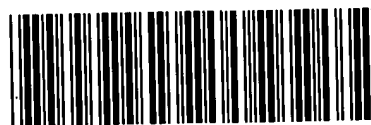


**BLU 3 (HOLDINGS) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

TUESDAY



A15 \*A7L1EUAR\* #229  
18/12/2018  
COMPANIES HOUSE

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**BLU 3 (HOLDINGS) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D Chaney V Chaney
<b>Registered number</b>	05513280
<b>Registered office</b>	Eden House 454 New Hythe Lane Larkfield Aylesford Kent ME20 7UH
<b>Independent auditor</b>	Crowe U.K. LLP Riverside House 40 - 46 High Street Maidstone Kent ME14 1JH

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**BLU 3 (HOLDINGS) LIMITED**

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## BLU 3 (HOLDINGS) LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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#### Introduction

Blu-3 is a leading, multi-disciplined civil engineering and utilities contractor delivering world-class infrastructure.

#### Business review

#### Financial highlights

The directors are pleased to announce record results for the year ended 31 March 2018. The group continues to develop its position as a leading Tier 2 provider of engineering services in the UK and international infrastructure markets.

Revenue increased by 14% to £106.5 million (2017 - £93.5 million) with operating profit increasing by 64% to £8.7 million (2017 - £5.3m), a margin of 8.2% (2017 - 5.7%).

#### Business review

The group has continued to develop the five-year strategy which is underpinned by our core values:

- People
- Integrity
- Client focus
- Continuous improvement
- Quality and Innovation

Our core activities remain the provision of services within the sectors of civil engineering, construction, and utilities. Our ability to package our services enables us to offer a level of convenience and reliability that no other utility contractor can deliver. Such innovation is fundamental to our ethos and has secured us continued work on high profile projects both in the UK and Europe.

#### Key Performance Indicators

Management consider the following key performance indicators for the business:

- Revenue growth - 14% (2017 - 24%)
- Operating margin - 8.2% (2017 - 5.7%)
- 12 month rolling Accident Frequency Rate for RIDDOR incidents - 0.00 (2017 - 0.78)
- 12 month rolling Accident Frequency Rate for Lost Time Incidents - 3.6 (2017 - 2.35)

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## BLU 3 (HOLDINGS) LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### Business review (continued)

##### Health, Safety and Quality

This year we have continued our health and safety focus on the mental wellbeing of all of our employees. We have embarked on a long-term mindfulness and core value programme with Building Site to Boardroom (BS2B) whilst delivering more of a holistic health and wellbeing programme through our Occupational Health Providers.

We continue to build on our excellent credentials and have hugely improved our health and safety record. In 2018 our RIDDOR frequency rate (out of 1 million hours) decreased by 100% to 0 and we have achieved 1.8 million plus hours at the end of this financial year. Our Lost Time Incident (LTI) frequency rate has however increased by 53% to 3.60, whilst our All Incident frequency rate decreased by 13% to 46.75 and service strike incident frequency rates (including unchartered services) also decreased by 46% to 12.59. The increase in the LTI was mainly due to two heat related incidents in June 2017 leading to both operatives being off for 1 day each. What makes the rest of these statistics even more remarkable is the fact that our incident reporting figures still continued rising. We strongly believe that this is due to our SAFE behavioural programme creating a culture of transparency where even the smallest injury is unacceptable and people are not afraid to speak up for fear of being blamed.

We are proud of our safety awards and we strive to identify working practices which improve the quality of our products delivered safely with minimal lasting impact/effect on the environment. We have already undergone transitional audits for both Quality (ISO 9001) and Environmental (ISO 14001) to the latest 2015 ISO standards of upgrading our Integrated Management System (IMS) and are planning to also transition from OHAS 18001 (Occupational H&S) to the ISO 45001 standard in the next year. This year we have received our 8th RoSPA Gold medal award, H&S category winner for the Future Water Association as well as Surrey Super Growth second place award and are one of very few companies in the UK to hold all MURS (Multi utility) accreditation. These achievements and standards, together with our strong Lloyds accreditation, continue to make Blu-3 a preferred partner.

