

# Brady Technologies Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2021



Company No. 02164768

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# **BRADY.**

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# **BRADY.**

## **Company information**

**Registered office:** Centennium House  
100 Lower Thames Street  
London  
EC3R 6DL  
UK

**Board of Directors:** Anthony Greatorex  
Jason Carley  
Michael Comish  
Daniel Look  
Matthew Peacock  
Andrew Woolley

**Auditor:** Ernst and Young LLP  
Cambridge Business Park  
Cowley Road, Cambridge  
CB4 0WZ

# **BRADY.**

## **Directors' report**

The Directors present their Directors' Report together with the audited financial statements for the year ended 31 December 2021.

### **Directors**

The Directors who served the Company during the year and to the date of this report, except as stated otherwise, were as follows:

Anthony Greatorex

Jason Carley (appointed 24 March 2021)

Michael Comish (appointed 24 March 2021)

Daniel Look

Matthew Peacock

Bernard Delahaye (appointed 20 August 2021, resigned 30 June 2022)

Andrew Woolley (appointed 24 February 2021)

Iain Greig (resigned 31 July 2021)

Carmen Carey (resigned 31 March 2021)

Jog Dhody (resigned 24 March 2021)

Ian Powell (resigned 24 March 2021)

Rebecca Roberts (resigned 24 February 2021)

### **Principal activity**

The principal activity of the Company is as a provider of commodities trading and risk management software.

### **Results and dividends**

The Company made a loss £410,000 for the year ended 31 December 2021 (2020: £4,762,000). No dividends were declared or paid in the year (2020: £nil).

### **Future developments**

The Company continues to support all its customers through the development and expansion of its products and relationships. It is well placed to deliver the requirements demanded by its customers and the marketplace in which they operate.

# **BRADY.**

## **Directors' report (continued)**

### **Qualifying third party indemnity provisions**

The Company has entered into qualifying third party indemnity arrangements for the benefit of the Company and its Directors in a form and scope that comply with the requirements of the Companies Act 2006. The arrangements in place were in force throughout the year and remain in force.

### **Going concern**

The Company made a loss before tax in the year ended 31 December 2021 of £0.4 million and at 31 December 2021 had net current liabilities of £6.3 million. The Directors have reviewed the cash flow forecasts of the Company for the going concern period through to 31 December 2023. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Company will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch, cost base, foreign exchange and the level of capital expenditure.

Based on the Directors' assessment of the Company's financial position and of the enquiries made of the ultimate controlling party, the Directors have a reasonable expectation that the Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing 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 the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

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

# **BRADY.**

## **Directors' report (continued)**

### **Statement of Directors' responsibilities (continued)**

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.

The Directors confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

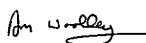
### **Small company provision**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The small companies thresholds have been exceeded for the first time in the current year and accordingly, the small company provision has still been applied.

### **Auditor**

Pursuant to Section 485 of the Companies Act 2006, a resolution to appoint Ernst and Young LLP as the auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Andrew Woolley, Director

29 September 2022

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRADY TECHNOLOGIES LIMITED

### Opinion

We have audited the financial statements of Brady Technologies Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 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 or directors' report.

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

- adequate accounting records have not been kept 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a strategic report.

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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.

## **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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK GAAP), the Companies Act 2006 and the relevant tax compliance regulations in the countries which the company operates.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated these enquiries through our review of board meeting minutes. We tested managements entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through our discussions with management to understand where there is susceptibility for fraud. We also considered management performance targets and how these could influence any attempts to manage earnings. We also gained an understanding and tested internal controls designed by the company to prevent, deter and detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue and any other large or unusual transactions to gain reasonable assurance that the financial statements were free from fraud and error. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located 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.

A handwritten signature in black ink, appearing to read 'Ruth Logan' followed by 'Ernst & Young LLP' in a cursive style.

Ruth Logan (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge  
30 September 2022

**BRADY.**

**Statement of comprehensive income**  
**For the year ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
Revenue	5	12,053	3,300
Cost of sales		-	-
<b>Gross profit</b>		<b>12,053</b>	<b>3,300</b>
Operating expenses		(12,354)	(7,992)
<b>Operating loss</b>	6	<b>(301)</b>	<b>(4,692)</b>
Net finance cost	9	(109)	(70)
<b>Loss before tax</b>		<b>(410)</b>	<b>(4,762)</b>
Tax	10	-	-
<b>Loss after tax and total comprehensive loss for the year</b>		<b>(410)</b>	<b>(4,762)</b>

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the loss for the current and preceding year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

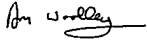
**BRADY.****Statement of financial position****As at 31 December 2021**

	Notes	2021 £'000	2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	11	180	337
Property, plant and equipment	12	-	12
Right of use assets	13	765	816
Investments	14	12,452	13,173
<b>Total non-current assets</b>		<b>13,397</b>	<b>14,338</b>
<b>Current assets</b>			
Trade and other receivables	15	5,068	948
Cash at bank and in hand		289	217
<b>Total current assets</b>		<b>5,357</b>	<b>1,165</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	(11,312)	(6,522)
Lease liabilities	13	(379)	(369)
<b>Net current liabilities</b>		<b>(6,334)</b>	<b>(5,726)</b>
<b>Total assets less current liabilities</b>		<b>7,063</b>	<b>8,612</b>
<b>Non-current liabilities</b>			
Lease liabilities	13	(395)	(534)
Provision for liabilities	17	(51)	(51)
<b>Net assets</b>		<b>6,617</b>	<b>8,027</b>
<b>Equity attributable to the owners of the Company</b>			
Share capital	18	834	834
Share premium	18	37,283	37,283
Other reserves	19	214	1,214
Retained earnings		(31,714)	(31,304)
<b>Shareholder funds</b>		<b>6,617</b>	<b>8,027</b>

