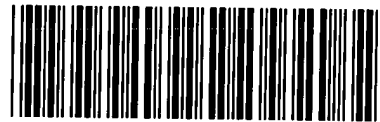


**Company Registration No. 06755147 (England and Wales)**

**Bladeroom Group Limited**

**Annual report and financial statements  
for the year ended 31 March 2021**

WEDNESDAY



\*AAJXØFAW\*

A28

22/12/2021

#120

COMPANIES HOUSE

## **Bladeroom Group Limited**

### **Company information**

---

|                            |   |
|----------------------------|---|
| <b>Directors</b>           | Michael Bailey<br>Adrian Edge<br>Aaron Favill<br>Andrew Godden<br>Samuel Hanks<br>Michael Joy<br>Peter Joy<br>Paul Rogers<br>William Thornton |
| <b>Secretary</b>           | Robert Scott  |
| <b>Company number</b>      | 06755147  |
| <b>Registered office</b>   | Stella Way<br>Bishops Cleeve<br>Cheltenham<br>Gloucestershire<br>GL52 7DQ   |
| <b>Independent auditor</b> | Saffery Champness LLP<br>St Catherine's Court<br>Berkeley Place<br>Clifton<br>Bristol<br>BS8 1BQ  |

---

## **Bladeroom Group Limited**

### **Contents**

---

|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Strategic report                  | 1 - 3       |
| Directors' report                 | 4 - 5       |
| Independent auditor's report      | 6 - 9       |
| Statement of comprehensive income | 10          |
| Statement of financial position   | 11 - 12     |
| Statement of changes in equity    | 13          |
| Statement of cash flows           | 14          |
| Notes to the financial statements | 15 - 44     |

---

## **Bladeroom Group Limited**

### **Strategic report**

**For the year ended 31 March 2021**

---

The directors present the strategic report for the year ended 31 March 2021.

#### **Review of the business**

The performance of the company during the financial period was in line with directors' expectations and saw increased activity that resulted in a significant increase in turnover to £78.9m from £50.0m in 2020.

Operating profit for the year was £5.8m (2020: £2.1m).

The company recorded a profit before taxation of £8.5m (2020: £4.1m).

At 31 March 2021, net assets totalled £4.6m (2020: £4.2m).

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.

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.

These financial statements for the year ended 31 March 2021 are the first financial statements of Bladeroom Group Limited prepared in accordance with International Financial Reporting Standards (IFRS). The company transitioned from UK GAAP to IFRS for all periods presented and the date of transition to IFRS was 1 April 2019.

#### **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.

***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 £9.3m at 31 March 2021 (2020: £8.0m). There were no company bank borrowings either during or at the end of both 2020 and 2021.

***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. As at 31 March 2021 the Company has an open forward contract to sell \$0.4m.

**Section 172**

The directors, in line with their duties under s172 of the Companies Act 2006, acted in a way they considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole through the decisions taken during the year ended 31 March 2021.

The directors met monthly to discuss operational, compliance and strategic matters, considering the long-term impact on the company's ability to achieve success.

Material decisions during the year included the company's response to the COVID-19 outbreak. The company delivers mission critical data centre, the end users of which include government departments. As such the company remained operational throughout the course of the pandemic delivering already contracted and new schemes. The directors considered the impact of this on employees, customers, suppliers and other key stakeholders, and implemented appropriate measures.

Details of key stakeholders and how they were engaged with are set out below:

**Bladeroom Group Limited**

**Strategic report (continued)**

**For the year ended 31 March 2021**

---

***Employees***

The company has an experienced, diverse and dedicated workforce which is considered our greatest asset. The company proactively considers them in every material decision, be that in the context of health and safety or employee wellbeing.

At the start of the pandemic employees were mobilised quickly and efficiently into COVID safe working environments, utilising working from home capabilities and investment was made in appropriate PPE to ensure mission-critical assembly facilities and live project sites could remain COVID safe and operational.

During the pandemic, employees were consulted with regularly keeping them up to date with any changes in Government guidance and how those items impacted the company's working practices.

***Key partners (customers and suppliers)***

Delivering mission-critical facilities requires careful planning, operational excellence and an ability to deliver every project right first time. Our customers demand that we meet high standards and we expect the same of our supply chain partners.

Despite the challenges of the pandemic, the company has been able to achieve this thanks to clear communication with and the dedication and commitment of its suppliers and clients, many of whom are long standing.

***Shareholders***

The company's ultimate majority shareholder is an Employee Ownership Trust and there are formal mechanisms in place regarding key decisions taken by the directors.

***The Environment and Communities***

Environmental considerations are at the heart of the company's products and the modern methods of construction that underpin them. Through innovation and value engineering the directors take active roles in driving environmental and sustainability initiatives. BladeRoom data centres, which play a critical part in supporting modern-day IT and communications, are amongst the most energy efficient in the world, helping to minimise electricity usage.

We directly support local communities through the sourcing, where possible, of goods and services from local suppliers. The company and employees provide resources, funding and support to a number of charitable organisations, something that the Board promote and consider important, including charity bike rides and sponsorship of local sports teams.

On behalf of the board



William Thornton

**Director**

Date: 21/12/2021

## **Bladeroom Group Limited**

### **Directors' report**

**For the year ended 31 March 2021**

---

The directors present their annual report and financial statements for the year ended 31 March 2021.

#### **Principal activities**

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

#### **Results and dividends**

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £7,200,000 (2020: £4,200,000). The directors do not recommend payment of a final dividend.

#### **Directors**

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

Michael Bailey

Jonathan Brindley

(Resigned 1 October 2021)

Adrian Edge

Aaron Favill

Andrew Godden

Samuel Hanks

Michael Joy

Peter Joy

Paul Rogers

William Thornton

#### **Supplier payment policy**

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

The average number of days taken to make payments to suppliers in the year ending 31 March 2021 was 33, from the date of receipt of invoice.