##### Principal risks and uncertainties

The Blu-3 five-year strategy is designed to reduce risk and build a sustainable and diversified business with predictable income streams and increasing margin. The group operates across a number of market sectors in the UK and Europe. Its broad spread of activities and a focus on strong customer relationships, offers longterm visibility of income and helps to mitigate its exposure to short and medium term economic uncertainties.

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## BLU 3 (HOLDINGS) LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### Future developments

The group is well positioned for the 2018/19 financial year with a strong UK and international order book.

The primary focus of the group is to pursue projects which include the delivery of utility infrastructure either in public domain or for private developers including data centres. It is with this business model that there is confidence of a long term future for Blu-3. The need for customers to receive utility services is expected to be with us for the long term. Utilities may change but the need to transfer various commodities through network infrastructure will not change including the positioning of pipes and cables to deliver and take away water, deliver energy (electricity and gas) and provide communication services for industry, commercial, institutional and domestic utility customers.

We are now working to future-proof the business against competition and sector changes including ensuring that we are leading technology advances in the sector and training and developing our existing staff and employing people that are better equipped to meet future needs.

We are tracking changes in the utility sector particularly in the procurement models for the capital delivery programmes of the big utility companies and working to influence this. We believe that smaller companies like Blu-3 are better equipped to be more responsive to client needs and quicker to observe the benefits as well as take risk on the application of innovative ideas. Equally we see that the large developers and construction companies are necessary to take major project risk and Blu-3 is well-positioned to be a very effective provider of services from the second tier of the supply chain.

This report was approved by the board on

and signed on its behalf.



14.12.2018

**D Chaney**  
Director

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## BLU 3 (HOLDINGS) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their report and the financial statements for the year ended 31 March 2018.

#### Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The profit for the year, after taxation, amounted to £7,224,120 (2017 - £3,696,070).

During the year the company paid total interim dividends of £200,000 (2017 - £200,000). The directors do not recommend payment of a final dividend.

#### Directors

The directors who served during the year were:

D Chaney  
V Chaney

#### Financial instruments

The group has various financial instruments such as trade debtors and amounts recoverable on contracts which arise directly from operations. The group does not enter into derivative transactions.

The main financial risks arising from the group's activities are credit risk, and liquidity risk. These are monitored by the senior management team and were not considered to be significant at the balance sheet date.

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**BLU 3 (HOLDINGS) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Going concern**

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

**Post balance sheet events**


There have been no significant events affecting the group since the year end.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.



14.12.2018

.....  
**D Chaney**  
Director



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## BLU 3 (HOLDINGS) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLU 3 (HOLDINGS) LIMITED

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#### Opinion

We have audited the financial statements of Blu 3 (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the group statement of comprehensive income, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's profit 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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## **BLU 3 (HOLDINGS) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLU 3 (HOLDINGS) LIMITED (CONTINUED)**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

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## BLU 3 (HOLDINGS) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLU 3 (HOLDINGS) LIMITED (CONTINUED)

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#### Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

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

#### Use of our report

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

*Crowe U.K. LLP*

Mark Anderson (senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone  
Kent

ME14 1JH

Date: *17 December 2018*

**BLU 3 (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	106,493,352	93,460,901
Cost of sales		(92,282,403)	(83,212,128)
<b>Gross profit</b>		<b>14,210,949</b>	<b>10,248,773</b>
Administrative expenses		(5,461,517)	(4,899,520)
<b>Operating profit</b>	5	<b>8,749,432</b>	<b>5,349,253</b>
Interest receivable and similar income	9	300,839	150,328
Interest payable and expenses	10	(330,370)	(627,854)
<b>Profit before taxation</b>		<b>8,719,901</b>	<b>4,871,727</b>
Tax on profit	11	(1,495,781)	(1,175,657)
<b>Profit for the financial year</b>		<b>7,224,120</b>	<b>3,696,070</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		<b>7,224,120</b>	<b>3,696,070</b>

There was no other comprehensive income for 2018 (2017 - £nil).

