

Brookcourt Solutions Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2024



Company Registration No: 05356175

BROOKCOURT SOLUTIONS LIMITED

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BROOKCOURT SOLUTIONS LIMITED

COMPANY INFORMATION

DIRECTORS

P Higgins
D Stacey
D Williams
J Hall

COMPANY NUMBER

05356175

REGISTERED OFFICE

22 Great James Street
London
England
WC1N 3ES

INDEPENDENT AUDITOR

BDO LLP
55 Baker Street
London
W1U 7EU

BUSINESS ADDRESS

Kingsgate
62 High Street
Redhill
RH1 1SH

BANKERS

Lloyds Bank
82 Mount Pleasant Road
Tunbridge Wells
Kent
TN1 1RP

SOLICITORS

Mayer Brown
201 Bishopsgate
London
EC2M 3AF

BROOKCOURT SOLUTIONS LIMITED

STRATEGIC REPORT

The Directors submit their strategic report for the financial year ended 31 March 2024.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was to deliver cybersecurity, network monitoring technologies and managed security services.

BUSINESS REVIEW

The Company's key financial indicators during the year were as follows:

	31 March 2024	31 March 2023
	£	£
Revenue	15,907,111	20,437,748
Operating profit	336,939	434,120
Operating margin	2%	2%
Net assets	21,619,887	21,267,449

Despite continued challenging market conditions the Company secured revenue of £15,907,111 for the year ended 31 March 2024 (31 March 2023: £20,437,748) representing a 22% decrease, and an operating profit of £336,939 (31 March 2023: £434,120) due to improved margins. While some contracts that had been delayed from the previous financial year were completed, there continued to be delays in some customers releasing budgets.

On 21 December 2023, as part of a corporate simplification project of the Shearwater Group of companies, the trade and assets of a fellow Group company, Xcina Consulting Limited, were hived up into the Company.

FUTURE DEVELOPMENTS

The Company is focussed to deliver sustainable growing revenues and profits from its existing core areas of expertise through the continued commitment to build a strong team capable of scaling the business, organisational effectiveness, investment in technology and tight cost control.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risk and uncertainties affecting the Company arise from potential cyber security attacks along with the rapidly changing technologies which require continued investment. Further discussion of these risks and uncertainties, in the context of Shearwater Group plc as a whole, is provided in the group's annual report. The financial statements of Shearwater Group plc are publicly available and can be accessed via the following link: <https://shearwatergroup.com/results-and-presentations/>

FINANCIAL RISK MANAGEMENT

Liquidity risk, credit risk and currency risk are managed on a group-wide basis by the Company's ultimate parent Company, Shearwater Group plc. The Company operates in accordance with funding policies controlled by the Executive Directors of the ultimate parent Company.

The Company is exposed to credit risk associated with selling on credit, which it manages through credit control procedures. The Company has international customers, some of which are invoiced in US Dollars and Euros. The Company maintains bank accounts in foreign currencies, which is converted to Sterling at appropriate times in accordance with the ultimate parent Company's policy. In the prior year the Company introduced the use of forward contracts to mitigate non-sterling exchange exposure.

By order of the board

Phil Higgins

P Higgins
Director

26 November 2024

BROOKCOURT SOLUTIONS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the financial period ended 31 March 2024.

GOING CONCERN

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future, being a period of at least 12 months from the date of signing the financial statements. To get to this position the Directors have prepared detailed cash flow projections for the next two financial years. They have also reviewed the Company's track record of delivering profits together with its net asset position at 31 March 2024.

Management have reviewed and challenged what it believes to be an extreme scenario, a reverse stress test on the Company up to December 2025. The purpose of the reverse stress test for the Company is to test the impact on cash facilities if the assumptions in the budget are altered.

The results of the reverse stress test have been shared with the Company's ultimate parent Company Shearwater Group plc which has subsequently consolidated these to give a position for the overall Group which demonstrates that, even under this downside scenario, the Group will be able to pay its debts as they fall due for the period to at least 31 December 2025. The Directors thus believe that the basis of preparation of the annual accounts as a going concern is appropriate.

