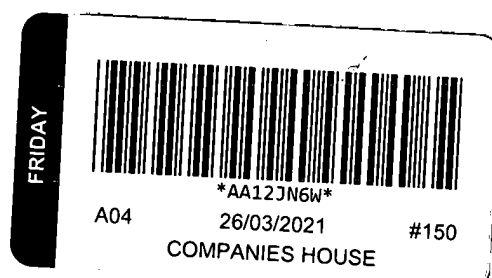


Company Registration No. 06755147 (England and Wales)

**Bladeroom Group Limited**

**Annual report and financial statements  
for the year ended 31 March 2020**



## **Bladeroom Group Limited**

### **Company information**

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**Directors**

Jonathan Brindley  
Adrian Edge  
Andrew Godden  
Samuel Hanks  
Michael Joy  
Peter Joy  
Paul Rogers  
William Thornton  
Michael Bailey

**Secretary**

Andrew Godden

**Company number**

06755147

**Registered office**

Stella Way  
Bishops Cleeve  
Cheltenham  
Gloucestershire  
GL52 7DQ

**Independent auditor**

Saffery Champness LLP  
St Catherine's Court  
Berkeley Place  
Clifton  
Bristol  
BS8 1BQ

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## **Bladeroom Group Limited**

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## **Bladeroom Group Limited**

### **Strategic report**

**For the year ended 31 March 2020**

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

#### **Fair review of the business**

The performance of the company during the financial period was in line directors' expectations and saw increased activity that resulted in a significant increase in turnover to £49.9m from £41.6m in 2019.

Operating profit for the year was £2.1m (2019: £1.8m excluding other operating gains of £26.9m in respect of a confidential settlement by a co-defendant in proceedings for infringement and misappropriation of Intellectual Property brought by the company in the United States of America).

The company recorded a profit before taxation of £4.1m (2019: £2.1m excluding other operating income of £26.9m).

At 31 March 2020, net assets totalled £4.2m (2019: £4.6m).

The company has adequate financial resources to meet its current requirements and a satisfactory sales pipeline.

Given the straightforward nature of the company's business, and the direct involvement of the directors and shareholders in the management of the company's operations, the directors are of the opinion that using non-financial key performance indicators is not necessary for an understanding of the development, performance or position of the business.

#### **Principal risks and uncertainties**

The directors consider the principal risks and uncertainties relating to the company to be those associated with its performance on various mission critical projects. The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to approval by the board and ongoing review by management.

#### **Legal proceedings**

The company remains engaged in US legal proceedings to recover damages in respect of infringement and misappropriation of Intellectual Property. In the previous year, the company, as part of a confidential agreement, discontinued the proceedings against one co-Defendant but continued against the other. Those proceedings were successful at trial but the final outcome is subject to the outcome of appeals that remain in progress.

#### **Objectives and policies**

In addition to the company's principal objective of growing turnover and profitability in its data centre business, the company also continues to pursue other key objectives including development of overseas markets and development of existing and new products and services.

**Bladeroom Group Limited**

**Strategic report (continued)**

**For the year ended 31 March 2020**

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***Price risk, credit risk, liquidity risk and cash flow risk***

***Price risk***

The company is not exposed to price risk arising from financial instruments. Prices are set at competitive levels compared to those of other companies operating in the market and the company continues to win new work.

***Credit risk***

The nature of the industry is such that disputes can arise on contracts. However, the company has robust procedures for dealing with these to minimise any potential losses arising.

***Liquidity risk***

The directors regularly review trading results and cash flows (both historical and forecast) to ensure that adequate resources are available. Liquidity remains strong with cash and cash equivalents standing at £8.0m at 31 March 2020 (31 March 2019: £10.2m). There were no company bank borrowings either during or at the end of both 2019 and 2020.

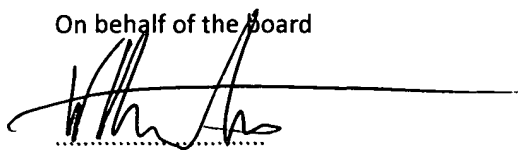
***Cash flow and interest rate risk***

The company's performance to date has allowed it to finance its operations from working capital and the company has sufficient cash resources to meet its current requirements

***Currency risk***

The majority of the company's day-to-day business is contracted in Pounds sterling with limited use of Euro and US Dollars. Where there is potentially material exposure to exchange rate fluctuation, the company enters into appropriate hedging arrangements. There were no such open hedges in place at 31 March 2020 and 2019.

On behalf of the Board



William Thornton

Director

28/10/20

## **Bladeroom Group Limited**

### **Directors' report**

**For the year ended 31 March 2020**

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The directors present their annual report and financial statements for the year ended 31 March 2020.