**BRADY.**

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2021 and signed on its behalf by:



Andrew Woolley, Director

Company Number: 02164768

**BRADY.**

**Statement of changes in equity**  
**For the year ended 31 December 2021**

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
<b>At 1 January 2020</b>	<b>834</b>	<b>37,283</b>	<b>1,286</b>	<b>(26,614)</b>	<b>12,789</b>
Total comprehensive loss for the period	-	-	-	(4,762)	(4,762)
Transfer of expired share options	-	-	(72)	72	-
<b>At 31 December 2020</b>	<b>834</b>	<b>37,283</b>	<b>1,214</b>	<b>(31,304)</b>	<b>8,027</b>
Total comprehensive loss for the period	-	-	-	(410)	(410)
Reinstatement of treasury shares	-	-	-	-	-
Transfer of trade and assets from subsidiary undertaking	-	-	(1,000)	-	(1,000)
<b>At 31 December 2021</b>	<b>834</b>	<b>37,283</b>	<b>214</b>	<b>(31,714)</b>	<b>6,617</b>

The accompanying notes are an integral part of these financial statements.

A reconciliation of the components of other reserves is given in note 19.

# **BRADY.**

## **Notes to the financial statements**

### **1. General information**

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office, which is also its principal place of business, is Centennium House, 100 Lower Thames Street, London, EC3R 6DL.

### **2. Principal accounting policies**

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated. All amounts in the financial statements and notes have been rounded off to the nearest Pound Sterling, unless otherwise stated.

These financial statements have been authorised for issue and approved by the Directors on 29 September 2022.

#### **Basis of consolidation**

The Company has taken advantage of section 400 of the Companies Act 2006 to be exempt from preparing consolidated accounts, as taken with its subsidiary undertakings (see note 14), this Company is consolidated into the Group accounts headed by Brady Acquisition Limited, which are publicly available from Companies House.

These financial statements present information about the Company as an individual undertaking and not about its group.

#### **Going concern**

The Company made a loss before tax in the year ended 31 December 2021 of £0.4 million and at 31 December 2021 had net current liabilities of £6.3 million. The Directors have reviewed the cash flow forecasts of the Company for the going concern period through to 31 December 2023. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company, and has obtained a letter of support from its ultimate controlling party, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF. The letter of financial support demonstrates that the Company will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the financial statements. In assessing the future cash flows, the Directors have applied sensitivities to the assumptions on new business, new product launch, cost base, foreign exchange and the level of capital expenditure.

Based on the Directors' assessment of the Company's financial position and of the enquiries made of the ultimate controlling party, the Directors have a reasonable expectation that the Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

# **BRADY.**

## **2. Principal accounting policies (continued)**

### Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and VAT) of goods and services in the normal course of business. The Company has multiple revenue streams and the policy for each is detailed below. The Company acts as the principal in all sales.

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as the performance obligation(s) are satisfied.

Contracts typically contain a number of revenue streams and, depending on the contractual terms, may not be distinct and therefore considered to be one performance obligation. The total contract transaction price is allocated to the various performance obligations based on their relative stand alone selling prices.

### Subscription of software, term licences and associated installation services

Revenue from subscription of software is recognised evenly over the period from the date the customer can benefit from using the software, typically the point when the customer has the ability to 'go-live', until the contract end date. Software subscription contracts are under a 'right to access' model and the Group retains control of the intellectual property throughout the contract term.

Revenue from sale of software term licences is recognised at a point in time when the customer has control of the asset, which is typically at the point when the customer has the ability to 'go-live'. Software term licence contracts are under a 'right to use' model and the customer is entitled to the intellectual property as it stands at a point in time.

Due to the nature of the Group's software offerings, there is typically a period of installation before the customer can benefit from the asset. Revenue from installation services is recognised over time where there is a contractual right to payment for services completed to date. Where the contractual right to payment does not exist, revenue for installation services is recognised on completion of the related performance obligations, which is when the customer has the ability to 'go-live' on the installed software.

# BRADY.

## 2. Principal accounting policies (continued)

### Revenue Recognition (continued)

#### Consulting and professional service fee revenues

Revenue from consulting and professional service fees is recognised over time as the work is performed as this reflects when control is considered to be transferred. The customer receives and consumes the benefit of the service as it is performed, and the Group has an enforceable right to payment for work completed to date on a time and materials basis.

The Group performs some bespoke development work on its software products at client request. Revenue from bespoke development work is recognised at a point in time when contractual commitments have been delivered, which is when the customer has the ability to 'go-live'.

#### Support, maintenance and hosting

Revenue from support, maintenance and hosting is recognised evenly over the period to which it relates in line with contractual terms. As the amount of work required under these contract elements does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.

#### Contract asset and liabilities

The Company recognises the following contract assets in the statement of financial position:

- Amounts recoverable on contracts, if the Company satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Company invoices the customer.
- Contract fulfilment costs, if the costs are not within the scope of another Standard, then the following criteria have to be met
  - The costs directly relate to a contractual performance obligation;
  - The costs relate to satisfaction of a performance obligation in the future; and
  - The costs are expected to be recovered.