DIVIDENDS AND RESULTS

No dividends were proposed or paid in the year to 31 March 2024 or 31 March 2023. Results for the year are detailed on page 10.

DIRECTORS

The Directors who held office during the year and up to the date of signing the accounts are as shown below:

P Higgins
P McFadden (resigned 20 November 2023)
D Stacey
D Williams
J Hall (appointed 1 November 2024)

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

A qualifying third-party indemnity provision was in place for Directors throughout the year and at the date of approval of the financial statements.

FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES

Future developments and principal risks and uncertainties are disclosed within the Strategic Report on page 3.

BROOKCOURT SOLUTIONS LIMITED

DIRECTORS REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosures Framework* (FRS 101).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have 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.

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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each person who is a Director at the date of approval of this report confirms that:

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

On behalf of the board

Phil Higgins

P Higgins
Director
26 November 2024

BROOKCOURT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKCOURT SOLUTIONS LIMITED

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Brookcourt Solutions Limited ("the Company") for the year ended 31 March 2024 which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

BROOKCOURT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKCOURT SOLUTIONS LIMITED (CONTINUED)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

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

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

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 the Directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors Responsibilities, 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.

BROOKCOURT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKCOURT SOLUTIONS LIMITED (CONTINUED)

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and the Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and data privacy.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition.

BROOKCOURT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKCOURT SOLUTIONS LIMITED (CONTINUED)

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Examining and obtaining support for unusual account combinations with a credit entry to revenue without a corresponding entry to trade receivables, accrued income, deferred income or sales taxes.

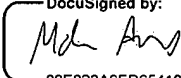
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:


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Mark Ayres (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
26 November 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BROOKCOURT SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 31 March 2024

	Note	2024	2023
		£	£
Revenue	2	15,907,111	20,437,748
Cost of sales		(12,712,590)	(17,298,230)
Gross profit		3,194,521	3,139,518
Administrative expenses		(2,857,582)	(2,705,398)
Operating profit	3	336,939	434,120
Interest receivable		15,797	-
Interest payable	5	(14,986)	(8,322)
Profit on ordinary activities before taxation		337,750	425,798
Tax credit	6	3,525	436,222
Profit and total comprehensive income for the financial year		341,275	862,020

The revenue and operating profits for the year arises from the Company's continuing operations.

The Company has no other comprehensive income other than those included in the results above.

BROOKCOURT SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION As at 31 March 2024

	Note	2024	2023
		£	£
NON-CURRENT ASSETS			
Intangible assets	7	48,946	30,178
Tangible assets	8	266,128	323,850
Investment in subsidiaries	9	86	86
Trade and other receivables	10	679,000	7,280,057
		<u>994,160</u>	<u>7,634,171</u>
CURRENT ASSETS			
Trade and other receivables	11	28,146,856	27,953,060
Cash and cash equivalents		4,525,523	3,861,158
		<u>32,672,379</u>	<u>31,814,218</u>
Creditors: Amounts falling due within one year	12	(11,867,555)	(12,528,636)
NET CURRENT ASSETS		<u>20,804,824</u>	<u>19,285,582</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,798,984</u>	<u>26,919,753</u>
Creditors: Amounts falling due after more than one year	13	(151,976)	(5,631,507)
PROVISIONS FOR LIABILITIES			
Deferred taxation		(27,121)	(20,797)
NET ASSETS		<u>21,619,887</u>	<u>21,267,449</u>
CAPITAL AND RESERVES			
Called up share capital	15	30,000	30,000
Share-based payment reserve		146,498	135,335
Retained earnings		21,443,389	21,102,114
TOTAL SHAREHOLDERS' FUNDS		<u>21,619,887</u>	<u>21,267,449</u>

The financial statements on pages 10 to 25 were approved by the board of Directors and authorised for issue on 26 November 2024.