#### **Research and development**

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

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Saffery Champness LLP be reappointed as auditor of the company will be put at a General Meeting.

**Bladeroom Group Limited**

**Directors' report (continued)**  
**For the year ended 31 March 2021**

---

**Energy and carbon report**

The energy and carbon reporting disclosures have been prepared on a consolidated basis and can be found in the accounts of the parent company, Bladeroom Holdings Limited.

**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 international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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**

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



William Thornton  
**Director**

Date: 21/12/2021



## **Bladeroom Group Limited**

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

**To the members of Bladeroom Group Limited**

---

#### **Opinion**

We have audited the financial statements of Bladeroom Group Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006; 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Bladeroom Group Limited**

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

---

#### **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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the 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**

---

#### **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.

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

#### **Audit response to risks identified**

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

**Bladeroom Group Limited**

**Independent auditor's report (continued)**

**To the members of Bladeroom Group Limited**

---

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

*Saffery Champness LLP*

**Michael Strong (Senior Statutory Auditor)**

**For and on behalf of Saffery Champness LLP**

22/12/21  
Date:.....

**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 2021**

|   |              | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|--------------|
|   | <b>Notes</b> | <b>£'000</b> | <b>£'000</b> |
| Revenue   | <b>4</b>     | 78,921       | 50,034       |
| Cost of sales   |              | (69,043)     | (44,601)     |
| <b>Gross profit</b>                                       |              | <b>9,878</b> | <b>5,433</b> |
| Administrative expenses                                   |              | (4,099)      | (3,326)      |
| <b>Operating profit</b>                                   | <b>5</b>     | <b>5,779</b> | <b>2,107</b> |
| Investment revenues                                       | <b>9</b>     | 2,964        | 1,852        |
| Finance costs   | <b>10</b>    | (121)        | (108)        |
| Other gains and losses                                    | <b>11</b>    | (95)         | 215          |
| <b>Profit before taxation</b>                             |              | <b>8,527</b> | <b>4,066</b> |
| Income tax expense  | <b>12</b>    | (907)        | (315)        |
| <b>Profit and total comprehensive income for the year</b> |              | <b>7,620</b> | <b>3,751</b> |

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

**Bladeroom Group Limited**

**Statement of financial position  
As at 31 March 2021**

|                                |              | <b>2021</b>   | <b>2020</b>   | <b>As at 1 April<br/>2019</b> |
|--------------------------------|--------------|---------------|---------------|-------------------------------|
|                                | <b>Notes</b> | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>                  |
| <b>Non-current assets</b>      |              |               |               |                               |
| Property, plant and equipment  | <b>14</b>    | 5,291         | 5,457         | 3,273                         |
| Investments                    | <b>15</b>    | 1             | 1             | 1                             |
|                                |              | <u>5,292</u>  | <u>5,458</u>  | <u>3,274</u>                  |
| <b>Current assets</b>          |              |               |               |                               |
| Inventories                    | <b>18</b>    | 258           | 487           | 521                           |
| Trade and other receivables    | <b>20</b>    | 7,279         | 6,140         | 6,963                         |
| Current tax recoverable        |              | 593           | -             | -                             |
| Cash and cash equivalents      |              | 9,304         | 7,957         | 10,232                        |
|                                |              | <u>17,434</u> | <u>14,584</u> | <u>17,716</u>                 |
| <b>Current liabilities</b>     |              |               |               |                               |
| Trade and other payables       | <b>25</b>    | 13,497        | 10,826        | 10,838                        |
| Current tax liabilities        |              | -             | 172           | 2,726                         |
| Lease liabilities              | <b>26</b>    | 526           | 511           | 506                           |
|                                |              | <u>14,023</u> | <u>11,509</u> | <u>14,070</u>                 |
| <b>Net current assets</b>      |              | <u>3,411</u>  | <u>3,075</u>  | <u>3,646</u>                  |
| <b>Non-current liabilities</b> |              |               |               |                               |
| Lease liabilities              | <b>26</b>    | 3,964         | 4,290         | 2,274                         |
| Deferred tax liabilities       | <b>27</b>    | 140           | 64            | 18                            |
|                                |              | <u>4,104</u>  | <u>4,354</u>  | <u>2,292</u>                  |
| <b>Net assets</b>              |              | <u>4,599</u>  | <u>4,179</u>  | <u>4,628</u>                  |
| <b>Equity</b>                  |              |               |               |                               |
| Retained earnings              |              | <u>4,599</u>  | <u>4,179</u>  | <u>4,628</u>                  |

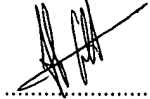
**Bladeroom Group Limited**

**Statement of financial position (continued)**

**As at 31 March 2021**

---

The financial statements were approved by the board of directors and authorised for issue on 21/12/2021..... 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 2021**

---

|  | Notes | Retained<br>earnings<br>£'000 |
|--|-------|-------------------------------|
| <b>As restated for the period ended 31 March 2020:</b> |       |                               |
| Balance at 1 April 2019                                |       | 4,621                         |
| Transition adjustments                                 |       | 7                             |
|  |       | <hr/>                         |
| <b>As restated</b>                                     |       | <b>4,628</b>                  |
| <b>Year ended 31 March 2020:</b>                       |       |                               |
| Profit and total comprehensive income for the year     |       | 3,751                         |
| Dividends  | 13    | (4,200)                       |
|  |       | <hr/>                         |
| <b>Balance at 31 March 2020</b>                        |       | <b>4,179</b>                  |
| <b>Year ended 31 March 2021:</b>                       |       |                               |
| Profit and total comprehensive income for the year     |       | 7,620                         |
| Dividends  | 13    | (7,200)                       |
|  |       | <hr/>                         |
| <b>Balance at 31 March 2021</b>                        |       | <b>4,599</b>                  |
|  |       | <hr/>                         |