The contract fulfilment asset is amortised over the period in which the revenue from the related performance obligation is recognised.

At each reporting date, contract assets are assessed for impairment by comparing the carrying amount of the asset to the remaining consideration that the Company expects to receive under the contract, less future costs to complete.

No contract assets are recognised for incremental costs of obtaining customer contracts as assessment of whether such costs are recoverable is not probable.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer)

# BRADY.

## 2. Principal accounting policies (continued)

### Revenue Recognition (continued)

#### Financing elements

The Company does not expect to have any contracts where the period between revenue recognition and payment by the customer exceeds one year. Consequently, the Company applies the practical expedient in IFRS 15.63 and does not adjust the transaction price for the time value of money.

#### Contract modifications

From time to time, there is a change in scope of the original contract between the Company and a customer. All contract modifications are supported by contractual change orders. Change orders are accounted for as a separate contract when:

- The change order includes distinct goods or services; and
- The price changes relative to the stand alone prices of the goods or services.

If both criteria are not met, the change order is not accounted for as a separate contract and the Company accounts for the change order as if it were part of the performance obligations in the existing contract. The effect of the change order on contract value and progress to date is assessed at the contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.

### Employee benefits

#### Short-term employee benefits

Short term employee benefits, including salaries, bonuses, social security contributions, paid annual leave and paid sick leave, are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Liabilities are presented within trade and other payables in the consolidated statement of financial position.

#### Retirement benefits

The Company operates a defined contribution pension arrangement. The amount charged to the Statement of Comprehensive Income represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

#### Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

### Interest income and expense

Interest income and expense is included in the Statement of Comprehensive Income on a time basis, using the effective interest method by reference to the principal outstanding.

# **BRADY.**

## **2. Principal accounting policies (continued)**

### **Tax**

The tax charge or credit comprises current tax payable and deferred tax:

#### **Current tax**

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profits and is based on an interpretation of existing tax laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible.

#### **Deferred tax**

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with the tax base. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity.

#### **Foreign currencies**

The functional and presentational currency of the Company is Sterling.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the income statement within "operating expenses". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

#### **Non-recurring items**

Material, non-recurring and incremental costs and income are identified and reported separately from the underlying operating expenses and income in the notes to the financial statements. They comprise material amounts outside of the course of normal trading activities which are one off/non-recurring.

#### **Investments**

Investment in the subsidiary is held at cost less accumulated impairment losses. An assessment for impairment is undertaken at least each reporting date and, if required, an impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

# BRADY.

## 2. Principal accounting policies (continued)

### Intangible assets and amortisation

#### *Goodwill*

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration paid and the net fair value of the assets and liabilities acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is derecognised at the point of disposal of a subsidiary or disposal group.

#### *Software*

Purchased software is stated at cost less accumulated amortisation and any recognised impairment loss. Amortisation is charged to the Statement of Comprehensive Income so as to write off the cost less estimated residual value over the expected useful life of the asset on a straight-line basis. The expected useful life of software assets is typically the licence term.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the Statement of Comprehensive Income so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Leasehold improvements: four years, or period of the lease if shorter
- Computer equipment: three years
- Fixtures, fittings & equipment: five years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses.

### Leased assets

#### *Identification of a lease*

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identifiable asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights defined within the scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

# BRADY.

## 2. Principal accounting policies (continued)

### Lease assets (continued)

#### *Initial measurement*

At the lease commencement date, the Company recognises a right-of-use (RoU) asset and a lease liability on the statement of financial position.

The RoU asset is measured at cost, which is made up of:

- the initial measurement of the lease liability;
- any initial direct costs incurred by the Company;
- an estimate of cost to dismantle, restoration costs or cost to remove the asset at the end of the lease; and
- any lease payments made in advance of the lease commencement date, net of any incentives received.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. To determine the incremental borrowing rate, the Company uses recent third party financing arrangements as a starting point, adjusted to reflect changes in the Company's position since the financing was received and for any lease-specific factors such as term, country, currency or security.

Lease payments included in the measurement of the lease liability are made up of:

- fixed payments (including in-substance fixed);
- variable payments based on an index or rate;
- amounts expected to be paid under a residual guarantee; and
- payments arising from options reasonably certain to be exercised.

#### *Subsequent measurement*

The Company depreciates the RoU asset on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The Company also assesses the RoU asset for impairment when indicators exist.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss so as to produce a constant periodic rate of interest of the remaining balance of the liability for each period. The lease liability will be reduced for payments made and be increased for finance costs. It is remeasured to reflect any reassessment or modification, or if there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

# **BRADY.**

## **2. Principal accounting policies (continued)**

### Leased assets (continued)

#### *Practical expedients*

The Company has elected to account for short-term leases (leases with a term of under 12 months) except for property and leases of low-value assets (leases with initial lease liability of under £5,000) using the practical expedients in IFRS 16. Instead of recognising a RoU asset and a lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight line basis over the lease term.

### Impairment of non-financial assets

Assets that have an indefinite useful life – for example intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method less loss allowance.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected credit loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are 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.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The carrying amount of cash and cash equivalents approximates to fair value because of the short-term maturity of these instruments.

# BRADY.

## 2. Principal accounting policies (continued)

### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expired.

### Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

### Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.