Phil Higgins

P Higgins
Director
Company number: 05356175

BROOKCOURT SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 March 2024

	Called up share capital (note 15)	Share- based payment reserve	Retained earnings	Total shareholders' funds
At 1 April 2022	30,000	114,857	20,240,094	20,384,951
Profit for the financial year	-	-	862,020	862,020
Total comprehensive profit for the year	-	-	862,020	862,020
Contributions by and distributions to owners				
Share-based payments credit	-	20,478	-	20,478
At 31 March 2023	30,000	135,335	21,102,114	21,267,449
Profit for the financial year	-	-	341,275	341,275
Total comprehensive profit for the year	-	-	341,275	341,275
Contributions by and distributions to owners				
Share-based payments charge	-	11,163	-	11,163
At 31 March 2024	30,000	146,498	21,443,389	21,619,887

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Brookcourt Solutions Limited ('the Company') is a reseller and integration Company for leading high-end technology and services within the security, monitoring, network management and compliance marketplace for leading FT500 companies. The Company is a private limited Company and is incorporated and domiciled in the UK. The address of its registered office is 22 Great James Street, London, WC1N 3ES.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention unless otherwise specified within these financial statements and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101.

- Paragraph 45(b) and 46-52 of IFRS 2, 'Share-based payment' (because the share-based payment arrangement concerns the instruments of another group entity).
- IFRS 7, 'Financial Instruments; Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment'; and
 - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliation between the carrying amount at the beginning and end of the period).
- The requirements of paragraphs 10(d), 10(f), 16, 38(a)-(d), 39(c), 111 and 134-136 of IAS 1 'Presentation of Financial Statements'.
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- Paragraph 17 and 18A of IAS 24 'Related party disclosures' (key management compensation).
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j), to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations'.
- The requirement to include a list of new accounting standards that have been issued but not yet applied.

GOING CONCERN

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future, being a period of at least 12 months from the date of signing the financial statements. To get to this position the Directors have reviewed the Company's track record of delivering profits over the past few years plus the Company's net asset position at 31 March 2024.

Management have reviewed and challenged what it believes to be an extreme scenario, a reverse stress test on the Company up to December 2025. The purpose of the reverse stress test for the Company is to test the impact on cash facilities if the assumptions in the budget are altered.

The results of the reverse stress test have been shared with the Company's ultimate parent Company Shearwater Group plc which has subsequently consolidated these to give a position for the overall Group which demonstrates that the Group will be able to pay its debts as they fall due for the period to at least 31 December 2025. The Directors thus believe that the basis of preparation of the annual accounts as a going concern is appropriate.

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

REVENUE

Revenue with customers is evaluated based on the five-step model under IFRS 15 'Revenue from Contracts with Customers': (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognise revenues when (or as) each performance obligation is satisfied.

Revenue recognised in the statement of comprehensive income but not yet invoiced is held on the statement of financial position within accrued income. Revenue invoiced but not yet recognised in the statement of comprehensive income is held on the statement of financial position within deferred revenue.

Details of the material performance obligations are detailed below:

- 1) Sale of third-party hardware, software and warranties:
 - a) where the contract entails only one performance obligation to provide software or hardware, revenue is recognised in full at a point in time upon delivery of the product to the end client. This delivery will either be in the form of the physical delivery of a product or the e-mailing of access codes to the client for them to access third party software or warranties; and
 - b) where a contract to supply external hardware, software and/or warranties also include an element of ongoing internal support, multiple performance obligations are identified and an allocation of the total contract value is allocated to each performance obligation based on the standalone costs of each performance obligation. The respective costs of each performance obligations are traceable to supplier invoice and applying the fixed margins, standalone selling prices are determined. Internal support is recognised equally over the period of time detailed in the contract.
- 2) Sale of consultancy services:

Consultancy and engineering services are provided on a range of topics including data protection, project management, governance and compliance. Client contracts stipulate a number of consultancy days that make up the contracted consideration and the Company has an enforceable right to payment for work completed to date. Consultancy days generally comprise of field work and (where required) report writing and delivery which are considered to be of equal value to the client. Revenue is recognised over time based on the number of consultancy days provided within the period compared to the total days in the contract.