The notes on pages 16 to 34 form part of these financial statements.

**BLU 3 (HOLDINGS) LIMITED**  
**REGISTERED NUMBER: 05513280**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	493,437	193,327
		<u>493,437</u>	<u>193,327</u>
<b>Current assets</b>			
Stocks	15	-	9,615
Debtors: amounts falling due after more than one year	16	1,890,750	400,000
Debtors: amounts falling due within one year	16	53,785,806	32,814,251
Cash at bank and in hand	17	14,355,244	11,442,584
		<u>70,031,800</u>	<u>44,666,450</u>
Creditors: amounts falling due within one year	18	(57,346,937)	(37,762,039)
<b>Net current assets</b>		<u>12,684,863</u>	<u>6,904,411</u>
<b>Total assets less current liabilities</b>		<u>13,178,300</u>	<u>7,097,738</u>
Creditors: amounts falling due after more than one year	19	-	(964,524)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(20,966)	-
		<u>(20,966)</u>	<u>-</u>
<b>Net assets</b>		<u><u>13,157,334</u></u>	<u><u>6,133,214</u></u>
<b>Capital and reserves</b>			
Called up share capital		4,250,102	4,250,102
Merger reserve	24	(4,184,184)	(4,184,184)
Profit and loss account	24	13,091,416	6,067,296
		<u><u>13,157,334</u></u>	<u><u>6,133,214</u></u>

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



14.12.2018

**D Chaney**  
Director

The notes on pages 16 to 34 form part of these financial statements.

**BLU 3 (HOLDINGS) LIMITED**  
**REGISTERED NUMBER: 05513280**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	14	8,433,248	8,427,346
		<u>8,433,248</u>	<u>8,427,346</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	2,078,742	102
		<u>2,078,742</u>	<u>102</u>
Creditors: amounts falling due within one year	18	(6,261,766)	(3,205,862)
<b>Net current liabilities</b>		<u>(4,183,024)</u>	<u>(3,205,760)</u>
<b>Total assets less current liabilities</b>		<u>4,250,224</u>	<u>5,221,586</u>
Creditors: amounts falling due after more than one year	19	-	(964,524)
<b>Net assets</b>		<u>4,250,224</u>	<u>4,257,062</u>
<b>Capital and reserves</b>			
Called up share capital		4,250,102	4,250,102
Profit and loss account	24	122	6,960
		<u>4,250,224</u>	<u>4,257,062</u>

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

 14.12.2018  
**D Chaney**  
 Director

The notes on pages 16 to 34 form part of these financial statements.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £193,162 (2017 - £549,418).

**BLU 3 (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Merger reserve £	Profit and loss account £	Total equity £
At 1 April 2017	4,250,102	(4,184,184)	6,067,296	6,133,214
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	7,224,120	7,224,120
<b>Total comprehensive income for the year</b>	-	-	7,224,120	7,224,120
Dividends: equity capital	-	-	(200,000)	(200,000)
<b>At 31 March 2018</b>	<b>4,250,102</b>	<b>(4,184,184)</b>	<b>13,091,416</b>	<b>13,157,334</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Merger reserve £	Profit and loss account £	Total equity £
At 1 April 2016	4,250,102	(4,184,184)	2,571,226	2,637,144
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,696,070	3,696,070
<b>Total comprehensive income for the year</b>	-	-	3,696,070	3,696,070
Dividends: equity capital	-	-	(200,000)	(200,000)
<b>At 31 March 2017</b>	<b>4,250,102</b>	<b>(4,184,184)</b>	<b>6,067,296</b>	<b>6,133,214</b>

The notes on pages 16 to 34 form part of these financial statements.