### Correction of an error

The Company identified an error in the classification of contract-related balances within the statement of financial position as at 31 December 2020. This arose due to the Company accounting for a customer contract whereas the contract was held directly between a subsidiary, Brady Trading Limited and the customer and should have been recorded as an intercompany payable.

In accordance with IAS 8, the error has been corrected by restating the affected financial statement lines items for the prior period balance sheet as follows:

31 December 2020	As reported £'000	Adjustment £'000	As restated £'000
<b>Trade and other payables</b>			
Contract liabilities	(822)	238	(584)
Amounts owed to group undertakings	(4,569)	(238)	(4,807)

The error had no impact on equity, loss for the year or cash flows. A third balance sheet has not been presented as there is no net impact on the primary statements.

# **BRADY.**

### **3. Critical accounting judgements and key sources of estimation uncertainty**

Preparation of these financial statements in accordance with FRS 101 requires the Directors to make certain accounting judgements and estimates that affect the amounts reported in the financial statements and accompanying notes. The resulting estimates will, by definition, seldom equal the actual result.

The Directors consider the following to be critical accounting judgements or key sources of estimation uncertainty affecting the results of the Company in the current and preceding financial years:

#### **Revenue recognition**

Significant management judgement is applied in determining the allocation and timing of the recognition of revenue on contracts. Contracts can include both the sale of licences and provision of services including integration and development. The Directors consider recognition of their separable components of revenue is appropriate based on the analysis of individual contracts, as this indicates the substance of the transaction as viewed by the customer. The point at which performance obligations are completed is dependent on the contractual terms and an analysis is made of each separable component of revenue. In respect of a licence, this would usually be at the point control is passed on to the customer, typically on functional acceptance tests. Client development and other customisation work may be subject to user acceptance tests. Revenue for these services is generally recognised on the basis of work done but where issues of client acceptance are identified, then revenue is deferred until issues are resolved.

#### **Impairment of goodwill and intangible assets**

The Group tests goodwill for impairment annually and other intangible assets when an indicator of impairment exists. This requires an estimation of the value in use and the fair value less costs of disposal of the cash-generating units to which the goodwill and intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

# BRADY.

## 4. Disclosure exemptions

In preparing these financial statements the Company, as a wholly owned subsidiary of Brady Acquisition Limited, has taken advantage of the disclosure exemptions conferred by FRS 101 as follows:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of the second sentence of paragraph 110, paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, paragraph 58, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 9
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirement of paragraphs 10(d), 10(f), 16, 38(a)-(d), 40(a)-(d), 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18(a) of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

# BRADY.

## 5. Revenue

The revenue is attributable to the principal activities of the Company.

An analysis of sales revenues split between external customers and other group companies is given below:

	2021 £'000	2020 £'000
Revenue to external customers	2,058	2,317
Revenue to other group companies	9,995	983
<b>Total revenue</b>	<b>12,053</b>	<b>3,300</b>

Revenues from three (2020: three) customers of Brady Technologies Ltd contributed more than 10% individually to the company's external revenues and amounted to £1,195,000 (2020: £1,263,000).

Revenues to other group companies includes management recharges.

An analysis of external sales revenue by activity and time of revenue recognition is given below:

Year ended 31 December 2021	Recurring support, maintenance and rentals £'000	Services including development £'000	Software licenses £'000	Other £'000	Total £'000
<b>Total revenue to external customers</b>	2,008	40	10	-	2,058
<b>Timing of revenue recognition</b>					
At a point in time	-	-	10	-	10
Over time	2,008	40	-	-	2,048

Year ended 31 December 2020	Recurring support, maintenance and rentals £'000	Services including development £'000	Software licenses £'000	Other £'000	Total £'000
<b>Total revenue to external customers</b>	1,965	251	91	10	2,317
<b>Timing of revenue recognition</b>					
At a point in time	-	-	91	10	101
Over time	1,965	251	-	-	2,216

# BRADY.

## 5. Revenue (continued)

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	2021 £'000	2020 Restated £'000
<b>Current contract assets relating to:</b>		
Services including development	22	58
<b>Total current contract assets</b>	<b>22</b>	<b>58</b>
<b>Current contract liabilities relating to:</b>		
Recurring, maintenance, hosting and rentals	1,233	584
Services including development	49	-
<b>Total current contract liabilities</b>	<b>1,282</b>	<b>584</b>

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities:

	2021 £'000	2020 £'000
<b>Revenue recognised that was included in the contract liability at the beginning of year:</b>		
Advance billing for recurring revenue	584	640
Completion of contractual obligation in relation to professional services, development and licences	-	106

Assets recognised from costs to fulfil a contract

The Company has not recognised any assets in relation to costs to fulfil a long-term contract at either 31 December 2021 or 2020.

# BRADY.

## 6. Operating loss

The following items have been charged/(credited) to the statement of comprehensive income in arriving at operating loss for the year.

	Notes	2021 £'000	2020 £'000
Depreciation of property, plant and equipment	12	12	14
Depreciation and amortisation of right of use assets	13	403	426
Net foreign exchange (gains) / losses		(51)	85
Non-recurring items	7	3,180	791
Auditor's remuneration		35	35

The total auditor's remuneration included in operating loss for the year was £256,000 (£35,000), which includes costs relating to audit of the Company and costs relating to the audit of other Group companies. These costs are included in the management recharge. The amount relating to the company is £35,000 (2020: £35,000). In the prior year, the auditors' remuneration included in operating loss for the year related to the audit of the Company only.

