

BALMORAL COMTEC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31st March 2021

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BALMORAL GROUP CORE VALUES

The values described below apply to employee relationships with all customers and suppliers – whether that is within Balmoral Group or with the company's highly valued client base:

Customer focus

Leading and working together as a team to deliver high quality products on time at the best possible price with no surprises.

Respect

Treating clients, colleagues and suppliers as we wish to be treated ourselves, with respect and decency.

Integrity

Reliability, flexibility, honesty, openness and fairness. Supporting clients, colleagues and suppliers at all times with a focus on the common end goal.

Accountability

Being proactive in setting and achieving objectives. Taking responsibility in one's role and enhancing the company reputation at all times.

Innovation

A commitment to the company's philosophy of innovation, continuous improvement and clear communication, internally and externally.

Motivation

Maintaining a focus on aligning efforts and energy to achieve common goals, ie, successful projects. Constantly seeking to add value.

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BALMORAL COMTEC LIMITED

A division of Balmoral Group Holdings Limited

Recognised as an innovator in its field, Balmoral Comtec delivers an expansive range of solutions based on its comprehensive experience of advanced composite materials, surface and subsurface buoyancy systems, subsea protection and thermal insulation products.

Complementing the company's purpose-built production facilities and subsea test centre, the highly experienced R&D, technical, engineering, commercial and HSE teams all play their part in delivering successful global projects on time and on budget.

Providing added value from concept development through detailed design, manufacturing and testing, the team at Balmoral helps its clients achieve their full project potential safely and cost-effectively.

Balmoral Comtec's dedicated management and operations teams are wholly responsible for the unit's performance. All personnel are committed to the Group's core values of customer focus, respect, integrity, accountability, innovation and motivation and its philosophy of continuous improvement

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The directors present their strategic report for the year to 31 March 2021

Principal activity

The principal activity of Balmoral Comtec Limited ("the Company") is the provision of buoyancy, elastomer and composite product solutions to our customers. We do this by designing and manufacturing a range of products principally for the offshore oil and gas and renewables industries.

Business model

We offer unrivalled technical expertise, a vast project track record, evidence based product solutions and a collaborative approach to client engagement. This allows us to design and manufacture products to meet our customers expectations at competitive prices. Our routes to market vary according to the product types and geographical markets. We aim to identify potential customers, develop product solutions and bid for work through a competitive tendering process. Critical to our business success are track record, design, quality and customer service.

Business review and results

We have seen a 22% decrease in turnover this year as set out in the profit and loss account on page 10. We started the year with a larger order backlog than in the previous year. The fall in the price of oil and the impact of the global pandemic resulted in projects being delayed. As a result we saw activity levels fall in the second half of the year. We were able to keep the factory operational throughout the year with office based staff working from home. However the lower levels of activity resulted in operating profits falling by 24%.

During the year we had to deal with the disruption of supplies as a result of the impact of COVID-19 on raw material supplies which resulted in the company holding higher levels of stock throughout the year than is usual.

We continue to see strong competition on pricing; to counter this we are working with our customers to reduce cost by design and engineering changes rather than simply supplying the same product for less. This allowed us to maintain margins through difficult times but our order book at the year end was below the opening level.

We continue to work with our customers to reduce the full life cycle cost of products and to offer innovative solutions to allow them to meet the challenging savings targets being demanded of them. Since the year end we have seen further disruption to raw material supplies and increases in the price and availability of raw material. This has reduced the levels of gross margin which we can achieve.

Statement relating to the Directors' responsibilities under Section 172 of the Companies Act

The Directors recognise their duty to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole in accordance with section 172 of the UK Companies Act 2006. The Directors' section 172 duties are part of Board discussions.

The Group's core values are at the front of the accounts and set out how all companies in the Balmoral Group and their employees are expected to interact with each other and key stakeholders. To drive long term value for all stakeholders the directors believe it is necessary, in addition to acting in

accordance with our core values, to invest in our people, plant and products. This includes the quality of the working environment, training and adequate investment in research and development.