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**BLU 3 (HOLDINGS) LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2017	4,250,102	6,960	4,257,062
<b>Comprehensive income for the year</b>			
Profit for the year	-	193,162	193,162
	-	193,162	193,162
<b>Total comprehensive income for the year</b>			
Dividends: equity capital	-	(200,000)	(200,000)
<b>At 31 March 2018</b>	<b>4,250,102</b>	<b>122</b>	<b>4,250,224</b>

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2016	4,250,102	(342,458)	3,907,644
<b>Comprehensive income for the year</b>			
Profit for the year	-	549,418	549,418
	-	549,418	549,418
<b>Total comprehensive income for the year</b>			
Dividends: Equity capital	-	(200,000)	(200,000)
<b>At 31 March 2017</b>	<b>4,250,102</b>	<b>6,960</b>	<b>4,257,062</b>

The notes on pages 16 to 34 form part of these financial statements.



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**BLU 3 (HOLDINGS) LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2018**

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	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	7,224,120	3,696,070
<b>Adjustments for:</b>		
Depreciation of tangible assets	73,457	217,135
Loss on disposal of tangible assets	-	800
Stock written off	9,615	17,000
Loans to third parties written off	-	125,000
Interest payable	330,370	627,854
Interest receivable	(300,839)	(150,328)
Taxation payable	1,495,781	1,175,657
(Increase) in debtors	(18,351,282)	(3,387,428)
Increase in creditors	20,421,469	7,365,799
Corporation tax paid	(1,069,648)	(130,620)
<b>Net cash generated from operating activities</b>	<b>9,833,043</b>	<b>9,556,939</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(72,068)	-
Sale of tangible fixed assets	-	24,000
Interest received	80,846	-
Hire purchase and finance lease interest paid	(4,092)	(23,096)
<b>Net cash from investing activities</b>	<b>4,686</b>	<b>904</b>

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**BLU 3 (HOLDINGS) LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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	2018 £	2017 £
<b>Cash flows from financing activities</b>		
Repayment of other loans	(1,000,000)	(1,000,000)
Loans made to third parties	(4,868,400)	(3,696,000)
Loans repaid by third parties	1,050,000	-
Repayment of finance leases	(21,371)	(389,734)
Dividends paid	-	(200,000)
Interest paid	(485,172)	(638,717)
<b>Net cash used in financing activities</b>	<b>(5,324,943)</b>	<b>(5,924,451)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,512,786</b>	<b>3,633,392</b>
Cash and cash equivalents at beginning of year	8,023,405	4,390,013
<b>Cash and cash equivalents at the end of year</b>	<b>12,536,191</b>	<b>8,023,405</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	14,355,244	11,442,584
Bank overdrafts	(1,819,053)	(3,419,179)
	<b>12,536,191</b>	<b>8,023,405</b>

The notes on pages 16 to 34 form part of these financial statements.

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## BLU 3 (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

The principal activity of the company during the year was that of a holding company. The principal activity of the group during the year was civil engineering and utilities contracting.

The company is a private limited company, which is incorporated and registered in England and Wales (05513280). The address of the registered office is:

Eden House  
454 New Hythe Lane  
Larkfield  
Aylesford  
ME20 7UH

#### 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The group's principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The financial statements consolidate the accounts of Blu 3 (Holdings) Limited and all of its subsidiaries.

Intra-group transactions are eliminated on consolidation and all figures relate to external transactions only.

On 24 November 2015, the company issued 4,250,000 ordinary shares as consideration for the acquisition of 100% of the share capital of Blu 3 (UK) Limited (a company incorporated and registered in England and Wales.) This entity was under the common control of the two directors and therefore the reorganisation has been accounted for using the merger accounting principles set out in Section 19 of Financial Reporting Standard 102. Accordingly, the financial information for the prior year has been presented as if the subsidiary had been owned by Blu 3 (Holdings) Limited throughout the comparative period.

##### 2.3 Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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## BLU 3 (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.4 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

##### 2.5 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

##### 2.6 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

##### 2.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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**2. Accounting policies (continued)**

**2.8 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.9 Interest income**

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

**2.10 Finance costs**

Finance costs are charged to the consolidated statement of comprehensive income 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.

**2.11 Pensions**

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income 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 group in independently administered funds.