## 7. Non-recurring items

	Notes	2021 £'000	2020 £'000
Functional transformation costs		1,198	791
Acquisition costs		1,018	-
Impairment of purchased goodwill	11	337	-
Impairment of investments	14	721	-
Amounts owed to group undertakings forgiven with no repayment	16	(94)	-
<b>Non-recurring items charged to operating loss</b>	<b>6</b>	<b>3,180</b>	<b>791</b>

### Functional transformation costs

During 2021, the Company incurred functional transformation costs totalling £1,198,000 (2020: £791,000) relating to restructuring and optimisation of operational activities.

### Acquisition costs

During 2021, the Company incurred costs relating to the acquisition of Igloo Solutions Trading Limited by Brady Trading Limited, a subsidiary company, and CRISK Aps by Brady Technologies (Holding) Limited, a sister company owned by Brady Acquisition Limited. These costs are included in the management recharge.

### Impairment of goodwill and investments

During 2021, the goodwill relating to an acquisition in 2004 was impaired due to the future value in use of the legacy product acquired at that time now considered to be £nil. See notes 11 and 14.

# BRADY.

## 7. Non-recurring items (continued)

Investments in subsidiaries, whose value in use depended on legacy products, have also been impaired to £nil.

### Amounts owed to group undertakings forgiven with no repayments

During the year, amounts totalling £94,000 were forgiven by group undertakings during restructuring activities. See note 16.

## 8. Directors and employees

	2021 £'000	2020 £'000
Wages and salaries	523	834
Social security costs	80	56
Post-employment benefits: defined contribution pension arrangements	5	11
	<b>608</b>	<b>901</b>

The average number of staff employed by the Company (including Executive Directors) during the financial year amounted to:

	2021 No.	2020 No.
Management	4	4
	<b>4</b>	<b>4</b>

During the year, the Directors of the Company received emoluments of £505,000 (2020: £778,000) directly from the Company. Other Directors, being employees of Brady Trading Limited, received emoluments of £203,000 (2020: £203,000).

The highest paid Director received a total salary of £196,000 (2020: £231,000), performance-related payments of £55,000 (2020: £90,000), pension contributions of £nil (2020: £nil) and other benefits of £1,000 (2020: £1,000).

## 9. Net finance cost

	2021 £'000	2020 £'000
Interest payable to fellow group undertakings	<b>(55)</b>	(20)
Lease liability interest payable	<b>(46)</b>	(49)
Bank interest payable	-	(1)
Other finance costs	<b>(8)</b>	-
	<b>(109)</b>	<b>(70)</b>

# BRADY.

## 10. Taxation

Income tax recognised in the statement of comprehensive income

	2021	2020
	£'000	£'000
<b>Current tax</b>		
UK corporation tax based on loss for the year at 19% (2020: 19%)	-	-
<b>Tax on loss</b>	-	-

### Factors affecting tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained as follows:

	2021	2020
	£'000	£'000
Loss before tax	<b>(410)</b>	(4,762)
Loss multiplied by standard rate of tax of 19%	<b>(78)</b>	(905)
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	<b>262</b>	96
Tax losses for which no deferred tax was recognised	<b>(184)</b>	809
<b>Tax on loss</b>	-	-

### Factors affecting future tax charge

The Company has tax losses of £18.5 million (2020: £19.7 million) that are available for offset against future taxable profits. A deferred tax asset of £4.6 million (2020: £3.7 million) has not been recognised in respect of these losses as future taxable profits are uncertain.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

# BRADY.

## 11. Intangible assets

	Purchased goodwill £'000	Software £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	337	-	337
Additions in period	-	180	180
At 31 December 2021	337	180	517
<b>Amortisation and impairment</b>			
At 1 January 2021	-	-	-
Impairment	(337)	-	(337)
At 31 December 2021	(337)	-	(337)
<b>Net book value</b>			
At 31 December 2021	-	180	180
At 31 December 2020	337	-	337

The goodwill held by the Company relates to the product Opval, which is part of the Trinity+ cash-generating unit. The carrying value of the goodwill was assessed and, after considering the future strategic direction of the Company, the goodwill was impaired to £nil during the year. The impairment expense is included in operating costs.

During the year, the Company purchased intellectual property from its subsidiary, Commodities Software (UK) Ltd and from its indirect subsidiaries, Coastdata Ltd and Colplan Systems Limited. The Company acquired all intellectual property owned by these companies and paid consideration of £1 to each company.

**BRADY.****12. Property, plant and equipment**

	Leasehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	16	51	-	67
Additions in period	-	-	-	-
Transfer from right of use assets	-	-	367	367
Disposals	(16)	(1)	-	(17)
At 31 December 2021	-	50	367	417
<b>Amortisation</b>				
At 1 January 2021	(16)	(39)	-	(55)
Charge for the year	-	(12)	-	(12)
Transfer from right of use assets	-	-	(367)	(367)
Disposals	16	1	-	17
At 31 December 2021	-	(50)	(367)	(417)
<b>Net book value</b>				
At 31 December 2021	-	-	-	-
At 31 December 2020	-	12	-	12

# BRADY.

## 13. Right of use assets

The Company has a lease contract for an office and lease contracts for computer equipment and software.