The Directors continue to have regard to the interest of the company's key stakeholders, and throughout the year the Board and management engage with key stakeholders on items relevant to them. We set out below our key stakeholder groups, their material issues and how the company engages with and considers the interest of each stakeholder group.

Investors and lenders

The company has low levels of borrowings and is 98% owned by the Balmoral Group Holdings Limited with the balance being held by the senior management team; the investors are therefore involved in the day to day management of the company. Our lenders key interest is in the long-term future of the business and they are updated on progress on a quarterly basis.

Employees

Our people are key to our success and we want them to be successful both individually and as a team. Directors and senior management maintain regular formal and informal communication with staff. Key areas of focus include health and welfare, training and development opportunities, pay and conditions. Staff want to work for a successful business that invests in the future in a safe and sustainable way. Our core values, our focus on HSEQ and investment in R&D address these concerns.

Customers

Our customers are looking for a quality product, delivered on time at a fair value. At all levels of the business we are proactive in our relationships with our customers and in regular communication as projects are progressed from winning the sale, detailed design, manufacture and delivery. We build strong relationships with our customers and work with them to understand their needs and where we can add value. We continually strive to meet or exceed our customer expectations by investing in our products, plant, processes and people.

Suppliers

We build strong relationships with our suppliers to build mutually beneficial and lasting partnerships. Engagement includes formal performance reviews and key areas of focus include innovation, product development, health and safety and continuity of supply. The main concerns of our suppliers include visibility of future demand for their products and services. Where possible we share planning information to align our demand with their ability to supply.

Other stakeholders

We engage with the communities in which we operate and most of our CRS efforts are channelled through the holding company. The Balmoral Group supports the Friends of ANCHOR charity in Aberdeen by meeting the salary cost of the fund-raising team and all the administration expenses. In addition, the Balmoral Group support local causes directly and national and international causes are supported through donations to the Milne Family Foundation.

STRATEGIC REPORT

In committing to the core values of the Group the directors believe this demonstrates their desire for the company to maintain a reputation for high standards of business conduct and the need to act fairly between members of the company.

Key performance indicators

The management team use a number of KPI measures to monitor the progress of the business. In addition to financial measures these cover quality and HSE issues. The top level KPIs are sales growth, operating profit and working capital. Between these they demonstrate if the objective of profitable growth is being achieved whilst controlling the cash demands of the business.

During the year turnover decreased by 22%, operating profits decreased by 24% and working capital decreased by £13.5m. The KPIs reflect the reduced activity in the second half of the year. The reduction in working capital is a result of the stage we are at in large contracts and customers demands for extended terms and the board believe that the performance of the company was positive given the market conditions that the Company faced in the year.

Principal risks and uncertainties

The directors continue to monitor the key risks that the Company faces, these are summarised below:

- **Raw material prices and availability:** the Company monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers. However, the cyclical nature of markets may lead to volatile changes in raw material prices.
- **Commodity prices:** the Company's activities are affected by certain commodity prices, being oil and gas and, to a smaller extent, the price of steel and other metals. The movement in prices of these commodities has a direct impact on the number of projects which receive sanction from the oil and gas operating companies which in turn affects the number of projects on the books of our principal customers, the offshore contractors.
- **Foreign exchange fluctuations:** the Company is exposed to foreign exchange risk, in particular in relation to the US\$ and the Euro. The Company monitors exchange risks and has a policy of hedging against currency fluctuations by purchasing raw materials in the same currency as sales are denominated in whenever possible or, from time to time, using forward currency contracts.

Energy usage and carbon emissions

Disclosure of the Company's energy usage and carbon emissions for the years ended 31 March 2021 and 31 March 2020 is made within the consolidated disclosures which are included in the financial statements of the parent company, Balmoral Group Holdings Limited.

Future developments

We continue to invest in R&D to allow the business to grow by identifying and satisfying customer needs. Our R&D efforts are also focused on improving our production efficiencies which has helped to maintain a competitive position in the market.