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## BLU 3 (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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 and the group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

##### 2.13 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over the life of the lease
Plant and machinery	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance
Office equipment	- 25% reducing balance

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

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## BLU 3 (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.14 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

##### 2.15 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

##### 2.16 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.

##### 2.17 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

##### 2.18 Creditors

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

##### 2.19 Financial instruments

The group 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 and loans to related parties.

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 consolidated statement of comprehensive income.

##### 2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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## BLU 3 (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The group may be required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The principal areas where judgement was exercised are as follows:

**Amounts recoverable on long term contracts:** Amounts recoverable on long term contracts represent the difference between the value of work completed on live construction projects at the balance sheet date and the amounts billed to customers. The value of the work done is assessed monthly by management with reference to the stage of completion of the projects and the contract price. Management continuously review the balance to assess whether a provision needs to be entered against amounts which may not be recoverable.

**Commercial accruals:** Management maintain cost value reports tracking costs incurred to date on live construction projects. The uninvoiced costs are then accrued appropriately.

**Risk register accruals:** Management have accrued for expected remedial costs or potential losses on construction contracts. These accruals have been estimated using the best information available at the date of approval of the financial statements.

**Loans receivable from third parties:** Management continuously review loan balances outstanding to assess whether a provision needs to be entered against amounts which may not be recoverable.

**Trade debtors:** Management continuously review trade debtor balances outstanding to assess whether a provision needs to be entered against amounts which may not be recoverable.

**Sales retentions:** Management continuously review the sales retentions ledger to assess whether a provision needs to be entered against amounts which may not be recoverable.

#### 4. Turnover

The total turnover for the group for the year has been derived from its principal activity, the development and construction of commercial building projects.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	56,615,860	49,478,733
Rest of Europe	49,877,492	43,982,168
	<u>106,493,352</u>	<u>93,460,901</u>



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**BLU 3 (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**5. Operating profit**

The operating profit is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Research and development charged as an expense	<b>885,285</b>	-
Depreciation of tangible fixed assets	<b>73,457</b>	217,136
Exchange differences	<b>(954,708)</b>	415,131
Other operating lease rentals	<b>302,275</b>	346,436
	<u><b>          </b></u>	<u><b>          </b></u>

**6. Auditor's remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
Audit of the financial statements	<b>50,000</b>	43,000
Taxation compliance services	<b>7,000</b>	6,300
Services provided by associates relating to taxation	<b>44,680</b>	34,650
Specialist tax advice	<b>63,225</b>	36,125
All other services	<b>10,000</b>	1,995
	<u><b>174,905</b></u>	<u><b>122,070</b></u>

**BLU 3 (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Wages and salaries	<b>7,582,485</b>	5,628,795	-	-
Social security costs	<b>594,398</b>	628,222	-	-
Cost of defined contribution scheme	<b>181,285</b>	215,835	-	-
	<b>8,358,168</b>	6,472,852	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2018 No.</b>	<b>2017 No.</b>
Employees	<b>113</b>	126
Directors	<b>2</b>	1
	<b>115</b>	127

**8. Directors' remuneration**

	<b>2018 £</b>	<b>2017 £</b>
Directors' emoluments	<b>19,923</b>	19,840
Company contributions to defined contribution pension schemes	<b>234</b>	401
	<b>20,157</b>	20,241

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

**9. Interest receivable**

	<b>2018 £</b>	<b>2017 £</b>
Interest receivable on loans to third parties	<b>300,839</b>	150,328

**BLU 3 (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**10. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	58,258	4,176
Other loan interest payable	231,838	600,582
Finance leases and hire purchase contracts	4,092	23,096
Other interest payable	36,182	-
	<u>330,370</u>	<u>627,854</u>

**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,334,793	510,425
Adjustments in respect of previous periods	(396,053)	(97,500)
	<u>938,740</u>	<u>412,925</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	491,582	629,366
Foreign tax in respect of prior periods	38,485	142,209
	<u>530,067</u>	<u>771,575</u>
<b>Total current tax</b>	<u>1,468,807</u>	<u>1,184,500</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	20,310	19,880
Adjustments in respect of prior periods	6,664	(28,723)
<b>Total deferred tax</b>	<u>26,974</u>	<u>(8,843)</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,495,781</u>	<u>1,175,657</u>