#### **Principal activities**

The principal activity of the company continued to be the provision of factory built modular data centres.

#### **Directors**

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

Jonathan Brindley

Adrian Edge

Andrew Godden

Samuel Hanks

Michael Joy

Peter Joy

Paul Rogers

William Thornton

Michael Bailey

#### **Results and dividends**

The results for the year are set out on page 8.

#### **Research and development**

The Company continues to develop its products and find new applications for existing products.

#### **Auditor**

Saffery Champness LLP have expressed their willingness to continue in office.

**Bladeroom Group Limited**

**Directors' report (continued)**

**For the year ended 31 March 2020**

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**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

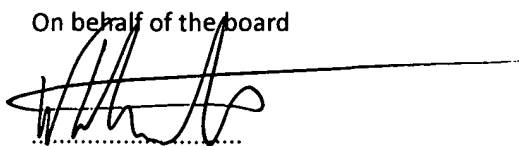
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

**Statement of disclosure to auditor**

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

On behalf of the board



William Thornton

Director

Date: 28/10/20

## **Bladeroom Group Limited**

### **Independent auditor's report**

#### **To the members of Bladeroom Group Limited**

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#### **Opinion**

We have audited the financial statements of Bladeroom Group Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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



**Independent auditor's report (continued)**  
**To the members of Bladeroom Group Limited**

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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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

**Responsibilities of directors**

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

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

**Bladeroom Group Limited**

**Independent auditor's report (continued)**  
**To the members of Bladeroom Group Limited**

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

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

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

**Use of our report**

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



**Michael Strong (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

**21/11/20**  
.....

**Chartered Accountants**  
**Statutory Auditors**

St Catherine's Court  
Berkeley Place  
Clifton  
Bristol  
BS8 1BQ

**Bladeroom Group Limited****Statement of comprehensive income  
For the year ended 31 March 2020**

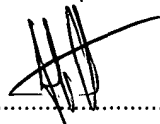
	Notes	2020 £'000	2019 £'000
Turnover	3	49,868	41,631
Cost of sales		(44,914)	(37,103)
<b>Gross profit</b>		<u>4,954</u>	<u>4,528</u>
Administrative expenses		(2,886)	(2,713)
Other operating gains	4	-	26,876
<b>Operating profit</b>	5	<u>2,068</u>	<u>28,691</u>
Interest receivable and similar income	8	2,067	310
Interest payable and similar expenses	9	(1)	(1)
<b>Profit before taxation</b>		<u>4,134</u>	<u>29,000</u>
Taxation	10	(315)	(5,682)
<b>Profit for the financial year</b>		<u><u>3,819</u></u>	<u><u>23,318</u></u>

The Income Statement has been prepared on the basis that all operations are continuing operations.

**Bladeroom Group Limited****Balance sheet  
As at 31 March 2020**

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		712		508
Investments	14		1		1
			<u>713</u>		<u>509</u>
<b>Current assets</b>					
Stocks	15	580		697	
Debtors	16	11,102		8,092	
Cash at bank and in hand		7,957		10,232	
		<u>19,639</u>		<u>19,021</u>	
<b>Creditors: amounts falling due within one year</b>	17	(16,048)		(14,891)	
<b>Net current assets</b>			<u>3,591</u>		<u>4,130</u>
<b>Total assets less current liabilities</b>			<u>4,304</u>		<u>4,639</u>
<b>Provisions for liabilities</b>	19		(64)		(18)
<b>Net assets</b>			<u><u>4,240</u></u>		<u><u>4,621</u></u>
<b>Capital and reserves</b>					
Profit and loss reserves			<u><u>4,240</u></u>		<u><u>4,621</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28/10/20 and are signed on its behalf by:

  
.....  
Andrew Godden  
Director

Company Registration No. 06755147

**Bladeroom Group Limited****Statement of changes in equity  
For the year ended 31 March 2020**

---

	Notes	Profit and loss reserves £'000
<b>Balance at 1 April 2018</b>		5,504
<b>Year ended 31 March 2019:</b>		
Profit and total comprehensive income for the year		23,318
Dividends	11	(24,201)
<b>Balance at 31 March 2019</b>		<u>4,621</u>
<b>Year ended 31 March 2020:</b>		
Profit and total comprehensive income for the year		3,819
Dividends	11	(4,200)
<b>Balance at 31 March 2020</b>		<u><u>4,240</u></u>

**1 Accounting policies**

**Company information**

Bladeroom Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Stella Way, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 7DQ.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Bladeroom Group Limited is a wholly owned subsidiary of Bladeroom Holdings Limited and the results of Bladeroom Group Limited are included in the consolidated financial statements of Bladeroom Holdings Limited which are available from Stella Way, Bishop Cleeve, Cheltenham, Gloucestershire, GL52 7DQ.