The business continues to be impacted by the effects of COVID and our order book at 31 March 2021 was lower than at the start of the year. In the year to 31 March 2022 we expect activity levels to increase in the second half of the year but with increases in the cost of raw materials and supply chain disruption we expect that margins will be lower than seen in the year to 31 March 2021. The liquidity of the business remains strong and we did not use, or renew, the £10m overdraft facility we put in place as a contingency measure last year.

As set out in note 1, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparation of these financial statements.



By order of the board

WE Main | 15 December 2021

The directors present their report and the audited financial statements for the year to 31 March 2021.

Financial

During the year the Company made a profit of £7,292,000 (2020: profit of £9,974,000). The directors recommend that no final dividend be paid (2020: Enil) and that the balance be added to reserves.

Financial Instruments

Details of the Company's principal financial instruments are set out in notes 14, 15 and 16 to the financial statements.

Directors

The directors who held office during the year and at the date of this report were as follows:

- JS Milne
- WE Main
- J Hamilton
- RK Oram
- FJ Milne
- A Robertson
- G Yeoman
- D Reay

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Engagement with employees, suppliers, customers and others

Relationships with stakeholders are of strategic importance to the company and these matters are therefore also dealt with in the strategic report (under Section 172 obligations).

Employees

Direct personal communication with employees is an integral part of the Group's personnel philosophy. This is achieved by means of regular in-house publications and consultation with employees on matters of concern to them. It is the policy of the Group to develop a safe working environment and to offer equal opportunities to all seeking or maintaining employment with the Group, including offering employment to disabled persons with the appropriate skills and qualifications.

Charitable and political donations

During the year the Company made donations to UK charities amounting to £94,000 (2020: £108,000). The Company made political donations in the year comprised: Liberal Democrat Enil (2020: £2,000) Scottish Conservative & Unionist Party Enil (2020: £10,000).

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



By order of the board
WE Main | 15 December 2021

DIRECTORS' REPORT

Opinion

We have audited the financial statements of Balmoral Comtec Limited ("the Company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 the UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to

commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unbalanced entries and those posted to unrelated accounts.
- Agreeing revenue accrued at year end to evidence of goods delivered or services performed in the year and re-performing, for a risk-based sample of fixed price contracts, the calculation of revenue recognized based on percentage of completion of costs, and comparing forecasts against contractual terms and correspondence with customers.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALMORAL COMTEC LIMITED

other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statement, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance of fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frg.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



**David Derbyshire (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants, 1 Marischal Square, Broad Street, Aberdeen AB10 1DD
16 December 2021

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BALMORAL COMTEC LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	2	75,482	96,713
Cost of sales		(58,769)	(76,792)
Gross profit		16,713	19,921
Administrative and selling expenses		(7,436)	(7,645)
Operating profit	3-5	9,277	12,276
Amounts written off investments and loans	6		(715)
Interest receivable and similar income	7	24	316
Interest payable and similar expenses	8	(1,003)	(63)
Profit before taxation		8,298	11,814
Tax on profit	9	(1,006)	(1,840)
Profit for the financial year		7,292	9,974
Other comprehensive income for the year, net of taxation			
Total comprehensive income for the year		7,292	9,974

BALANCE SHEET

at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	10	791	820
Tangible assets	11	22,598	23,159
Investments	12		
		23,389	23,979
Current assets			
Stocks	13	2,234	4,716
Debtors	14	54,761	74,046
Cash at bank and in hand		30,413	13,646
		87,408	92,408
Creditors: amounts falling due within one year	15	(19,525)	(31,603)
Net current assets		67,883	60,805
Total assets less current liabilities		91,272	84,784
Creditors: amounts falling due after more than one year	16	(1,272)	(2,094)
Provisions for liabilities	17	(2,364)	(2,346)
Net assets		87,636	80,344
Capital and reserves			
Called up share capital	18	510	510
Profit and loss account		87,126	79,834
Shareholders' funds		87,636	80,344

These financial statements were approved by the board of directors on 15 December 2021 were signed on its behalf by:



JS Milne CBE | Chairman and Managing Director

STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
Balance at 31 March 2019	510	69,860	70,370
Total comprehensive income for the year			
Loss for the year to 31 March 2020		9,974	9,974
Total comprehensive income for the year		9,974	9,974
Balance at 31 March 2020	510	79,834	80,344
Total comprehensive income for the year			
Profit for the year to 31 March 2021		7,292	7,292
Total comprehensive income for the year		7,292	7,292
Balance at 31 March 2021	510	87,126	87,636

NOTES

Forming part of the financial statements

1 Accounting policies

Balmoral Comtec Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The registered number is SC301819 and the registered address is Balmoral Park, Loirston, Aberdeen, AB12 3GY.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Balmoral Group Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Balmoral Group Holdings Limited are available to the public and may be obtained from the Registrar of Companies, 139 Fountainbridge, Edinburgh, EH3 9FF. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Balmoral Group Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at fair value: derivative financial instruments.

1.2 Going concern

The Company's business activities, together with factors likely to affect the future development, performance and position are set out in the Business Review section of the Strategic report on pages 4 to 5.

The Company has considerable financial resources together with long-term contracts and orders with a number of customers and suppliers across different geographical areas. At the financial year-end, the Company had net current assets and net assets of £67,883,000 and £87,636,000, respectively, and cash of £30,413,000. The Company has significant net funds and no bank debt.

As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook, including the economic uncertainty arising as a result of COVID-19. With the help of its suppliers, the Company has been able to maintain production during periods of UK lockdown.

The directors have prepared cash flow forecasts for a period of twelve months from the date of these financial statements. Based on these cash flow forecasts, which take into account reasonably possible downsides, the directors consider that the Company has adequate resources to continue in operational existence. Reasonably possible downsides to the forecast principally comprise a delay in customer receipts requiring additional working capital funding.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

1.5 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances, cash deposits and instant access liquidity funds.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for hedging instruments in a designated hedging relationship which shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercises, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity

and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain in equity is recognised in the income statement immediately.

1.7 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payment at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- buildings up to 50 years
- plant and vehicles 3 to 12 years
- office fixtures and fittings 4 to 7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.8 Intangible assets, goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred. Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years which was the useful life estimated at the date of acquisition.

NOTES Continued

Amortisation of software is charged to the profit or loss on a straight line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives for software is 4 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.9 Government Grants

Government Grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.10 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the turnover accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the period during which services are rendered by employees.

1.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.15 Turnover

Turnover represents the amounts derived from the provision of goods to customers and the value of work carried out during the year net of trade discounts, VAT and sales related taxes.

Turnover for construction contracts is stated at the estimated stage of completion at the end of the reporting period, less amounts recognised in previous years. Turnover for other goods is recognised on delivery to the customer.

1.16 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments

to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Financial lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance charges on finance leases and net foreign exchange losses that are recognised in profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

NOTES Continued

2 Turnover

By geographical market	2021 £'000	2020 £'000
United Kingdom	13,911	7,617
Americas	40,728	72,721
Europe	6,538	6,054
Rest of world	14,305	10,321
	75,482	96,713

The Company only has one class of business, being the manufacture and sale of a range of buoyancy, elastomer and insulation products, principally for the offshore oil and gas industry. All turnover is from the sale of goods.

3 Expenses and auditor's remuneration

Included in profit and loss account are the following:	2021 £'000	2020 £'000
Auditor's remuneration		
<i>Audit of these financial statements</i>	31	26
<i>Other services relating to taxation</i>	6	6
Operating lease rentals		
<i>Land and buildings</i>	1,900	1,900
<i>Plant and machinery</i>	56	78
Depreciation and other amounts written off tangible fixed assets		
<i>Owned</i>	2,661	2,574
<i>Leased</i>	347	319
Amortisation of goodwill and patents	70	50
Amortisation of other intangible assets	157	185
Research and development expenditure	762	680
Loss on sale of assets	5	6
Government grants income	(83)	(199)
Research and development expenditure credit	(317)	(154)

4 Directors' remuneration

	2021 £'000	2020 £'000
Emoluments as executives	1,053	1,119
Company contributions to money purchase schemes	105	95

The emoluments, excluding pension contributions, of the highest paid director were £203,000 (2020: £233,000). Retirement benefits accrued to 4 directors (2020: 5) under money purchase schemes operated by the Group.