---



**Bladeroom Group Limited**

**Statement of cash flows**  
**For the year ended 31 March 2021**

|   |       | 2021                | 2020                |
|---|-------|---------------------|---------------------|
|   | Notes | £'000               | £'000               |
| <b>Cash flows from operating activities</b>                 |       |                     |                     |
| Cash generated from operations                              | 34    | 8,525               | 3,787               |
| Interest paid   |       | (9)                 | (9)                 |
| Tax paid  |       | (1,596)             | (2,823)             |
| <b>Net cash inflow from operating activities</b>            |       | <u>6,920</u>        | <u>955</u>          |
| <b>Investing activities</b>                                 |       |                     |                     |
| Purchase of property, plant and equipment                   |       | (619)               | (505)               |
| Proceeds on disposal of property, plant and equipment       |       | -                   | 12                  |
| Interest received   |       | 64                  | 52                  |
| Dividends received  |       | 2,900               | 1,800               |
| <b>Net cash generated from investing activities</b>         |       | <u>2,345</u>        | <u>1,359</u>        |
| <b>Financing activities</b>                                 |       |                     |                     |
| Payment of lease liabilities                                |       | (623)               | (604)               |
| Dividends paid  |       | (7,200)             | (4,200)             |
| <b>Net cash used in financing activities</b>                |       | <u>(7,823)</u>      | <u>(4,804)</u>      |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <u>1,442</u>        | <u>(2,490)</u>      |
| Cash and cash equivalents at beginning of year              |       | 7,957               | 10,232              |
| Effect of foreign exchange rates                            |       | (95)                | 215                 |
| <b>Cash and cash equivalents at end of year</b>             |       | <u><u>9,304</u></u> | <u><u>7,957</u></u> |

## **Bladeroom Group Limited**

### **Notes to the financial statements For the year ended 31 March 2021**

---

#### **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. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### **1.1 Accounting convention**

The financial statements have been prepared in accordance with international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006 and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS), except as otherwise stated.

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 £1,000.

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

These financial statements for the year ended 31 March 2021 are the first financial statements of Bladeroom Group Limited prepared in accordance with IFRS. The company transitioned from UK GAAP to IFRS for all periods presented and the date of transition to IFRS was 1 April 2019.

An explanation of how transition to IFRS has affected the reported financial position and financial performance is given in note 35.

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 under FRS102 of Bladeroom Holdings Limited which are available from Stella Way, Bishop Cleeve, Cheltenham, Gloucestershire, GL52 7DQ.

##### **1.2 Going concern**

The directors have at the time of approving the financial statements, 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.

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

---

**1 Accounting policies (continued)**

**1.3 Revenue**

Revenue is recognised in accordance with the transfer of promised goods or services to customers. Revenue is measured, using an output methodology, as the consideration that the Company is expected to be entitled to in exchange for those goods or services. Consideration is typically fixed on the agreement of a contract. Payment terms are agreed on a contract-by-contract basis. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The transaction price is set out in contract documents and is calculated through a cost plus approach for each contract, with allocation of the price agreed within a contract payment schedule, which includes the project milestones.

*Performance obligations and timing of revenue recognition*

Each revenue project has multiple identifiable performance obligations. Revenue is recognised at a point in time, i.e. once a performance obligation has been satisfied. Performance obligations are defined by the completion of agreed project milestones. In case of fixed-price revenue contracts, variations or post contract works, the customer pays a fixed amount based on a payment schedule, which also defines the payment terms associated with each milestone. If the services rendered by the company exceeds the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

*Modifications to contracts*

Modifications to contracts are treated separate contracts where the performance obligations, transaction price, allocation of price to performance obligations and revenue recognition being additional and identifiable to the original contract.

**1.4 Property, plant and equipment**

Property, plant and equipment 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:

|                              |                            |
|------------------------------|----------------------------|
| Leasehold land and buildings | Over the term of the lease |
| Fixtures and fittings        | 25%-33% Straight line      |
| Plant and 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 recognised in the income statement.

**1 Accounting policies (continued)**

**1.5 Non-current 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.

**1.6 Impairment of tangible and intangible assets**

At each reporting 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.

**1.7 Inventories**

Inventories 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 inventories 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.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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 include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1 Accounting policies (continued)**

**1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or 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 of the investment have been affected.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**1.10 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

**1 Accounting policies (continued)**

***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.11 Equity instruments**

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

**1.12 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. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

**1 Accounting policies (continued)**

**1.13 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 income statement 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to 'other comprehensive income', in which case the deferred tax is also dealt with in 'other comprehensive 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.

**1.14 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 inventories or non-current assets.

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

A termination benefit liability is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered the service entitling them to the contributions.

**1 Accounting policies (continued)**

**1.16 Leases**

*Identifying Leases*

The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- a. There is an identified asset;
- b. The company obtains substantially all the economic benefits from use of the asset; and
- c. The company has the right to direct use of the asset.

The company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the company obtains substantially all the economic benefits from use of the asset, the company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the company has the right to direct use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

*Lease Measurement*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right of use assets are initially measured at the amount of the lease liability.



**1 Accounting policies (continued)**

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount

The present value of the lease payments are discounted at the rate implicit in the lease or, if this cannot be readily determined, the company's incremental borrowing rate which is 2.5%

**1.17 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 in the period are included in profit or loss.

**1.18 Offsetting financial instruments**

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

**Bladeroom Group Limited**

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

**For the year ended 31 March 2021**

---

**1 Accounting policies (continued)**

**1.19 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 Adoption of new and revised standards and changes in accounting policies**

In the current year the company has transitioned from FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland to The International Financial Reporting Standards. Note 35 transition adjustments sets out the financial impact result from the adoption of:

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from Contracts with Customers

IFRS 16 - Leases

Note 1 Accounting Policies sets out the company's policy in relation to the new and revised standards.

There were a number of narrow scope amendments to other existing standards which were effective from 1 January 2020. None of these had a material impact on the company's performance.