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**BLU 3 (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<b>8,719,902</b>	<b>4,871,727</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	<b>1,656,782</b>	<b>974,346</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>146,732</b>	<b>93,829</b>
Depreciation on assets not qualifying for capital allowances	<b>3,414</b>	<b>-</b>
Adjustments to tax charge in respect of prior periods	<b>(350,904)</b>	<b>15,986</b>
Differences due to deferred tax rate being lower than standard corporation tax rate	<b>-</b>	<b>(1,047)</b>
Unrelieved foreign tax	<b>39,757</b>	<b>92,543</b>
<b>Total tax charge for the year</b>	<b>1,495,781</b>	<b>1,175,657</b>

**12. Dividends**

	2018 £	2017 £
Dividends paid	<b>200,000</b>	<b>200,000</b>

BLU 3 (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

13. Tangible fixed assets

Group

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2017	-	641,243	49,953	-	691,196
Additions	301,499	-	-	72,068	373,567
At 31 March 2018	301,499	641,243	49,953	72,068	1,064,763
<b>Depreciation</b>					
At 1 April 2017	-	447,916	49,953	-	497,869
Charge for the year	25,125	48,332	-	-	73,457
At 31 March 2018	25,125	496,248	49,953	-	571,326
<b>Net book value</b>					
At 31 March 2018	276,374	144,995	-	72,068	493,437
At 31 March 2017	-	193,327	-	-	193,327

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BLU 3 (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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14. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2017	8,427,346
Additions	5,902
At 31 March 2018	<u>8,433,248</u>
<b>Net book value</b>	
At 31 March 2018	<u>8,433,248</u>
At 31 March 2017	<u>8,427,346</u>

During the year the company purchased 100% of the share capital of Blu 3 Denmark ApS for consideration of £5,902.

Details of investments in subsidiary companies are included within note 29.

15. Stocks

	Group 2018 £	Group 2017 £
Raw materials and consumables	-	9,615

Stock recognised in cost of sales during the year as an expense was £9,615 (2017 - £17,000).

**BLU 3 (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**16. Debtors**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>Due after more than one year</b>				
Other debtors	<b>1,890,750</b>	<b>400,000</b>	-	-
	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>Due within one year</b>				
Trade debtors	<b>13,926,142</b>	<b>9,196,264</b>	-	-
Other debtors	<b>15,703,424</b>	<b>11,123,544</b>	<b>2,000,102</b>	<b>102</b>
Prepayments and accrued income	<b>142,540</b>	-	<b>78,640</b>	-
Amounts recoverable on long term contracts	<b>24,013,700</b>	<b>12,488,435</b>	-	-
Deferred taxation	-	<b>6,008</b>	-	-
	<b>53,785,806</b>	<b>32,814,251</b>	<b>2,078,742</b>	<b>102</b>

Other debtors due after more than one year relate to a loan receivable from a third party. The loan is repayable in a lump sum in June 2019. The loan attracts interest of 5.5% per annum.

**17. Cash and cash equivalents**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Cash at bank and in hand	<b>14,355,244</b>	<b>11,442,584</b>
Less: bank overdrafts	<b>(1,819,053)</b>	<b>(3,419,179)</b>
	<b>12,536,191</b>	<b>8,023,405</b>

**BLU 3 (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**18. Creditors: Amounts falling due within one year**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Bank overdrafts	<b>1,819,053</b>	3,419,179	-	-
Other loans	<b>1,275,000</b>	1,426,914	<b>1,275,000</b>	1,426,914
Payments received on account	<b>17,379,099</b>	8,582,577	-	-
Trade creditors	<b>9,479,858</b>	8,290,382	-	-
Amounts owed to group undertakings	-	-	<b>4,927,281</b>	1,730,723
Corporation tax	<b>1,559,358</b>	1,160,200	-	-
Taxation and social security	<b>727,008</b>	324,845	-	-
Obligations under finance lease and hire purchase contracts	-	21,371	-	-
Other creditors	<b>721,051</b>	136,256	<b>59,485</b>	48,225
Accruals and deferred income	<b>24,386,510</b>	14,400,315	-	-
	<b>57,346,937</b>	37,762,039	<b>6,261,766</b>	3,205,862

Obligations under finance leases and hire purchase contracts are secured against the underlying assets.