5 Staff numbers and costs

The average number of persons (including directors) employed by the Company during the year, analysed by category, was as follows:

	2021 Number	2020 Number
Management and administration	74	69
Production	232	253
	306	322

The aggregate payroll costs of these persons were as follows:	£'000	£'000
Wages and salaries	11,849	12,232
Furlough grant received	(760)	-
Social security costs	1,183	1,299
Defined contribution pension costs	671	636
	12,943	14,167

The Company operates a defined contribution pension scheme. Contributions amounting to £73,000 (2020: £76,000) were payable to the scheme at the end of the year and are included in creditors.

The Company received £760,000 (2020: £nil) in respect of the Coronavirus Job Retention in the year.

6 Exceptional costs

	2021 £'000	2020 £'000
Amounts written off investment in subsidiaries	-	715
		715

7 Interest receivable and similar income

	2021 £'000	2020 £'000
Net exchange gains and similar income	-	196
Interest on deposits	24	120
	24	316

8 Interest payable and similar expense

	2021 £'000	2020 £'000
Net exchange losses	930	-
Finance costs of bank loans and overdrafts	7	3
Hire purchase and finance lease interest	66	60
	1,003	63

NOTES Continued...

9 Taxation

	2021 £'000	2020 £'000
Analysis of tax charge for the year		
UK corporation tax		
Current year	618	1,114
Group relief	317	394
Prior year adjustment	53	(55)
	988	1,453
Deferred tax		
Origination of timing differences	19	178
Change in Tax Rate	-	228
Prior year adjustment	(1)	(19)
	18	387
Total tax charge	1,006	1,840

Factors affecting the tax charge for the year:

The total tax charge for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

Total tax reconciliation

Profit before taxation	8,298	11,814
Total tax 19% at (2020: 19%)	1,577	2,245
Effects of:		
Disallowed expenditure	1	35
Write down of subsidiary	-	136
R&D and Patent box tax reliefs	(704)	(802)
Amortisation of goodwill	10	9
Difference in tax rate	-	228
Ineligible depreciation	70	63
Prior year adjustment	52	(74)
Total profit and loss tax charge for the year	1,006	1,840

The amounts provided for deferred taxation at 19% (2020: 19%) are set out below.

	2021 Provided £'000	2020 Provided £'000
Difference between accumulated depreciation and capital allowances	2,346	2,354
Other timing differences	18	(8)
	2,364	2,346

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax liability as at 31 March 2021 was calculated at 19% (2019 – 17%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and deferred tax liability accordingly.

10 Intangible fixed assets

	Patents £'000	Software £'000	Goodwill £'000	Total £'000
Cost				
At beginning of the year	200	1,413	1,000	2,613
Additions	-	198	-	198
At end of the year	200	1,611	1,000	2,811
Amortisation				
At beginning of the year	-	1,114	679	1,793
Charge for the year	20	157	50	227
At end of the year	20	1,270	729	2,020
Net book value				
At 31 March 2021	180	341	271	791
At 31 March 2020	200	299	321	820

11 Tangible fixed assets

	Heritable land and buildings £'000	Plant and vehicles £'000	Office equipment and fittings £'000	Total £'000
Cost				
At beginning of the year	9,102	31,113	1,123	41,338
Additions	699	1,720	27	2,446
Disposals	-	(7)	-	(7)
At end of the year	9,801	32,826	1,150	43,777
Depreciation				
At beginning of the year	1,942	15,326	911	18,179
Charge for the year	460	2,434	113	3,007
Disposal	-	(7)	-	(7)
At end of the year	2,402	17,753	1,024	21,179
Net book value				
At 31 March 2021	7,399	15,073	126	22,598
At 31 March 2020	7,160	15,787	212	23,159

The net book value of fixed assets includes an amount of £2,899,000 (2020: £3,213,000) in respect of assets held under finance leases and similar hire purchase contracts. The depreciation charge for the year for these assets was £347,000 (2020: £319,000).