**3 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements**

**Turnover**

**IFRS 15 - Revenue from customer contracts**

IFRS 15 allows output methods as a methodology for the measurement of revenue recognition. Determining the value of amounts recoverable under contracts requires an estimation of the total expected turnover and costs and estimating the stage of completion of every contract. The directors take an active role in reviewing such estimates and monitor the resulting balances on a regular basis. Where a specific event occurs that calls into question the recoverability of a trade receivable, the directors make an assessment of the expected credit loss.

As set out in the accounting policy note 1.3 performance obligations are defined by the completion of pre-agreed project milestones with the transaction price being allocated accordingly. The performance obligations are distinctive and identifiable milestones of the contract meaning the judgements and estimates involved are straightforward in nature.

The financial impact of adopting IFRS 15 is set out in note 35 transition adjustments

**IFRS 9 - Expected credit losses**

The directors have judged expected credit losses associated with trade receivable balances to be low risk and simple in nature, due to both the relatively low risk profile of, and longstanding relationships, with the majority of the company's clients.

Amounts recoverable from subsidiary undertakings are repayable on demand. The directors have assessed different scenarios relating to the recoverability and possibility of default from the amount recoverable from subsidiary undertakings. The directors assessed expected future cash flows compared to the carrying value of the receivable and using experience and knowledge of group operations have assigned a level of probability to the different expected credit loss scenarios.

**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.

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2021****4 Revenue**

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>£'000</b>  | <b>£'000</b>  |
| <b>Revenue analysed by class of business</b>   |               |               |
| Sales  | 78,921        | 50,034        |
|  | <u>78,921</u> | <u>50,034</u> |
|  | <b>2021</b>   | <b>2020</b>   |
|  | <b>£'000</b>  | <b>£'000</b>  |
| <b>Other significant revenue</b>               |               |               |
| Interest income                                | 64            | 52            |
| Dividends received                             | 2,900         | 1,800         |
|  | <u>2,964</u>  | <u>1,852</u>  |
|  | <b>2021</b>   | <b>2020</b>   |
|  | <b>£'000</b>  | <b>£'000</b>  |
| <b>Revenue analysed by geographical market</b> |               |               |
| United Kingdom                                 | 74,154        | 48,738        |
| Rest of the world                              | 4,767         | 1,296         |
|  | <u>78,921</u> | <u>50,034</u> |

**5 Operating profit**

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Operating profit for the year is stated after charging/(crediting):                       |               |               |
| Exchange losses   | 60            | 5             |
| Fees payable to the company's auditor for the audit of the company's financial statements | 20            | 21            |
| Depreciation of property, plant and equipment   | 379           | 298           |
| Profit on disposal of property, plant and equipment                                       | -             | (9)           |
| Cost of inventories recognised as an expense  | 60,904        | 38,061        |
| Depreciation of right-of-use assets   | 606           | 546           |
|   | <u>61,569</u> | <u>39,430</u> |

**6 Auditor's remuneration**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Fees payable to the company's auditor and associates: |              |              |
| <b>For audit services</b>                             |              |              |
| Audit of the financial statements of the company      | 20           | 21           |
|   | <u>20</u>    | <u>21</u>    |

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2021****7 Employees**

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

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
|  | <b>Number</b> | <b>Number</b> |
| Sales, support and administration          | 31            | 25            |
| Manufacturing, design and project delivery | 44            | 43            |
|  | <u>75</u>     | <u>68</u>     |
| <b>Total</b>                               | <b>75</b>     | <b>68</b>     |

Their aggregate remuneration comprised:

|                       | <b>2021</b>  | <b>2020</b>  |
|-----------------------|--------------|--------------|
|                       | <b>£'000</b> | <b>£'000</b> |
| Wages and salaries    | 4,473        | 4,065        |
| Social security costs | 525          | 405          |
| Pension costs         | 169          | 177          |
|                       | <u>5,167</u> | <u>4,647</u> |

**8 Directors' remuneration**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Remuneration for qualifying services                          | 930          | 725          |
| Company pension contributions to defined contribution schemes | 57           | 54           |
|   | <u>987</u>   | <u>779</u>   |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2020 - 7).

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2021****8 Directors' remuneration (continued)**

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

|   | <b>2021</b>       | <b>2020</b>       |
|---|-------------------|-------------------|
|   | <b>£'000</b>      | <b>£'000</b>      |
| Remuneration for qualifying services                          | 191               | 148               |
| Company pension contributions to defined contribution schemes | 12                | 12                |
|   | <u>          </u> | <u>          </u> |

**9 Investment income**

|                           | <b>2021</b>       | <b>2020</b>       |
|---------------------------|-------------------|-------------------|
|                           | <b>£'000</b>      | <b>£'000</b>      |
| <b>Interest income</b>    |                   |                   |
| Bank deposits             | 64                | 52                |
| <b>Dividends received</b> | 2,900             | 1,800             |
|                           | <u>          </u> | <u>          </u> |

Total interest income for financial assets that are not held at fair value through profit or loss is £64,000 (2020: £52,000).