In instances where the company is involving another party in providing goods or services to a customer the company considers whether the nature of its promise is a performance obligation to provide the specified goods or service itself or to arrange for those goods or services to be provided by the other party to determine whether it is principal or an agent. The business will firstly identify the specific good and/or service to be supplied to the customer.

In determining whether the business is acting as an agent or principal the business assesses whether it controls each specified good or service before that good is transferred to the customer. It will consider:

- Who is responsible for fulfilling the promise to provide the specific product or service.
- If the business is carrying a liability risk for the specific good or service prior to it being supplied to the customer.
- If the business has discretion over pricing.

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In addition to the points noted above, the business also considers the following unique selling points:

- Pre-sales process;
In some cases, the business invests heavily in working with the customer to understand their requirements, before designing/recommending a solution that integrates various third-party products or services to meet the customers' requirements.
- Levels of ongoing services;
In some cases, whilst not always contracted, the business will continue to support the customer as needed to ensure that their solution is working. This may include co-ordination of the maintenance and support with third parties, and provision of engineers to remove faulty products.

Where the company is a principal, revenues are recognised on a gross basis in the statement of comprehensive income while when agent revenues are recognised on a net basis in the statement of comprehensive income.

INTANGIBLE ASSETS

Computer software intangible assets represent the external cost of developing the website and e-commerce portal and internal cost of developing new services which will generate future economic benefit to the company. Computer software intangible assets are amortised through the income statement on a straight-line basis over their estimated useful lives not exceeding three years. Assets that are not in use at the reporting date (assets under construction) are recognised at cost and amortisation commences when those assets begin to generate economic benefit.

Expenditure on internally developed intangible assets is taken to the statement of financial position if it satisfies the 6 step criteria required under IAS 38.

Computer software development costs recognised as assets are amortised over their useful lives as follows:

Computer software	33.33 per cent per annum
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TANGIBLE FIXED ASSETS

Tangible assets are stated at historical cost less accumulated depreciation. Cost includes the original purchase price of the asset plus any costs of bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates, on a straight-line basis, in order to write down each asset to its residual value over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Fixtures & fittings	25% reducing balance
Office equipment	33.33% straight line
Other fixed assets	25% reducing balance
Right of use assets	Shorter of useful life of asset or lease term

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised, as adjusted items if significant, within the Statement of Comprehensive Income.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

INVESTMENTS IN SUBSIDIARY

Investments in subsidiaries are valued at cost less provision for impairment. The company evaluates the carrying value of fixed asset investments to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Statement of Comprehensive Income.

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

TAXATION

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax based in the computation of taxable profit or loss and is accounted for using the balance sheet method.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the rates that are expected to apply when the related asset is realised, or liability settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

LEASES

IFRS 16: Leases which supersedes IAS 17: Leases and IFRIC 4: Determining whether an arrangement contains a lease sets out the principles for recognition, measurement, presentation and disclosures of leases and requires lessees to account for most leases under a single on-balance sheet model.

Right of use assets

In determining if a lease exists, management considers if a contract conveys the right to control the use of an identified asset for a period of time in return for a consideration. When assessing whether a contract states a right to control the use of an identified asset, management considers:

- if a contract involves the use of an identified asset, this could be specified explicitly or implicitly and should be physically distinct.
- if the Company has obtained the right to gain substantially all of the economic benefit from the use of the asset throughout the period of use.
- if the Company has the right to direct the use of the asset.

Identified 'Right of use assets' since 1 April 2019 are valued at the commencement date of the lease (this is usually the date the underlying asset is available for use). For leases that began prior to 1 April 2019 a right of use asset has been created at 1 April 2019 when the Company adopted IFRS 16.