The net book value of Buildings comprises £6,980,000 (2020: £6,712,000) of leasehold buildings and improvements and £419,000 (2020: £448,000) of freeholds buildings.

NOTES Continued...

12 Investments

	Shares in Group companies £'000
Cost	
At beginning and end of year	715
Provision for diminution in value	
At beginning and end of year	715
Net Book Value	
At 31 March 2021	-
At 31 March 2020	-

Subsidiary undertaking	Country of registration	Nature of business	Percentage of ordinary share capital held
Balmoral Offshore Inc	USA	Sales Office	100
Kirkdale 2000 Limited	England	Dormant	100
Balmoral Advanced Composites Limited	Scotland	Dormant	100
Balmoral Composites Limited	Scotland	Dormant	100

The address of the registered office of all subsidiaries is Balmoral Park, Loirston, Aberdeen, AB12 3GY, other than Balmoral Offshore Inc: 6363 Woodway, Suite 1000, Houston, Texas 77057; Kirkdale 2000 Limited: 6 Elm Road, West Chirton North Industrial Estate, North Shields, Tyne and Wear, NE29 8SE.

13 Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	1,479	2,793
Work in progress	749	1,921
Finished goods and goods for resale	6	2
	2,234	4,716

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £24,982,000 (2020: £34,258,000).

14 Debtors

	2021 £'000	2020 £'000
Trade debtors	10,402	25,118
Amounts owed by group undertakings	34,594	31,749
Amounts recoverable on contracts	7,157	14,846
Corporation tax recoverable	844	817
Prepayments	1,521	1,451
Other debtors	243	65
	54,761	74,046

15 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	3,482	13,692
Obligations under finance leases and hire purchase contracts	738	942
Group relief	1,092	961
Amounts owed to Group undertaking	1,109	2,019
Payments made on account	7,734	6,223
Accruals and deferred income	2,969	4,088
Other creditors	2,401	3,678
	19,525	31,603

16 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Other loans	280	280
Obligations under finance leases and hire purchase contracts	325	1,064
Deferred income – government grant	667	750
	1,272	2,094
Analysis of debt repayments		
Repayable less than one year	738	942
Repayable in one to two years	110	904
Repayable in two to five years	194	160
Repayable after more than five years	301	280
	1,343	2,286

Bank facilities available to the Company, principally for the provision of bonds and guarantees, are secured by a bond and floating charge over the assets of the Company. The other loans are from shareholders and bear interest at 0.5% above bank base rate, they are repayable when the shares are sold and therefore have been shown as due after more than 5 years.

17 Provisions for liabilities

	2021 £'000	2020 £'000
Deferred tax		
At beginning of the year	2,346	1,959
Movement in the year		
Profit and loss account	18	387
At end of the year	2,364	2,346

There are no unprovided deferred tax liabilities and no unrecognised deferred tax assets.

NOTES Continued

18 Share capital and reserves

	2021 £'000	2020 £'000
Allotted, issued and fully paid:		
5,000,000 A Ordinary shares of 10p each	500	500
81,400 B Ordinary shares of 10p each	8	8
17,578 C Redeemable Ordinary shares of 10p each	2	2
	510	510

In the event of a sale of the Company the B and the C shareholders are entitled to an increasing share of the total proceeds as the total proceeds increase.

The C Redeemable Ordinary shares may be redeemed at £4.00 per share. The redemption premium is included as a financial liability within other creditors.

Cash flow hedging reserve

The hedging reserve at 31 March 2021 comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions. At the year end forward foreign currency contracts and options for a total of USD nil (2020: USD 9.5m) were outstanding. The fair value of these currency contracts was not material at 31 March 2021 and no cash flow hedging reserve balance has therefore been presented (2020: £nil).