**10 Finance costs**

|                               | <b>2021</b>       | <b>2020</b>       |
|-------------------------------|-------------------|-------------------|
|                               | <b>£'000</b>      | <b>£'000</b>      |
| Other interest payable        | 9                 | 1                 |
| Interest on lease liabilities | 112               | 107               |
|                               | <u>          </u> | <u>          </u> |
| Total interest expense        | 121               | 108               |
|                               | <u>          </u> | <u>          </u> |

**11 Other gains and losses**

|  | <b>2021</b>       | <b>2020</b>       |
|--|-------------------|-------------------|
|  | <b>£'000</b>      | <b>£'000</b>      |
| Unrealised foreign exchange (losses) / gains on group balances | (95)              | 215               |
|  | <u>          </u> | <u>          </u> |

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2021****12 Income tax expense**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| <b>Current tax</b>                                   |              |              |
| UK corporation tax on profits for the current period | 828          | 343          |
| Adjustments in respect of prior periods              | 3            | (74)         |
| <b>Total UK current tax</b>                          | <b>831</b>   | <b>269</b>   |
| <b>Deferred tax</b>                                  |              |              |
| Origination and reversal of temporary differences    | 76           | 46           |
| <b>Total tax charge</b>                              | <b>907</b>   | <b>315</b>   |

The charge for the year can be reconciled to the profit per the income statement as follows:

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Profit before taxation   | 8,527        | 4,066        |
| Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%) | 1,620        | 773          |
| Effect of expenses not deductible in determining taxable profit              | 13           | 15           |
| Adjustment in respect of prior years   | 3            | (56)         |
| Research and development tax credit  | (185)        | (25)         |
| Non-taxable dividends received   | (551)        | (342)        |
| Other differences  | 7            | (50)         |
| <b>Taxation charge for the year</b>  | <b>907</b>   | <b>315</b>   |

The tax computations relating to the 18-month period to 31 March 2016 have been submitted but remain open with HMRC. Due to the current status it is impracticable to provide further disclosure at this stage regarding the financial impact.

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

**13 Dividends**

|                                      | <b>2021</b>      | <b>2020</b>      | <b>2021</b>  | <b>2020</b>  |
|--------------------------------------|------------------|------------------|--------------|--------------|
| Amounts recognised as distributions: | <b>per share</b> | <b>per share</b> | <b>Total</b> | <b>Total</b> |
|                                      | <b>£'000</b>     | <b>£'000</b>     | <b>£'000</b> | <b>£'000</b> |
| <b>3 Ordinary shares of £1 each</b>  |                  |                  |              |              |
| Final dividend paid                  | 2,400            | 1,400            | 7,200        | 4,200        |

**14 Property, plant and equipment**

|  | <b>Leasehold land and buildings</b> | <b>Fixtures and fittings</b> | <b>Plant and equipment</b> | <b>Motor vehicles</b> | <b>Total</b> |
|--|-------------------------------------|------------------------------|----------------------------|-----------------------|--------------|
|  | <b>£'000</b>                        | <b>£'000</b>                 | <b>£'000</b>               | <b>£'000</b>          | <b>£'000</b> |
| <b>Cost</b>                                    |                                     |                              |                            |                       |              |
| At 1 April 2019                                | -                                   | 1,270                        | 1,148                      | 71                    | 2,489        |
| Additions                                      | -                                   | 298                          | 199                        | 8                     | 505          |
| Disposals                                      | -                                   | (38)                         | -                          | (70)                  | (108)        |
| Adjustment for right of use assets             | 5,291                               | -                            | -                          | -                     | 5,291        |
| At 31 March 2020                               | 5,291                               | 1,530                        | 1,347                      | 9                     | 8,177        |
| Additions                                      | 200                                 | 179                          | 440                        | -                     | 819          |
| At 31 March 2021                               | 5,491                               | 1,709                        | 1,787                      | 9                     | 8,996        |
| <b>Accumulated depreciation and impairment</b> |                                     |                              |                            |                       |              |
| At 1 April 2019                                | -                                   | 962                          | 957                        | 62                    | 1,981        |
| Charge for the year                            | -                                   | 158                          | 131                        | 9                     | 298          |
| Charge for the year - right of use assets      | 546                                 | -                            | -                          | -                     | 546          |
| Eliminated on disposal                         | -                                   | (35)                         | -                          | (70)                  | (105)        |
| At 31 March 2020                               | 546                                 | 1,085                        | 1,088                      | 1                     | 2,720        |
| Charge for the year                            | -                                   | 209                          | 168                        | 2                     | 379          |
| Charge for the year - right of use assets      | 606                                 | -                            | -                          | -                     | 606          |
| At 31 March 2021                               | 1,152                               | 1,294                        | 1,256                      | 3                     | 3,705        |
| <b>Carrying amount</b>                         |                                     |                              |                            |                       |              |
| At 31 March 2021                               | 4,339                               | 415                          | 531                        | 6                     | 5,291        |
| At 31 March 2020                               | 4,745                               | 445                          | 259                        | 8                     | 5,457        |
| At 31 March 2019                               | -                                   | 308                          | 191                        | 9                     | 508          |



**Bladeroom Group Limited**

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

**For the year ended 31 March 2021**

**15 Investments**

|                             | <b>Current</b> |              | <b>Non-current</b> |              |
|-----------------------------|----------------|--------------|--------------------|--------------|
|                             | <b>2021</b>    | <b>2020</b>  | <b>2021</b>        | <b>2020</b>  |
|                             | <b>£'000</b>   | <b>£'000</b> | <b>£'000</b>       | <b>£'000</b> |
| Investments in subsidiaries | -              | -            | 1                  | 1            |

**Fair value of financial assets carried at amortised cost**

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

**16 Subsidiaries**

Details of the company's subsidiaries at 31 March 2021 are as follows:

| <b>Name of undertaking</b>        | <b>Registered office</b> | <b>Nature of business</b>  | <b>Class of shares held</b> | <b>% Held</b> |                 |
|-----------------------------------|--------------------------|--|-----------------------------|---------------|-----------------|
|                                   |                          |  |                             | <b>Direct</b> | <b>Indirect</b> |
| Bladeroom Residential Limited     | England and Wales        | Non-trading  | 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      | Dormant  | Ordinary                    | 100           | -               |
| Modular Offsite Limited           | Republic of Ireland      | Dormant  | Ordinary                    | -             | 100             |

Following the year end Bladeroom Residential Limited (formerly Bladeroom Limited) has been hived up to the parent company Bladeroom Holdings Limited.

**17 Credit risk**

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

The company does not hold any collateral or other credit enhancements to cover this credit risk.

**(i) Risk management**

Credit risk is managed centrally. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and region.