	Property £'000	Computer equipment £'000	Software £'000	Total £'000
<b>Cost</b>				
As 1 January 2021	1,225	367	342	1,934
Additions	-	-	383	383
Transfer to property, plant and equipment	-	(367)	-	(367)
Modifications	(31)	-	-	(31)
Disposals	-	-	(342)	(342)
At 31 December 2021	1,194	-	383	1,577
<b>Amortisation</b>				
As 1 January 2021	(437)	(367)	(314)	(1,118)
Charge for the year	(212)	-	(191)	(403)
Transfer to property, plant and equipment	-	367	-	367
Disposals	-	-	342	342
At 31 December 2021	(649)	-	(163)	(812)
<b>Net book value</b>				
At 31 December 2021	545	-	220	765
At 31 December 2020	788	-	28	816

The property leases is a lease for office space in London. Computer equipment and software leases relate to various assets. The computer equipment lease ended during the year and legal title passed to the Company. As a result, these assets now meet the definition of property, plant and equipment and were transferred to this asset class.

The total cash outflow for leases in the period was £399,000 (2020: £192,000).

# BRADY.

## 13. Right of use assets (continued)

The statement of financial position includes the following amounts relating to these leases:

	2021 £'000	2020 £'000
<b>Right of use assets</b>		
Property	545	788
Software	220	28
	<b>765</b>	<b>816</b>
<b>Lease liabilities</b>		
Current	379	369
Non-current	395	534
	<b>774</b>	<b>903</b>

The statement of comprehensive income includes following amounts relating to these leases:

	Notes	2021 £'000	2020 £'000
<b>Included in operating expenses</b>			
Expense relating to leases of low-value assets that are not shown above as short-term leases		1	1
Depreciation charge relating to right of use property assets	6	212	189
Depreciation charge relating to right of use computer equipment		-	123
Amortisation charge relating to right of use software assets	6	191	114
		<b>404</b>	<b>427</b>
<b>Included in net finance cost</b>			
Lease liability interest payable	9	46	49

The Company incurred no expenses in relation to short-term leases or variable lease payments not included in lease liabilities in either the current or prior year.

# BRADY.

## 14. Investments

Note	Investments in subsidiaries £'000
<b>Cost</b>	
At 1 January 2020, 31 December 2020 and 31 December 2021	<b>35,477</b>
<b>Accumulated impairment</b>	
At 1 January 2020 and 31 December 2020	(22,304)
Impairment charge for the year	7 (721)
<b>At 31 December 2021</b>	<b>(23,025)</b>
<b>Net book value</b>	
<b>At 31 December 2021</b>	<b>12,452</b>
At 31 December 2020	<b>13,173</b>

Unless otherwise stated, all subsidiaries have equity capital consisting solely of ordinary shares that are wholly owned either directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Group.

### Impairment review

The carrying value of investments in subsidiaries is assessed annually to determine if there are any indicators of impairment.

The Directors have undertaken an impairment review by comparing recoverable to the carrying value of the related investment. The recoverable amounts for the CGU were determined based on the higher of the fair value less costs to see and value-in-use calculations, at a level where there are largely independent cash inflows.

For the investment in Brady Energy AG, the fair value less costs to sell could be reliably estimated as there was an agreed sales price for the trade and assets of the subsidiary at 31 December 2021. The sales price is equal to the valuation calculated under the standard Swiss practitioner's method by third party experts and agreed with tax authorities. An impairment expense of £152,000 has been recognised within operating expenses in the year.

It is not possible to determine the fair value less costs of disposal of the investments in other subsidiaries as there is no basis for making a reliable estimate of price at which a sale would take place between market participants under market conditions and therefore value-in-use is used. To calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2022 and 2023 forecast which is extended for a further 3 years with a terminal value, then applies a pre-tax discount rate to calculate the present value of such cash flows which represents the recoverable amount. No impairment of the investment was indicated.

The Board has considered reasonably possible sensitivities in key assumptions, particularly revenue growth rate and indexation rate, on which the value-in-use (VIU) calculations are based.

# **BRADY.**

## **14. Investments (continued)**

Principal assumptions.

The company has applied the following key assumptions in calculating the value-in-use.

- Pre-tax discount rate 15.4%
- Contractual revenue indexation 2% p.a.
- Annual revenue growth 3.0% p.a.
- Cost growth rate 2.0% p.a. average over the period
- Growth applied beyond the approved forecast period 5.0%

### **Impairment review results**

For the investments in Colplan Systems Limited and Commodities Software (UK) Limited, an impairment expense of £56,000 and £513,000 respectively has been recognised within operating expenses. Following a review of the future strategic direction of the Company, the value in use of the investment in these two subsidiary companies has been calculated as £nil and the investments written down to £nil carrying value to reflect this.

Management ran two sensitivities, reducing indexation rate and revenue growth rate down to 1%, cost growth rate up to 4.0% pa and pre-tax discount rate up to 20.0%. No impairment was indicated in any of these scenarios.