**1 Accounting policies (continued)**

**1.2 Going concern**

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

To date, there has been no material impact on the company's financial and operational performance as a result of the COVID-19 pandemic. However, the directors continue to monitor closely the situation.

**1.3 Turnover**

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

For long term contracts, when the final outcome can be assessed with reasonable certainty, turnover is recognised by reference to the percentage of completion, determined as contractually agreed milestones are reached.

No profit is recognised on contracts if the outcome cannot be assessed with reasonable certainty. Any expected losses on contracts are taken to the profit and loss account as soon as they are identified.

**1.4 Tangible fixed assets**

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

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

Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

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

**1.5 Fixed asset investments**

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

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1 Accounting policies (continued)**

**1.6 Impairment of fixed assets**

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**1.7 Stocks**

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

The cost of work in progress is represented by the excess of costs incurred over costs of sale recognised to date.

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

**1.8 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

**1.9 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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



**1 Accounting policies (continued)**

***Basic financial assets***

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Other financial assets***

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

***Impairment of financial assets***

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

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

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

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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

**1 Accounting policies (continued)**

***Basic financial liabilities***

Basic financial liabilities, including 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts 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.

***Other financial liabilities***

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

***Derecognition of financial liabilities***

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

**1.10 Equity instruments**

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

**1 Accounting policies (continued)**

**1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1 Accounting policies (continued)**

**1.13 Employee benefits**

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.15 Leases**

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

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

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

**1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**1.17 Deferred income**

Income received in respect of future accounting periods is deferred and released to the profit and loss account in the year to which it relates.

**1.18 Research and development**

Research and development expenditure is written off to the profit and loss account for the period in which it is incurred.

## 2 Critical accounting judgements and key sources of estimation uncertainty

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

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

### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

### Turnover

Determining the value of amounts recoverable under contracts requires an estimation of the total expected turnover and costs associates with a contract and estimating the stage of completion of the contract. The directors have significant experience in this estimation and monitor the balances on a regular basis.

### Other operating gains and non- recurring expenses

The directors have exercised their professional judgement when determining an appropriate apportionment of other operating income and expenses between relevant companies.

## 3 Turnover and other revenue

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

	2020	2019
	£'000	£'000
<b>Turnover analysed by class of business</b>		
Sales	49,868	41,631
	<u>          </u>	<u>          </u>
	2020	2019
	£'000	£'000
<b>Other significant revenue</b>		
Interest income	267	310
Dividends received	1,800	-
	<u>          </u>	<u>          </u>

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2020****3 Turnover and other revenue (continued)**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	48,572	36,210
Rest of the world	1,296	5,421
	<u>49,868</u>	<u>41,631</u>

**4 Other operating gains**

In 2019 other operating income included income received in respect of legal proceedings to recover damages in respect of infringement and misappropriation of intellectual property, net of legal costs.

**5 Operating profit**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	5	107
Fees payable to the company's auditor for the audit of the company's financial statements	21	19
Depreciation of owned tangible fixed assets	298	259
(Profit)/loss on disposal of tangible fixed assets	(9)	3
Operating lease charges	<u>733</u>	<u>519</u>

**6 Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Sales, support and administration	25	20
Manufacturing, design and project delivery	43	39
	<u>68</u>	<u>59</u>

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2020****6 Employees (continued)**

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	4,065	3,420
Social security costs	405	335
Pension costs	177	133
	<u>4,647</u>	<u>3,888</u>

**7 Directors' remuneration**

	2020 £'000	2019 £'000
Remuneration for qualifying services	725	925
Company pension contributions to defined contribution schemes	54	64
	<u>779</u>	<u>989</u>

The number of directors for whom retirement benefits were accruing under defined contribution schemes amounted to 7 (2019 - 8).