**(ii) Security**

For some trade receivables the company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

**(iii) Impairment of financial assets**

The company has three types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and from the provision of factory-build datacentre facilities
- contract assets relating to modular datacentre contracts
- Amounts owed by subsidiary undertakings

**(iv) Trade receivables and contract assets**

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

**18 Inventories**

|                  | <b>2021</b>  | <b>2020</b>  |
|------------------|--------------|--------------|
|                  | <b>£'000</b> | <b>£'000</b> |
| Work in progress | 257          | 345          |
| Finished goods   | 1            | 142          |
|                  | <u>258</u>   | <u>487</u>   |

**19 Contracts with customers**

|  | <b>2021</b>  | <b>2020</b>    | <b>2019</b>  |
|--|--------------|----------------|--------------|
|  | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| <b>Contracts in progress</b>                                 |              |                |              |
| Contract receivables included in trade and other receivables | 983          | 785            | -            |
| Contract assets  | 556          | -              | -            |
| Contract liabilities   | (750)        | (2,540)        | (70)         |
|  | <u>989</u>   | <u>(1,755)</u> | <u>(70)</u>  |

**Significant changes in the period**

|   | <b>2021</b>            |                             | <b>2020</b>            |                             |
|---|------------------------|-----------------------------|------------------------|-----------------------------|
|   | <b>Contract assets</b> | <b>Contract liabilities</b> | <b>Contract assets</b> | <b>Contract liabilities</b> |
|   | <b>£'000</b>           | <b>£'000</b>                | <b>£'000</b>           | <b>£'000</b>                |
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period | -                      | 2,540                       | -                      | 70                          |
|   | <u>-</u>               | <u>2,540</u>                | <u>-</u>               | <u>70</u>                   |

**20 Trade and other receivables**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Trade receivables                       | 359          | 446          |
| Contract assets (note 19)               | 556          | -            |
| VAT recoverable                         | 1,123        | 345          |
| Amounts owed by subsidiary undertakings | 4,349        | 4,757        |
| Amounts owed by related parties         | 420          | 263          |
| Other receivables                       | 76           | 15           |
| Prepayments                             | 396          | 314          |
|   | <u>7,279</u> | <u>6,140</u> |

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2021****20 Trade and other receivables (continued)**

At 31 March 2021 £101,000 (2020: £101,000) was recognised as a provision for expected credit losses on amounts due from subsidiary undertakings.

**21 Trade receivables - credit risk****Fair value of trade receivables**

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

There were no trade receivables that were past due that had also not been impaired.

**22 Fair value of financial liabilities**

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

**23 Liquidity risk**

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

|                         | 1 – 6<br>months<br>£'000 | 6 months<br>to 1 year<br>£'000 | 1 – 5 years<br>£'000 | 5+ years<br>£'000 | Total<br>£'000 |
|-------------------------|--------------------------|--------------------------------|----------------------|-------------------|----------------|
| <b>At 31 March 2020</b> |                          |                                |                      |                   |                |
| Trade payables          | 2,965                    | -                              | -                    | -                 | 2,965          |
| Lease liabilities       | 307                      | 314                            | 2,990                | 1,997             | 5,608          |
|                         | <u>3,272</u>             | <u>314</u>                     | <u>2,990</u>         | <u>1,997</u>      | <u>8,573</u>   |
| <b>At 31 March 2021</b> |                          |                                |                      |                   |                |
| Trade payables          | 2,556                    | -                              | -                    | -                 | 2,556          |
| Lease liabilities       | 325                      | 302                            | 2,990                | 1,350             | 4,967          |
|                         | <u>2,881</u>             | <u>302</u>                     | <u>2,990</u>         | <u>1,350</u>      | <u>7,523</u>   |

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

---

**23 Liquidity risk (continued)**

**Liquidity risk management**

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At the end of the reporting period the company held deposits at call of £9.3m (2020: £8.0m). Management monitors rolling forecasts of the company's cash and cash equivalents on the basis of expected cash flows.

**24 Market risk**

**Foreign exchange risk**

The company's exposure to foreign currency risk at the end of the reporting period, expressed in US Dollars, was as follows:

|   | Assets |        | Liabilities |        |
|---|--------|--------|-------------|--------|
|   | 2021   | 2020   | 2021        | 2020   |
|   | \$'000 | \$'000 | \$'000      | \$'000 |
| Trade receivable                          | 147    | 483    | -           | -      |
| Cash and cash equivalents                 | 648    | 722    | -           | -      |
| Amounts owed by fellow group undertakings | 5,165  | 5,165  | -           | -      |
| Trade payables                            | -      | -      | 99          | 3,705  |
|   | =====  | =====  | =====       | =====  |

Whilst the company takes steps to minimise its exposure to foreign exchange risk, changes in foreign exchange rates will have an impact on profit.

The company's foreign exchange risk is dependent on the movement in the US dollar to sterling exchange rate. The effect of a 10% strengthening in the dollar against sterling at the reporting date on the dollar denominated net assets at the date end would, all other variables being held constant, have resulted in a increase in the post-tax profit for the year of £425,000 (2020: £214,000).

A 10% weakening in the exchange rate would, on the same basis, would have decrease post-tax profit by £425,000 (2020: £214,000).

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

**25 Trade and other payables**

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Trade payables                          | 2,556         | 2,965         |
| Contract liabilities (note 19)          | 750           | 2,540         |
| Amounts owed to subsidiary undertakings | 3             | 2,826         |
| Accruals                                | 10,109        | 2,358         |
| Social security and other taxation      | 13            | 116           |
| Other payables                          | 66            | 21            |
|   | <u>13,497</u> | <u>10,826</u> |

**26 Lease liabilities**

|                                       | <b>2021</b>  | <b>2020</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>£'000</b> | <b>£'000</b> |
| <b>Maturity analysis</b>              |              |              |
| Within one year                       | 627          | 621          |
| In two to five years                  | 2,990        | 2,990        |
| In over five years                    | 1,350        | 1,997        |
| <b>Total undiscounted liabilities</b> | <u>4,967</u> | <u>5,608</u> |

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

|                         | <b>2021</b>  | <b>2020</b>  |
|-------------------------|--------------|--------------|
|                         | <b>£'000</b> | <b>£'000</b> |
| Current liabilities     | 526          | 511          |
| Non-current liabilities | 3,964        | 4,290        |
|                         | <u>4,490</u> | <u>4,801</u> |

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Amounts recognised in profit or loss include the following: |              |              |
| Interest on lease liabilities                               | <u>112</u>   | <u>107</u>   |

Other leasing information is included in note 30.