## 14. Investments (continued)

The Company's subsidiaries at 31 December 2021 are set out below:

Subsidiary	Address of the registered office	Place of business/ country of incorporation	Principal activity	Ownership interest held by the company 31 Dec 2021	Ownership interest held by the company 31 Dec 2020
<b>Held directly by Brady Technologies Limited</b>					
Brady Trading Limited	First Floor, Victory House, Vision Park, Histon, Cambridge CB24 9ZR	England & Wales	Software & services	100	100
Brady Energy Norway AS	Dronning Eufemias gt 16 0191 – Oslo Norway	Norway	Software & services	100	100
Brady Energy AG	Gubelstrasse 11, CH-6300 – Zug Switzerland	Switzerland	Software & services	100	100
Brady Switzerland SA	18, rue Francois-Perréard, CH 1225-Geneva, Switzerland	Switzerland	Software & services	100	100
Brady USA, Inc.	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100	100
Brady Asia Service Company PTE Limited	Level 30, Six Battery Road, Singapore 049909	Singapore	Software & services	-	100
Commodities Software (UK) Limited	First Floor, Victory House Vision Park, Histon, Cambridge, England, CB24 9ZR	England & Wales	Dormant	100	100
Brady Credit Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100	100
<b>Held indirectly by Brady Technologies Limited</b>					
Brady Energy UK Limited	40 Torphichen Street, Edinburgh, EH3 8JB, Scotland	Scotland	Software & services	100	100
Brady Energy Canada, Inc.	251 Consumers Road, 12th Floor, Toronto, ON M2J 4R3,	Canada	Software & services	-	100
Brady Credit Trading Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100	100
Brady Credit, Inc.	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100	100
Energy Credit Software Services Private Limited	WeWork Galaxy, 43 Residency Road, Bengaluru 560 025, Karnataka	India	Software & services	100	100
Brady Credit Holding Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100	100
Coastdata Limited	First Floor, Victory House Vision Park, Histon, Cambridge, CB24 9ZR	England & Wales	Dormant	100	100
Colplan Systems Limited	First Floor, Victory House Vision Park, Histon, Cambridge, CB24 9ZR	England & Wales	Dormant	100	100
Crisk ApS	Gammel Køge Landevej 55, 4, Valby, 2500, Denmark	Denmark	Software & services	100	100
Igloo Trading Solutions Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100	100

# BRADY.

## 14. Investments (continued)

During the year, Brady Asia Service Company Private Limited and Brady Energy Canada Inc were dissolved.

On 15 July 2022, the Company disposed of its investments in Brady Trading Limited and Brady Switzerland SA. See note 0.

On 10 August 2022, an application to voluntarily strike off Coastdata Limited and Colplan Systems Limited was made to the Registrar of Companies.

On 5 September 2022, an application to voluntarily strike off Commodities Software (UK) Limited was made to the Registrar of Companies.

## 15. Trade and other receivables

	Note	2021 £'000	2020 £'000
Trade receivables		561	354
Amounts owed by group undertakings		4,014	41
VAT receivable		172	269
Other receivables		115	115
Prepayments		184	111
Contract assets	5	22	58
		<b>5,068</b>	<b>948</b>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

All amounts disclosed are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value. Standard credit terms extended to the majority of trade receivables is 30 days.

Due to having effective credit control procedures, the Group is not significantly exposed to the risk of bad debt.

# BRADY.

## 15. Trade and other receivables (continued)

Trade receivables and contract assets are stated after provisions for impairment of £nil (2020: £nil). The loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows:

31 December 2021	Current	More than 30 Days	More than 60 Days	More than 90 Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount trade receivables £'000	186	375	-	-	561
Gross carrying amount contract assets £'000	22	-	-	-	22
Loss allowance '000	-	-	-	-	-
<hr/>					
31 December 2020	Current	More than 30 Days	More than 60 Days	More than 90 Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount trade debtors £'000	352	-	-	2	354
Gross carrying amount contract assets £'000	58	-	-	-	58
Loss allowance £'000	-	-	-	-	-

# BRADY.

## 16. Trade and other payables

	Note	2021 £'000	2020 Restated £'000
Trade payables		970	298
Amounts owed to group undertakings		8,369	4,807
Taxation and social security		24	15
Corporation tax		47	-
Other payables		49	-
Contract liabilities	5	1,282	584
Accruals		571	818
		<b>11,312</b>	<b>6,522</b>

All amounts disclosed are short term. The carrying value of trade payables is considered a reasonable approximation of fair value.

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. During the year, amounts totalling £94,000 were forgiven by group undertakings and a corresponding amount included as a credit within non-recurring items within operating expenses.

Trade payables are unsecured and are usually paid within 30 days of recognition.

## 17. Provision for liabilities

	Dilapidations £'000	Total £'000
<b>At 1 January 2021 and 31 December 2021</b>	<b>51</b>	<b>51</b>

The provision relates to a dilapidations provision on the right of use property asset, which is expected to be utilised when the lease ends in 2024, and therefore is presented as a non-current liability.

# BRADY.

## 18. Share capital and premium

Allotted, called up and fully paid:

	Number of ordinary shares of £0.01 each	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2020 and 31 December 2020	83,363,581	834	37,283	<b>38,117</b>
Reinstatement of treasury shares	4,306	-	-	-
<b>At 31 December 2021</b>	<b>83,367,887</b>	<b>834</b>	<b>37,283</b>	<b>38,117</b>

The Company has one class of ordinary shares which carry no right to fixed income. The share capital of Brady Technologies Limited consists only of fully paid ordinary shares with a nominal value of £0.01 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of Brady Technologies Limited.

In the year ended 31 December 2019 the treasury shares were shown as cancelled in the financial statements. This however was incorrect and the share capital updated to include the treasury share amount.