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

	2020 £'000	2019 £'000
Remuneration for qualifying services	148	150
Company pension contributions to defined contribution schemes	12	12
	<u>160</u>	<u>162</u>

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2020****8 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest income</b>		
Interest on bank deposits	52	42
Unrealised foreign exchange gain on loan to group undertakings	215	268
	<u>267</u>	<u>310</u>
<b>Total interest revenue</b>	<b>267</b>	<b>310</b>
 <b>Income from fixed asset investments</b>		
Dividends received from subsidiary undertakings	1,800	-
	<u>2,067</u>	<u>310</u>
<b>Total income</b>	<b>2,067</b>	<b>310</b>

**9 Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank overdrafts and loans	1	-
Interest on finance leases and hire purchase contracts	-	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>



**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2020****10 Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	343	5,494
Adjustments in respect of prior periods	(74)	166
<b>Total current tax</b>	<b>269</b>	<b>5,660</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	46	22
<b>Total tax charge</b>	<b>315</b>	<b>5,682</b>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	4,134	29,000
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	785	5,510
Tax effect of expenses that are not deductible in determining taxable profit	15	28
Adjustments in respect of prior years	(74)	166
Research and development tax credit	(25)	(31)
Deferred tax adjustments in respect of prior years	4	7
Non-taxable dividends received	(342)	-
Other differences	(48)	2
<b>Taxation charge for the year</b>	<b>315</b>	<b>5,682</b>

**11 Dividends**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Final paid	4,200	24,201

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2020**

**12 Tangible fixed assets**

	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 April 2019	1,148	1,270	71	2,489
Additions	199	298	8	505
Disposals	-	(38)	(70)	(108)
At 31 March 2020	1,347	1,530	9	2,886
<b>Depreciation and impairment</b>				
At 1 April 2019	957	962	62	1,981
Depreciation charged in the year	131	158	9	298
Eliminated in respect of disposals	-	(35)	(70)	(105)
At 31 March 2020	1,088	1,085	1	2,174
<b>Carrying amount</b>				
At 31 March 2020	259	445	8	712
At 31 March 2019	191	308	9	508

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2020****13 Subsidiaries**

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Bladeroom Limited	England and Wales	Dormant	Ordinary	100	-
Bladeroom Pty Limited	Australia	Dormant	Ordinary	100	-
Bladeroom USA LLC	United States of America	Design and manufacture of modular data centres	Ordinary	-	100
Brussco Inc	United States of America	Holding company	Ordinary	100	-
ModuleCo Limited	England and Wales	Design and manufacture of modular healthcare and pharmaceutical facilities	Ordinary	100	-
Bladeroom Group (Ireland) Limited	Republic of Ireland	Non-trading	Ordinary	100	-
ModuleCo Offsite Limited	Republic of Ireland	Non-trading	Ordinary	-	100

**14 Fixed asset investments**

	Note	2020 £'000	2019 £'000
Investments in subsidiaries	13	1	1

**Movements in fixed asset investments**

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 April 2019 and 31 March 2020	1
<b>Carrying amount</b>	
At 1 April 2019 and 31 March 2020	1

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 March 2020**

**15 Stocks**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Work in progress	438	506
Finished goods and goods for resale	142	191
	<u>580</u>	<u>697</u>

**16 Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	5,652	3,481
Amounts owed by group undertakings	4,858	4,027
Other debtors	278	268
Prepayments and accrued income	314	316
	<u>11,102</u>	<u>8,092</u>

**17 Creditors: amounts falling due within one year**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	<b>18</b>	-	16
Trade creditors		2,965	3,152
Amounts due to group undertakings		2,826	1,761
Corporation tax		172	2,726
Other taxation and social security		658	112
Other creditors		21	325
Accruals and deferred income		9,406	6,799
		<u>16,048</u>	<u>14,891</u>

**18 Finance lease obligations**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due under finance leases:</b>		
Within one year	<u>-</u>	<u>16</u>

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2020****19 Provisions for liabilities**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Deferred tax liabilities	<b>20</b>	<b>64</b>	<b>18</b>
		<u><b>64</b></u>	<u><b>18</b></u>

**20 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	<b>Liabilities 2020 £'000</b>	<b>Liabilities 2019 £'000</b>
<b>Balances:</b>		
Accelerated capital allowances	<b>64</b>	<b>18</b>
	<u><b>64</b></u>	<u><b>18</b></u>
<b>Movements in the year:</b>		<b>2020 £'000</b>
Liability at 1 April 2019		<b>18</b>
Charge to profit or loss		<b>46</b>
		<u><b>64</b></u>
Liability at 31 March 2020		<u><b>64</b></u>

**21 Retirement benefit schemes**

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Defined contribution schemes</b>		
Charge to statement of comprehensive income in respect of defined contribution schemes	<b>177</b>	<b>133</b>
	<u><b>177</b></u>	<u><b>133</b></u>

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

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2020****22 Share capital**

	2020	2019
	£	£
<b>Issued and fully paid</b>		
3 ordinary shares of £1 each	3	3
	<u>3</u>	<u>3</u>

**23 Operating lease commitments****Lessee**

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

	2020	2019
	£'000	£'000
Within one year	616	428
Between two and five years	2,277	711
In over five years	424	-
	<u>3,317</u>	<u>1,139</u>

**24 Contingent asset**

In May 2018, by court order, the company was awarded compensation for infringement and misappropriation of intellectual property. At the year end the defendant had appealed the decision made by the court; therefore any amount of compensation to be received cannot be accurately measured. Accordingly, no asset is recognised in the accounts due to this uncertainty.