Right of use assets are depreciated on a straight-line basis from the commencement date (this is usually the date the underlying asset is available for use, or 1 April 2019 if the lease commenced before this date) to the earlier of the end of useful life of the right of use asset or the end of the lease term. The right of use asset may be subject to impairment following certain remeasurement of lease liabilities.

Details of the Company's right of use assets are contained in note 8.

Lease liability

At the commencement date of a lease (or 1 April 2019 for leases which commenced before this date) the Company recognises lease liabilities, measuring them at the present value of lease payments at commencement of the lease (or 1 April 2019 for leases which commenced before this date) discounted at the determined incremental borrowing rate.

The lease liability is measured at the amortised cost using the effective interest method. Should there be a change in expected future lease payments arising from a lease modification or if the Company changes its

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

assessment of whether it will exercise an extension or termination option, the lease liability would be remeasured. Remeasurement of a lease liability will give rise to a corresponding adjustment being made to the carrying value of the right to use asset.

Lease liabilities are detailed in notes 12, 13 and 14.

Practical expedients

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applies the following practical expedients when applying IFRS 16 to leases previously classified as operating leasing under IAS 17:

- applied a single discount rate to all leases with similar characteristics; and
- applied the exemption for low-value assets whereby leases with a value under £5,000 (usually IT equipment) have been classed as short-term leases and not recognised on the statement of financial position even if the initial term of the lease from the lease commencement date may be more than twelve months.

Incremental borrowing rate

IFRS 16 states that all components of a lease liability are required to be discounted to reflect the present value of the payments. Where a lease (or Group of leases) does not state an implicit rate an incremental borrowing rate should be used.

The incremental borrowing rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment.

The company has applied an incremental borrowing rate which it uses to discount all identified leases across the company. The company has one type of right of use assets, all of which are located in the United Kingdom.

Uncertainty over income tax treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- the Company to determine whether uncertain tax treatments should be considered separately, or together as a Company, based on which approach provides better predictions of the resolution;
- the Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The Company elected to apply IFRIC 23 retrospectively with the cumulative effect recorded in retained earnings as at the date of initial application, 1 April 2019. The adoption of IFRIC 23 has had no impact on retained earnings or on corporate tax liabilities.

PENSIONS

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. Contributions are charged to the Statement of Comprehensive Income in the period in which they are incurred.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for income and expenses during the year and that affect the amounts reported for assets and liabilities at the reporting date.

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Revenue

Management make judgements, estimates and assumptions in determining the revenue recognition of material contracts sold by the Company. The Company work with large enterprise clients, providing services and solutions to support the clients' needs. In many cases a third-party's products or services will be provided as part of a solution. Management will consider the implications around timing of recognition, with factors such as determining the point control passes to the client and the subsequent fulfilment of the Company's performance obligations. In addition to this management will consider if it is acting as agent or principal.

Leases

Management make judgements, estimates and assumptions regarding the life of leases. At present management are assessing all existing leases which relate to office space. For this reason, management have assumed that the life of leases does not extend past the break period clause detailed within the current contract. A judgement has been taken with regards to the incremental borrowing rate based upon the rate at which the Company can borrow money.

FINANCIAL INSTRUMENTS

Company's financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets comprise trade and other receivables (excluding prepaid commissions and prepaid expenses) and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Trade and other receivables are measured at amortised cost less a provision for doubtful debts, determined as set out below in "impairment of financial assets". Any write-down of these assets is expensed to Statement of Comprehensive Income.

Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, the Company always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses are updated at each reporting date.

The impairment model only applies to the Company's financial assets that are debt instruments measured at amortised costs or FVOCI as well as the Company's contract assets and issued financial guarantee contracts. The Company has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables and contracts assets as required or permitted by IFRS 9.