**Bladeroom Group Limited****Notes to the financial statements (continued)**  
**For the year ended 31 March 2021****27 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

|   | <b>Accelerated<br/>capital<br/>allowances<br/>£'000</b> |
|---|---|
| Deferred tax liability at 1 April 2019        | 18  |
| <b>Deferred tax movements in prior year</b>   |   |
| Credit to profit or loss                      | 46  |
|   | <u>64</u>   |
| Deferred tax liability at 1 April 2020        | 64  |
| <b>Deferred tax movements in current year</b> |   |
| Credit to profit or loss                      | 76  |
|   | <u>140</u>  |
| Deferred tax liability at 31 March 2021       | <u>140</u>  |

**28 Retirement benefit schemes****Defined contribution schemes**

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.

The total costs charged to income in respect of defined contribution plans is £169,000 (2020: £277,000)

**29 Share capital**

|   | <b>2021<br/>£</b> | <b>2020<br/>£</b> |
|---|-------------------|-------------------|
| <b>Issued and fully paid</b>            |                   |                   |
| 3 Ordinary shares of £1 each of £1 each | 3                 | 3                 |
|   | <u>3</u>          | <u>3</u>          |

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

---

**30 Other leasing information**

**Lessee**

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

|                                       | <b>2021</b>   | <b>2020</b>   |
|---------------------------------------|---------------|---------------|
|                                       | <b>£'000</b>  | <b>£'000</b>  |
| Expense relating to short-term leases | 135           | 106           |
|                                       | <u>      </u> | <u>      </u> |

Information relating to lease liabilities is included in note 26.

**31 Capital risk management**

The company is not subject to any externally imposed capital requirements.

**32 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

|                              | <b>2021</b>   | <b>2020</b>   |
|------------------------------|---------------|---------------|
|                              | <b>£'000</b>  | <b>£'000</b>  |
| Short-term employee benefits | 987           | 779           |
|                              | <u>      </u> | <u>      </u> |

**Other information**

At the balance sheet date the company owed £3,000 (2020: £2,826,000) to a fellow group entity.

At the balance sheet date the company was due £4,450,000 (2020: £4,858,000) from fellow group entities.

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

During the year, the company accrued royalty charges of £4,462,000 (2020: £3,569,000) to a company controlled by a director of Bladeroom Group Limited. At the balance sheet date, an accrual for royalty charges of £397,000 (2020: £444,000) is included within creditors.

The company also recharged legal fees of £952,000 (2020: £1,872,000) to the same related party and at the balance sheet date, the company was owed £418,000 (2020: £263,000), this balance is included within other debtors.



**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2021****33 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.

**34 Cash generated from operations**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Profit for the year after tax                                | 7,620        | 3,751        |
| <b>Adjustments for:</b>                                      |              |              |
| Taxation charged   | 907          | 315          |
| Finance costs  | 121          | 108          |
| Investment income  | (2,964)      | (1,852)      |
| Gain on disposal of property, plant and equipment            | -            | (9)          |
| Depreciation and impairment of property, plant and equipment | 985          | 844          |
| Other gains and losses                                       | 95           | (215)        |
| <b>Movements in working capital:</b>                         |              |              |
| Decrease in inventories                                      | 230          | 34           |
| Increase in contract assets                                  | (556)        | -            |
| (Increase)/decrease in trade and other receivables           | (544)        | 617          |
| (Decrease)/increase in contract liabilities                  | (1,790)      | 2,540        |
| Increase/(decrease) in trade and other payables              | 4,421        | (2,346)      |
| <b>Cash generated from operations</b>                        | <b>8,525</b> | <b>3,787</b> |

**Bladeroom Group Limited****Notes to the financial statements (continued)****For the year ended 31 March 2021****35 Transition adjustments**

These financial statements for the year ended 31 March 2021 are the first financial statements of Bladeroom Group Limited prepared in accordance with IFRS. For periods up to and including the year ended 31 March 2020, the Company prepared its financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31 March 2021, together with the comparative period data for the year ended 31 March 2020, as described in the accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 April 2019, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating FRS 102 financial statements, including the statement of financial position as at 1 April 2019 and the financial statements as of, and for, the year ended 31 March 2020.

**Reconciliation of equity**

|                                      | <b>1 April<br/>2019<br/>£'000</b> | <b>31 March<br/>2020<br/>£'000</b> |
|--------------------------------------|-----------------------------------|------------------------------------|
| Equity as previously reported        | 4,621                             | 4,240                              |
| Adjustments arising from transition: |                                   |                                    |
| Revenue                              | 443                               | 165                                |
| Cost of sales                        | (335)                             | (178)                              |
| IFRS 16 adjustments                  | -                                 | (56)                               |
| Provision for expected credit losses | (101)                             | -                                  |
| Adjustments as at 1 April 2019       | -                                 | 8                                  |
| Equity as restated                   | <u>4,628</u>                      | <u>4,179</u>                       |

**Reconciliation of profit for the financial period**

|                                      | <b>2020<br/>£'000</b> |
|--------------------------------------|-----------------------|
| Profit as previously reported        | 3,820                 |
| Adjustments arising from transition: |                       |
| Revenue                              | 165                   |
| Cost of sales                        | (178)                 |
| IFRS 16 adjustments                  | (56)                  |
| Profit as restated                   | <u>3,751</u>          |

