,763</u>	<u>1,773</u>

9. TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 January 2020	
and 31 December 2020	<u>2,265,233</u>
AMORTISATION	
At 1 January 2020	
and 31 December 2020	<u>2,265,233</u>
NET BOOK VALUE	
At 31 December 2020	-
At 31 December 2019	-

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Assets hired to third parties £	Computer equipment £	Totals £
COST				
At 1 January 2020	340,535	8,827,388	473,255	9,641,178
Additions	7,658	3,020	45,343	56,021
Disposals	(57,026)	(243,892)	-	(300,918)
At 31 December 2020	<u>291,167</u>	<u>8,586,516</u>	<u>518,598</u>	<u>9,396,281</u>
DEPRECIATION				
At 1 January 2020	150,476	8,617,311	443,076	9,210,863
Charge for year	47,258	117,593	42,836	207,687
Eliminated on disposal	(41,441)	(206,078)	-	(247,519)
At 31 December 2020	<u>156,293</u>	<u>8,528,826</u>	<u>485,912</u>	<u>9,171,031</u>
NET BOOK VALUE				
At 31 December 2020	<u>134,874</u>	<u>57,690</u>	<u>32,686</u>	<u>225,250</u>
At 31 December 2019	<u>190,059</u>	<u>210,077</u>	<u>30,179</u>	<u>430,315</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020	
and 31 December 2020	<u>1,844,053</u>
NET BOOK VALUE	
At 31 December 2020	<u>1,844,053</u>
At 31 December 2019	<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

Registered office: The Forum Hercules Business Park, Bird Hall Lane, Cheadle Hulme, Stockport, Cheshire, SK3 0UX

Nature of business: Rental of Fire Equipment

	% holding
Class of shares:	
Ordinary	100.00

13. INVENTORIES

	2020 £	2019 £
Raw materials	3,914,598	1,748,588
Finished goods	<u>3,102,714</u>	<u>3,856,893</u>
	<u>7,017,312</u>	<u>5,605,481</u>

Stocks are stated after provisions for impairment of £1,532,330 (2019: £1,285,340).

14. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,621,041	1,444,037
Amounts owed by group undertakings	3,275,662	5,104,813
Amounts owed by participating interests	169,354	301,599
Other debtors	3,080	-
Overseas VAT receivable	336,788	-
Prepayments and accrued income	<u>866,541</u>	<u>608,160</u>
	<u>6,272,466</u>	<u>7,458,609</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

14. DEBTORS - continued

	2020 £	2019 £
Amounts falling due after more than one year:		
Overseas VAT receivable	-	103,905
Aggregate amounts	6,272,466	7,562,514

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	2,438,251	2,829,620
Amounts owed to group undertakings	6,620,056	1,648,505
Other taxes and social security	1,162,221	326,159
Other creditors	149,451	414,733
Accruals and deferred income	511,594	177,062
	10,881,573	5,396,079

16. LEASING AGREEMENTS

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

	2020 £	2019 £
Within one year	13,458	39,759
Between one and five years	-	1,706
	13,458	41,465

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
101	Ordinary	£1	101	101
7,000,000	Irredeemable Preference	£1	7,000,000	12,000,000
			7,000,101	12,000,101

A special resolution was passed on 14 December 2020 for 5,000,000 irredeemable preference shares to be extinguished.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. 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.

19. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is David PJ Ross.

20. DIVIDENDS

On 14 December 2020, 5,000,000 £1 preference shares were extinguished by special resolution and a distribution in specie of £4,885,059 was made from the retained earnings reserve to the parent company, Ballyclare Group Ltd in order to simplify the overall group debt structure.

Although the directors had calculated that there would be sufficient reserves in order to make this distribution, a number of loss making events and post year end adjustments were subsequently identified leaving the reserves deficient.

No further distributions will be made until sufficient reserves exist.

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