Expected credit losses are calculated with reference to average loss rates incurred in the three most recent reporting periods. The Company's average combined loss rate is 0.27% (2023: 0.24%). This percentage rate is then applied to current receivable balances using a probability risk spread as follows:

- 80% of debt not yet due (i.e. the Company's average combined loss rate of 0.27% is discounted by 20%, meaning a 0.216% provision would be made to debt not yet due);
- 85% of debt that is <30 days overdue;
- 90% of debt that is 30-60 days overdue;
- 95% of debt that is 60-90 days overdue; and
- 100% of debt that is >90 days overdue.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Management have performed the calculation to ascertain the expected credit loss which works out to £16,703 (31 March 2023: £28,120).

A calculation for expected credit loss has been recognised in relation to the Company's inter-group receivables. This is made up of a specific provision for expected credit default plus a general provision which is based upon a 0.5% provision per-annum for each year the receivable is expected to remain outstanding.

At 31 March 2024 the expected credit loss on inter-group receivables is £395,073 (31 March 2023: £252,639).

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Statement of Comprehensive Income.

Financial liabilities

Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the invoiced amount. They are subsequently carried at amortised cost using the effective interest method (if the time value of money is significant).

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Comprehensive Income.

Forward contracts

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. Where the risk to the company is considered to be significant, the company will enter into a forward foreign exchange contract. Further details can be found in note 16.

Share-based payments

Shearwater Group plc, the company's ultimate controlling party, operates equity-settled share-based compensation plans, under which the company receives services from employees as consideration for equity instruments in Shearwater Group plc. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense in the statement of comprehensive income and as a separate reserve in equity. The total amount to be expensed is determined by reference to the grant date fair value of the awards, without taking into account expectations concerning the future impact of service conditions and non-market performance conditions. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified conditions are to be satisfied.

2. REVENUE

	2024	2023
	£	£
The company's turnover by geographical area was as follows:		
United Kingdom	13,359,940	15,564,341
Europe	2,191,297	4,414,193
North America	355,874	459,214
	<u>15,907,111</u>	<u>20,437,748</u>

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024	2023
	£	£
The company's turnover by revenue type was as follows:		
Managed services, warranties and security solutions	14,983,462	17,257,845
Advisory & Engineering	923,649	3,179,903
	<u>15,907,111</u>	<u>20,437,748</u>

3. OPERATING PROFIT

	2024	2023
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets (note 8)	98,948	84,716
Auditors' remuneration: statutory audit	49,610	45,100
Amortisation of intangible assets (note 7)	<u>6,118</u>	<u>878</u>

The company's audit cost is subsidised by its ultimate parent company.

4. EMPLOYEES

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

	2024	2023
	No	No
Directors	1	1
Sales and Engineering	19	15
Administration	5	4
	<u>25</u>	<u>20</u>

	2024	2023
	£	£
Staff costs for the above persons are:		
Wages and salaries	1,213,961	1,138,004
Share-based payments charge	11,163	20,478
Social security costs	189,965	138,684
Other pension costs	52,642	45,368
	<u>1,467,731</u>	<u>1,342,534</u>

	2024	2023
	£	£
Directors' remuneration:		
Wages and salaries	127,200	127,200
Social security costs	16,298	17,502
	<u>143,498</u>	<u>144,702</u>

Of the four Directors who held office during the year, one Director was remunerated by the Company and their remuneration is included in the staff numbers above, one Director was remunerated by the Company and their costs were recharged to Shearwater Group plc, the ultimate parent company and subsequently their remuneration is not included in the staff numbers above. The remaining two Directors were remunerated by Shearwater Group plc, the ultimate parent company; his emoluments are disclosed in the financial statements of Shearwater Group plc.