Bank overdrafts are secured by a fixed and floating charge over all assets of Blu 3 (UK) Limited.

**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Other loans	-	964,524	-	964,524



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**BLU 3 (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**20. Loans**

Analysis of the maturity of loans is given below:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>Amounts falling due within one year</b>				
Other loans	<b>1,275,000</b>	1,426,914	<b>1,275,000</b>	1,426,914
<b>Amounts falling due 1-2 years</b>				
Other loans	-	964,524	-	964,524
<b>Amounts falling due 2-5 years</b>				
	<b>1,275,000</b>	2,391,438	<b>1,275,000</b>	2,391,438

In 2016 a loan of £3,300,000 was provided to Blu 3 (Holdings) Limited by a third party. The loan attracts interest of 20% per annum and is repayable in instalments over three years. Blu 3 (UK) Limited have entered into a guarantee and indemnity for the purpose of providing credit support to the third party for the outstanding loan. One of the directors has also provided a personal guarantee in respect of the loan.

**21. Financial instruments**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>Financial assets</b>				
Financial assets measured at amortised cost	<b>69,889,260</b>	44,650,827	<b>2,000,102</b>	102
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(37,681,472)</b>	(28,658,941)	<b>(6,261,766)</b>	(4,170,386)

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and amounts recoverable on long term contracts.

Financial liabilities measured at amortised cost comprise bank overdrafts, other loans, trade creditors, other creditors, obligations under finance lease and hire purchase contracts, accruals and amounts owed to group undertakings.

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**BLU 3 (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**22. Deferred taxation**

**Group**

	<b>2018 £</b>	<b>2017 £</b>
At beginning of year	<b>6,008</b>	(2,835)
Charged/(credited) to the profit or loss account	<b>(26,974)</b>	8,843
<b>At end of year</b>	<b><u>(20,966)</u></b>	<b><u>6,008</u></b>

**At end of year**

The deferred taxation balance is made up as follows:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Accelerated capital allowances	<b>(27,350)</b>	55
Short term timing differences	<b>6,384</b>	5,953
	<b><u>(20,966)</u></b>	<b><u>6,008</u></b>

**23. Share capital**

	<b>2018 £</b>	<b>2017 £</b>
<b>Allotted, called up and fully paid</b>		
4,250,102 (2017 - 4,250,102) Ordinary shares of £1.00 each	<b><u>4,250,102</u></b>	<b><u>4,250,102</u></b>

**24. Reserves**

**Merger Reserve**

Represents a non-distributable reserve created following the restructuring of the group in 2016. The merger reserve represents the differences between the nominal value of the shares issued in 2016 and the nominal value of the shares purchased in Blu 3 (UK) Limited.

**Profit and loss account**

Represents accumulated profit to date less dividends.

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## BLU 3 (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 25. Pension commitments

The group operates a defined contribution (money purchase) scheme and makes contributions to the scheme on behalf of its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charge represents contributions payable by the group to the fund and amount to £181,285 (2017 - £215,385). At the balance sheet date an amount of £33,599 (2017 - £31,335) was included within other creditors.

#### 26. Commitments under operating leases

At 31 March 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Not later than 1 year	<b>243,799</b>	175,912
Later than 1 year and not later than 5 years	<b>118,314</b>	155,828
	<b>362,113</b>	331,740

#### 27. Related party transactions

At the balance sheet date, the group owed £59,484 (2017 - £48,226) to D Chaney, a director. The balance is interest free and unsecured. During the year D Chaney received dividends of £100,000 (2017 - £100,000).