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

**35 Transition adjustments (continued)**

**Reconciliation of equity**

|                               | At 1 April 2019              |                               |                      | At 31 March 2020             |                               |                      |
|-------------------------------|------------------------------|-------------------------------|----------------------|------------------------------|-------------------------------|----------------------|
|                               | Previously reported<br>£'000 | Effect of transition<br>£'000 | As restated<br>£'000 | Previously reported<br>£'000 | Effect of transition<br>£'000 | As restated<br>£'000 |
| <b>Fixed assets</b>           |                              |                               |                      |                              |                               |                      |
| Property, plant and equipment | 508                          | 2,765                         | 3,273                | 712                          | 4,745                         | 5,457                |
| Investments                   | 1                            | -                             | 1                    | 1                            | -                             | 1                    |
|                               | <u>509</u>                   | <u>2,765</u>                  | <u>3,274</u>         | <u>713</u>                   | <u>4,745</u>                  | <u>5,458</u>         |
| <b>Current assets</b>         |                              |                               |                      |                              |                               |                      |
| Inventories                   | 697                          | (176)                         | 521                  | 580                          | (93)                          | 487                  |
| Trade and other receivables   | 8,092                        | (1,129)                       | 6,963                | 11,102                       | (4,962)                       | 6,140                |
| Bank and cash                 | 10,232                       | -                             | 10,232               | 7,957                        | -                             | 7,957                |
|                               | <u>19,021</u>                | <u>(1,305)</u>                | <u>17,716</u>        | <u>19,639</u>                | <u>(5,055)</u>                | <u>14,584</u>        |

**Bladeroom Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

**35 Transition adjustments**

|                                       | At 1 April 2019                 |                                  |                      | At 31 March 2020                |                                  |                                     |
|---------------------------------------|---------------------------------|----------------------------------|----------------------|---------------------------------|----------------------------------|-------------------------------------|
|                                       | Previously<br>reported<br>£'000 | Effect of<br>transition<br>£'000 | As restated<br>£'000 | Previously<br>reported<br>£'000 | Effect of<br>transition<br>£'000 | As restated<br>£'000<br>(continued) |
| <b>Creditors due within one year</b>  |                                 |                                  |                      |                                 |                                  |                                     |
| Finance leases                        | (16)                            | (490)                            | (506)                | -                               | (511)                            | (511)                               |
| Taxation                              | (2,838)                         | -                                | (2,838)              | (830)                           | 542                              | (288)                               |
| Other payables                        | (12,037)                        | 1,311                            | (10,726)             | (15,218)                        | 4,508                            | (10,710)                            |
|                                       | <u>(14,891)</u>                 | <u>821</u>                       | <u>(14,070)</u>      | <u>(16,048)</u>                 | <u>4,539</u>                     | <u>(11,509)</u>                     |
| Net current assets                    | 4,130                           | (484)                            | 3,646                | 3,591                           | (516)                            | 3,075                               |
| Total assets less current liabilities | <u>4,639</u>                    | <u>2,281</u>                     | <u>6,920</u>         | <u>4,304</u>                    | <u>4,229</u>                     | <u>8,533</u>                        |
| <b>Creditors due after one year</b>   |                                 |                                  |                      |                                 |                                  |                                     |
| Finance leases                        | -                               | (2,274)                          | (2,274)              | -                               | (4,290)                          | (4,290)                             |
| <b>Provisions for liabilities</b>     |                                 |                                  |                      |                                 |                                  |                                     |
| Deferred tax                          | (18)                            | -                                | (18)                 | (64)                            | -                                | (64)                                |
| Net assets                            | <u>4,621</u>                    | <u>7</u>                         | <u>4,628</u>         | <u>4,240</u>                    | <u>(61)</u>                      | <u>4,179</u>                        |

Bladeroom Group Limited

Notes to the financial statements (continued)  
For the year ended 31 March 2021

35 Transition adjustments

|                 | At 1 April 2019                 |                                  |                      | At 31 March 2020                |                                  |                                     |
|-----------------|---------------------------------|----------------------------------|----------------------|---------------------------------|----------------------------------|-------------------------------------|
|                 | Previously<br>reported<br>£'000 | Effect of<br>transition<br>£'000 | As restated<br>£'000 | Previously<br>reported<br>£'000 | Effect of<br>transition<br>£'000 | As restated<br>£'000<br>(continued) |
| Equity          |                                 |                                  |                      |                                 |                                  |                                     |
| Profit and loss | 4,621                           | 7                                | 4,628                | 4,240                           | (61)                             | 4,179                               |

**35 Transition adjustments (continued)**

**Notes to reconciliations**

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 March 2021, are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS).

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 April 2019, the Company's date of transition to International Financial Reporting Standards, and made those changes in accounting policies and other restatements required for the first-time adoption of International Financial Reporting Standards as such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 April 2019 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2020. On transition to IFRS, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

**IFRS 16 Leases**

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis. As a result, at the date of transition to IFRS the Company recognised £2,765,000 (31 March 2020: £4,801,000) of lease liabilities and £2,765,000 (31 March 2020: £4,745,000) of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings.

**IFRS 9 Expected credit losses**

Under the "expected credit loss" model, the company calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

Expected credit losses are calculated by:

- (a) identifying scenarios in which a loan or receivable defaults;
- (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen;
- (c) multiplying that loss by the probability of the default happening; and
- (d) summing the results of all such possible default events.

At 1 April 2019 a provision of £101,000 was recognised for expected credit losses on amounts owed from subsidiary undertakings.

**35 Transition adjustments (continued)**

**IFRS 15 Revenue from contracts with customers**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The transaction price is set out in contract documents, with allocation of the price agreed within a contract payment schedule, which includes the project milestones.

Under IFRS, any earned consideration that is conditional should be recognised as a contract asset rather than a receivable.