5. INTEREST PAYABLE

	2024	2023
	£	£
Lease liability	<u>14,986</u>	<u>8,322</u>
	<u>14,986</u>	<u>8,322</u>

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TAX ON PROFIT

	2024	2023
	£	£
Current taxation:		
UK corporation tax on profits of the financial period	-	-
Adjustments in respect of previous periods	-	(441,981)
Total current tax	-	(441,981)
Deferred taxation	(3,525)	5,759
Tax credit	(3,525)	(436,222)

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

	2024	2023
	£	£
Profit before taxation	337,750	425,798
Profit multiplied by the standard rate of UK corporation tax of 25% (2023: 19%)	84,437	80,902
Effects of		
Other expenses not deductible for tax purposes	30,193	(7,110)
Other timing differences leading to an increase in taxation	18,513	940
Deferred taxation	(3,525)	5,759
Adjustments in respect of prior years	-	(441,981)
Adjustment for group relief	(133,143)	(74,731)
Total current tax credit	(3,525)	(436,222)

7. INTANGIBLE ASSETS

	Computer software £
COST	
1 April 2023	31,495
Additions	1,196
Transfers	108,845
31 March 2024	141,536
ACCUMULATED AMORTISATION	
1 April 2023	(1,318)
Charge in the year	(6,118)
Transfers	(85,154)
31 March 2024	(92,590)
NET BOOK VALUE	
31 March 2024	48,946
31 March 2023	30,178

Transfers comprise of computer software hived up from Xcina Consulting Limited. See note 19.

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. TANGIBLE ASSETS

	Right of use assets	Furniture and Fixtures	Office Equipment	Other FA	Total
COST	£	£	£	£	£
1 April 2023	519,960	163,015	114,766	4,315	802,056
Additions	14,105	-	11,144	-	25,249
Transfer	10,405	-	64,873	-	75,278
31 March 2024	544,470	163,015	190,783	4,315	902,583
ACCUMULATED DEPRECIATION					
1 April 2023	(249,122)	(130,817)	(94,369)	(3,898)	(478,206)
Charge in the year	(78,625)	(7,631)	(12,553)	(139)	(98,948)
Transfer	-	-	(59,301)	-	(59,301)
31 March 2024	(327,747)	(138,448)	(166,223)	(4,037)	(636,455)
NET BOOK VALUE					
31 March 2024	216,723	24,567	24,560	278	266,128
31 March 2023	270,838	32,198	20,397	417	323,850

Transfers comprise of fixed assets hived up from Xcina Consulting Limited. See note 19.

9. INVESTMENT IN SUBSIDIARY

	Total £
COST	
At 1 April 2023 and 31 March 2024	86
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 April 2023 and 31 March 2024	-
NET BOOK VALUE	
At 31 March 2024	86
At 31 March 2023	86

The company holds the following investment in subsidiary undertakings:

Name of company	RSIN	Registered address	Business	Percentage owned
Brookcourt Solutions B.V.	863166829	Herengracht 449 A, 1017BR Amsterdam, Netherlands.	Other information technology and computer service activities	100%

10. TRADE AND OTHER RECEIVABLES – Non-current

	2024 £	2023 £
<i>Amounts due after one year</i>		
Trade debtors	-	5,226,366
Prepayments and accrued income	679,000	2,053,691
	679,000	7,280,057

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND OTHER RECEIVABLES - Current

	2024	2023
	£	£
<i>Amounts due within one year</i>		
Trade debtors	7,845,662	6,611,392
Amounts owed by group undertakings	17,325,569	16,914,438
Prepayments and accrued income	2,975,625	4,139,801
Corporation tax asset	-	283,091
Other debtors	-	4,338
	<u>28,146,856</u>	<u>27,953,060</u>

Amounts due from group undertakings are interest free, unsecured and are repayable on demand.

12. CREDITORS: Due within one year

	2024	2023
	£	£
<i>Amounts due within one year</i>		
Trade payables	6,800,060	2,799,341
Accruals and deferred income	3,355,751	7,486,932
Amounts owed to group undertakings	585,495	1,527,884
Other taxation and social security	840,938	375,714
Forward contract	213,159	275,430
Lease liabilities	72,152	57,102
Other creditors	-	6,233
	<u>11,867,555</u>	<u>12,528,636</u>

Amounts due to group undertakings are interest free, unsecured and are repayable on demand.