During the year V Chaney, a director, received dividends of £100,000 (2017 - £100,000).

At the balance sheet date a loan of £2,000,000 (2017 - £nil) was due from Chaney Investments Limited, a company in which D Chaney and V Chaney are directors. The loan is interest free and unsecured.

During the year TMS Traffic Management Limited, a company in which D Chaney and V Chaney are shareholders, provided services to Blu 3 (UK) Limited totalling £180,666 (2017 - £409,181). At the balance sheet date, the group owed TMS Traffic Management Limited £9,900 (2017 - £68,694). During the year, Blu 3 (UK) Limited provided services to TMS Traffic Management Limited totalling £1,020 (2017 - £53,746). At the balance sheet date, the group was due £156 (2017 - £nil) from TMS Traffic Management Limited.

During the year, the company provided services to Platinum Square Consultancy LLP, a company in which D Chaney and V Chaney are directors, totalling £66,993 (2017 - £64,495). At the balance sheet date, the group was due £111,741 (2017 - £53,746) from Platinum Square Consultancy LLP.

At the balance sheet date, a loan of £1,200,000 (2017 - £1,200,000) was due from Charles Edward (Nelmes Way) Limited, a company in which a member of the key management team is a director and shareholder. Interest of £73,315 (2017 - £46,685) was charged on the loan in the year. As the balance sheet date an amount of £120,000 (2017 - £46,685) was due from Charles Edward (Nelmes Way) Limited in respect of accrued interest.

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## BLU 3 (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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At the balance sheet date, a loan of £1,500,000 (2017 - £1,500,000) was due from Charles Edward Limited, a company in which a member of the key management team is a director and shareholder. Interest of £163,699 (2017 - £58,356) was charged on the loan in the year. At the balance sheet date an amount of £222,054 (2017 - £58,356) was due from Charles Edward Limited in respect of accrued interest. During the year Charles Edward Limited provided services to Blu 3 (UK) Limited totalling £2,072,273 (2017 - £nil). At the balance sheet date the group owed £966,133 (2017 - £nil) to Charles Edward Limited.

During the year Jim Southworth Consulting Limited, a company in which a member of the key management team is a director and shareholder, provided services to Blu 3 (UK) Limited totalling £193,444 (2017 - £78,310). At the balance sheet date £18,519 (2017 - £nil) was owed to Jim Southworth Consulting Limited.

During the year Blu 3 (UK) Limited provided services totalling £6,801 (2017 - £nil) to Charles Holden Limited, a company in which a member of the key management team is a director and shareholder. At the balance sheet date £2,270 (2017 - £nil) was due from Charles Holden Limited.

During the year Smart Energy Fire and Security Solutions Limited, a company in which a member of the key management team is a director and shareholder, provided services to Blu 3 (UK) Limited totalling £2,190 (2017 - £nil). At the balance sheet date no amounts were owed to Smart Energy Fire and Security Solutions Limited (2017 - £nil).

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect of these individuals during the year was £528,706 (2017 - £351,698).

Exemption from disclosing transactions with group companies has been claimed in accordance with Section 33 of FRS 102, where subsidiaries are wholly owned and their results are included within the consolidated financial statements.

#### **28. Controlling party**

D Chaney and V Chaney are considered to be the ultimate controlling parties of the group by virtue of their joint shareholding in Blu 3 (Holdings) Limited.

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**BLU 3 (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**29. Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Blu 3 (UK) Limited	Ordinary	100 %	Development and construction of commercial building projects
Blu 3 Denmark ApS	Ordinary	100 %	Development and construction of commercial building projects

The registered office of Blu 3 (UK) Limited is Eden House, 454 New Hythe Lane, Larkfield, Aylesford, ME20 7UH.

The registered office of Blu 3 Denmark ApS is c/o BDO, Faelledvej 1, 5000 Odense C.

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
Blu 3 (UK) Limited	<b>17,284,544</b>	<b>7,406,046</b>
Blu 3 Denmark ApS	<b>55,816</b>	<b>49,913</b>