19 Commitments

a) The future minimum lease payments under non-cancellable operating leases are as follows:

	Plant and machinery		Land and buildings	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	22	46	1,900	1,900
Between two and five years	10	1	7,600	7,600
More than five years	-	-	7,600	9,500
	32	47	17,100	19,000

b) The Company had contracted commitments to purchase tangible fixed assets at the end of the year, which were contracted but for which no provision is made in the accounts, of £553,000 (2020: £165,000).

20 Contingent liabilities

There are contingent liabilities arising from contractual obligations entered into in the normal course of business including, at the balance sheet date, £6,265,000 (2020: £6,934,000) in respect of contract performance and tender guarantees issued by the Company's bankers or insurers.

21 Related party transactions

The Company has taken advantage of the exemptions available under FRS 102 from disclosing transactions with its parent undertaking and other subsidiary undertakings where 100% of the voting rights are controlled within the Group.

The Company was recharged administration costs by and paid rent to Balmoral Park Limited, a fellow subsidiary undertaking, amounting to £2,849,000 (2020: £3,094,000). As the companies also undertake cash pooling transactions the Company was owed £4,370,000 by Balmoral Park Limited at 31 March 2021 (2020: £4,072,000).

The Company made purchases from Balmoral Tanks Limited, a fellow subsidiary undertaking, amounting to £3,346,000 (2020: £3,402,000). The Company was owed £2,790,000 from Balmoral Tanks Limited at 31 March 2021 (2020: £2,251,000 owing).

The Company made purchases from Balmoral Group Holdings Limited, its ultimate parent company, amounting to £2,510,000 (2020: £2,606,000). As the companies undertake cash pooling transactions, the Company was owed £26,613,000 by Balmoral Group Holdings Limited at 31 March 2021 (2020: £23,544,000).

The company made purchases from Water Environmental Treatment Limited, a fellow subsidiary undertaking, amounting to £5,000 (2020: £3,000). The company owed £1,000 to Water Environmental Treatment Limited at 31 March 2021 (2020: £2,000).

The company made purchases from ACE Winches, a fellow subsidiary undertaking, amounting to £267,000 (2020: £nil). The company owed £52,000 to ACE Winches at 31 March 2021 (2020: £nil).

The company made purchases from Blaze Manufacturing Ltd, a fellow subsidiary undertaking, amounting to £589,000 (2020: £nil). The company owed £120,000 to Blaze Manufacturing Ltd at 31 March 2021 (2020: £nil).

Transactions with other related parties

JS Milne is a trustee and grantee and WE Main a trustee of the Friends of Anchor Trust. During the year the total donations to this trust was as follows:

Related party	Objective of trust or charity	2021 £'000	2020 £'000
Friends of ANCHOR Trust	Support the Aberdeen and North Centre for Haematology, Oncology and Radiotherapy (ANCHOR)	1	12

22 Ultimate parent company

The Company's immediate and ultimate parent company is Balmoral Group Holdings Limited, a company registered in Scotland. The registered office of Balmoral Group Holdings Limited is Balmoral Park, Loirston, Aberdeen, AB12 3GY.

The smallest and largest group in which the results of the Company are consolidated is that headed by Balmoral Group Holdings Limited. No other group accounts include the results of the Company. The consolidated accounts of this group are available to the public and may be obtained from the Registrar of Companies, 139 Fountainbridge, Edinburgh, EH3 9FF.

23 Accounting estimates and judgments

Key sources of estimation uncertainty

The key assumptions used in arriving at the turnover from construction contracts and the value of construction contract debtors are:

- the margin expected to be generated on specific contracts; and
- for construction contracts in foreign currencies the exchange rate used

The margins are assessed on a contract by contract basis. The exchange rate used is the average exchange rate at the balance sheet date unless the future income has been hedged.

Critical accounting judgment in applying the Company's accounting policies

There are no critical accounting judgments apart from those involving estimations included above.

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Balmoral Comtec Limited
Balmoral Park, Loirston, Aberdeen AB12 3GY
T +44 (0)1224 859000
E surety@balmoral.co.uk
www.balmoraloffshore.com
Registered number SC301819