13. CREDITORS: Due after more than one year

	2024	2023
	£	£
<i>Amounts due after more than one year</i>		
Accruals	-	5,284,464
Lease liabilities	151,976	215,770
Forward contract	-	131,273
	<u>151,976</u>	<u>5,631,507</u>

14. LEASE LIABILITIES

Lease liabilities at 31 March

	2024	2023
	£	£
<i>Lease liabilities</i>		
At 1 April	272,872	35,824
Additions	16,440	300,928
Interest expense	14,986	8,322
Payments to lease creditor	(80,170)	(72,202)
	<u>224,128</u>	<u>272,872</u>

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The maturity analysis of lease liabilities is detailed below:

	2024 £	2023 £
<i>Lease liabilities (contractual undiscounted cash flows)</i>		
Less than one year	80,000	66,648
One to five years	160,000	233,268
Total undiscounted lease liabilities at 31 March	240,000	299,916
	2024 £	2023 £
<i>Lease liabilities included in the statement of financial position</i>		
Current	72,152	57,102
Non-current	151,976	215,770
	2024 £	2023 £
<i>Amounts recognised in the statement of comprehensive income</i>		
Interest on lease liabilities	14,986	8,322
Depreciation of right of use assets (note 8)	78,625	64,338

15. CALLED UP SHARE CAPITAL

	2024 £	2023 £
Allotted, issued and fully paid:		
Ordinary A shares of £1 each	15,000	15,000
Ordinary B shares of £1 each	9,000	9,000
Ordinary C shares of £1 each	6,000	6,000
	30,000	30,000

Other reserves include:

Share-based payments reserve

Shearwater Group plc, the company's ultimate controlling party, operates equity settled share-based compensation plans, under which the company receives services from employees as consideration for equity instruments in Shearwater Group plc.

Retained earnings

Retained earnings represent cumulative profit, net of dividends paid and other adjustments.

16. Forward contracts

The company is exposed to foreign currency risk on sales and purchases which are denominated in a currency other than sterling. Exposures to exchange rates are predominates in US dollars and euros. The company seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments across the company in each individual currency. The company has introduced a policy to use derivatives where there is a material surplus or deficit of non-sterling receipts and payments.

The following forward contracts were entered into in order to mitigate the risk of further weakening of sterling against US dollar. The derivatives are remeasured at fair value at each reporting date. This gives rise to a gain or loss, the entire amount of which is recognised in the statement of comprehensive income within administrative expenses.

Currency	Amount	Maturity date	Foreign exchange rate
US dollar	2,000,000	10 May 2024	1.140
US dollar	2,000,000	2 October 2024	1.216

BROOKCOURT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. ULTIMATE PARENT COMPANY

The Company is controlled by Shearwater Group plc, its immediate parent.

The ultimate parent Company, and the parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is Shearwater Group plc, which is incorporated in the UK and for which financial statements are available from 22 Great James Street, London, WC1N 3ES.

18. RELATED PARTY TRANSACTIONS

Shearwater Group plc, together with its other wholly owned subsidiaries, offers certain group-wide purchasing facilities to the Company and other subsidiaries whereby the actual costs are recharged. Transactions during the year with other group entities were cost recharges and cash movements.

The Company is a wholly owned subsidiary of a group that prepares publicly available consolidated financial statements, namely the group headed by Shearwater Group plc, so it has taken advantage of the exemption IAS 24, 'Related party disclosure' to disclose related party transactions entered into between two or more members of a group.

19. ACQUISITIONS

On 21 December 2023 the trade and assets of Xcina Consulting Limited were hived up into the company. The net assets were transferred from Xcina Consulting Limited to Brookcourt Solutions Limited in the amount of £159,529.

	£
Intangible assets	23,691
Property, plant and equipment	15,977
Prepayments	66,110
Cash on hand	2,895
Trade debtors	26,199
Accrued income	86,361
Other debtors	11,630
Lease liability	(10,581)
Deferred revenue	(38,914)
Accruals	(12,021)
Sales tax liability	(1,969)
Deferred tax liability	(9,849)
Total identifiable net assets	<u>159,529</u>