**25 Related party transactions**

**Transactions with related parties**

The company has taken advantage of the exemption under section 33 of FRS 102 'related party disclosures' whereby it has not disclosed any transactions with any wholly owned entities within the group.

During the period the company made the following related party transactions:

During the year, the company accrued royalty charges of £3,569,000 (2019: £1,396,000) to a company controlled by a director of Bladeroom Group Limited. At the balance sheet date, an accrual for royalties of £444,000 (2019: £1,396,000) is included within creditors.

The company also recharged legal fees of £1,872,000 (2019: £nil) to the same related party and at the balance sheet date, the company was owed £263,000 (2019: £nil), this balance is included within other debtors.

During the year, the company recharged legal fees of £nil (2019: £4,463,000) and internal management charges of £nil (2019: £25,000) to related parties under common control.

**26 Controlling party**

The company is controlled by Bladeroom Holdings Limited. The company's parent and ultimate parent undertaking is Bladeroom Holdings Limited.

There is not considered to be an ultimate controlling party.

**Bladeroom Group Limited****Detailed trading and profit and loss account  
For the year ended 31 March 2020**

		2020		2019
	£'000	£'000	£'000	£'000
<b>Turnover</b>				
Sales of goods		49,868		41,631
<b>Cost of sales</b>				
Raw materials purchases	37,883		31,621	
Wages and salaries	2,376		1,761	
Social security costs	240		187	
Staff recruitment costs	26		70	
Staff welfare	66		16	
Staff training	5		9	
Staff pension costs defined contribution	92		68	
Directors' remuneration	84		81	
Directors' pension costs - defined contribution	7		-	
Royalties payable	3,369		3,031	
Rent	491		312	
Service charge payable	87		58	
Rates	102		49	
Power, light and heat	83		67	
Equipment repairs	199		106	
Hire of plant and machinery	103		62	
Leasing - motor vehicles	25		20	
Travelling expenses	206		113	
Related party recharges	(722)		(609)	
Legal and professional fees	57		7	
Insurances	9		7	
Printing and stationery	5		2	
Telecommunications	11		7	
Entertaining	1		1	
Waste disposal	109		57	
		(44,914)		(37,103)
<b>Gross profit</b>		4,954		4,528
<b>Other operating income</b>				
Other income		-		26,876
<b>Administrative expenses</b>		(2,886)		(2,712)
<b>Operating profit</b>		2,068		28,692



**Bladeroom Group Limited****Detailed trading and profit and loss account (continued)****For the year ended 31 March 2020**

		2020		2019
	£'000	£'000	£'000	£'000
<b>Investment revenues</b>				
Bank interest received	52		42	
Other interest received - not on financial instruments	215		268	
Dividends receivable from group companies	1,800		-	
		2,067		310
<b>Interest payable and similar expenses</b>				
Bank interest on loans and overdrafts	1		-	
Hire purchase interest payable	-		1	
		(1)		(1)
<b>Profit before taxation</b>		4,134		29,001

This page does not form part of the financial statements on which the auditors have reported.

**Bladeroom Group Limited****Schedule of administrative expenses  
For the year ended 31 March 2020**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Administrative expenses</b>		
Wages and salaries	964	734
Social security costs	165	148
Staff recruitment costs	4	18
Staff welfare	106	77
Staff training	24	14
Staff pension costs defined contribution	31	1
Directors' remuneration	641	844
Directors' pension costs - defined contribution scheme	47	64
Management charge	-	(25)
Rent	106	110
Service charge payable	3	1
Rates	2	-
Power, light and heat	4	3
Equipment repairs	11	6
Computer running costs	104	105
Leasing - motor vehicles	8	15
Travelling expenses	68	33
Professional subscriptions	8	6
Legal and professional fees	198	228
Accountancy	21	19
Audit fees	21	14
Bank charges	11	17
Bad and doubtful debts	-	28
Insurances	187	197
Printing and stationery	25	25
Advertising	52	38
Telecommunications	118	102
Entertaining	7	4
Sundry expenses	1	1
Depreciation	298	259
Profit or loss on sale of tangible assets (non exceptional)	(9)	3
Profit or loss on foreign exchange	5	107
Related party recharges	(345)	(483)
	<u>2,886</u>	<u>2,712</u>

This page does not form part of the financial statements on which the auditors have reported.