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## 19. Other reserves

	Merger reserve	Merger relief reserve	Other reserve	Share-based payment reserve	Capital reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	680	530	-	72	4	1,286
Transfer for expired share options	-	-	-	(72)	-	(72)
<b>At 31 December 2020</b>	<b>680</b>	<b>530</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>1,214</b>
Transfer of trade and assets from subsidiary undertaking	-	-	(1,000)	-	-	(1,000)
<b>At 31 December 2021</b>	<b>680</b>	<b>530</b>	<b>(1,000)</b>	<b>-</b>	<b>4</b>	<b>214</b>

### Merger reserve

The merger reserve represents the merger reserve set up in relation to the accounting for the acquisition of Colplan Systems Limited in 2004 that was presented under UK GAAP and exempt from reclassification on transition to IFRS.

### Merger relief reserve

The merger relief reserve represents the premium on shares issued as part of the acquisition consideration of other companies.

### Other reserve

The other reserve represents the excess of consideration paid over the net liabilities acquired in the purchase of trade and assets of a subsidiary undertaking on 31 December 2021. See note 20.

### Share-based payment reserve

The share-based payment reserve related to the cumulative charge made in respect of share options granted by the Company to the Group's employees under its employee share option plans. All options lapsed in 2020.

### Capital reserve

The capital reserve represents the capital reserve set up to account for shares redeemed or purchased wholly out of distributable profits that was presented under UK GAAP and exempt from reclassification on transition to IFRS.

### Retained earnings

Retained earnings are the cumulative profit and loss of the Company, net of any distribution to owners.

# BRADY.

## 20. Purchase of subsidiary trade and assets

On 31 December 2021, the Company purchased the trade and assets of Brady Energy AG, a 100% subsidiary company registered in Switzerland. Brady Energy AG sells software and associated services in the Energy market. The Company purchased the trade and assets of Brady Energy AG due to group structuring and these acquired trade and assets have been sold to Brady Energy UK Limited, a 100% subsidiary company registered in Scotland, on 1 January 2022.

The Company acquired the following net liabilities:

	£'000
Internally generated software asset	156
Cash	9
Other current assets	290
Other current payables	(874)
Net intra-group balances	301
<b>Net liabilities acquired</b>	<b>(118)</b>

The consideration payable was £882,000, which is included in amounts owed to group undertakings at 31 December 2021. The excess of consideration over net liabilities acquired is recognised in other reserves within equity, see note 19.

As the transaction occurred on 31 December 2021, there are no amounts included in the statement of comprehensive income for the year in respect of the acquired trade. As the trade and assets purchased were re-sold on 1 January 2022, there will be no amounts included in the statement of comprehensive income for the year ending 31 December 2022 in respect of the acquired trade.

## 21. Capital commitments

The Company had no capital expenditure contracted for but not provided in the financial statements at 31 December 2021 or 31 December 2020.

## 22. Contingent liabilities

The Company had no contingent liabilities at 31 December 2021 or 31 December 2020.

## 23. Related party transactions

The Directors remuneration is disclosed in note 8.

As a wholly owned subsidiary of Brady Acquisition Limited, the Company is exempt from the requirements of FRS 101 to disclose transactions with other members of the group headed by Brady Acquisition Limited on the grounds that the Group accounts are publicly available from Companies House.

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## 24. Controlling party

As at 31 December 2021, the immediate parent undertaking is Brady Acquisition Limited, a company incorporated in England and Wales.

Brady Acquisition (Holding) Limited, a company incorporated in England and Wales, and a wholly owned subsidiary of Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, is the ultimate parent undertaking. The ultimate controlling party became Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.

The smallest and largest group in which the results of the Company are consolidated for the year ended 31 December 2021 is that headed by Brady Acquisition Limited. Copies of these financial statements may be obtained from Companies House.

## 25. Post balance sheet events

No adjusting events have occurred between the 31 December 2021 reporting date and the date of authorisation of these financial statements.

The following non-adjusting events have occurred between the 31 December 2021 reporting date and the date of authorisation of these financial statements.

### Group reorganisation

On 1 January 2022, the Company sold certain trade and assets relating to the Energy market to Brady Energy UK Limited. The Company sold net liabilities of £118,000 for consideration payable of £882,000 and released the associated equity reserve of £1,000,000.

On 30 April 2022, the Company purchased trade and assets relating from Brady Trading Limited to its function as the central services centre of the group to Brady Technologies Limited. The Company acquired net liabilities of £1 and paid consideration of £1. Seventy-six employee contracts were transferred under TUPE from Brady Trading Limited to Brady Technologies Limited.

On 30 April 2022, the Company sold trade and assets to Brady Trading Limited relating to the Commodities market. The Company sold net liabilities of £475,000 for consideration of £1,439,000.

On 30 April 2022, the Brady Trading Limited novated all outstanding intra-group loans at that date to the Company. The total net liability novated from Brady Trading Limited was £19,798,000.

On 30 April 2022, the Company acquired 1 new ordinary share with a nominal value of £1.00 and subscription price of £15,989,000 in Brady Trading Limited.

On 15 July 2022, the Company sold its investments in Brady Trading Limited and Brady Switzerland SA for initial consideration of £13.5 million.

On 10 August 2022, an application to voluntarily strike off Coastdata Limited and Colplan Systems Limited, subsidiaries of the Company, was made to the Registrar of Companies.

On 5 September 2022, an application to voluntarily strike off Commodities Software (UK) Limited was made to the Registrar of Companies.

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### Market conditions

The Company has considered the impact of the invasion of Ukraine by Russia in March 2022 and the subsequent sanctions imposed on Russian businesses and individuals. There is no impact on the Company in 2021 or 2022.