Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	986 455 213
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	BRADY ENERGY NORWAY AS
Forretningsadresse:	Storgata 2A 1767 HALDEN

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Andrew Wolley
Dato for fastsettelse av årsregnskapet:	09.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 18.08.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Sales revenue		89 658 877	82 252 944
Sales revenue from Group companies	21	18 531 510	21 580 322
Sum inntekter	5	**108 190 387**	**103 833 266**
Kostnader			
Cost of sales	8	10 929 216	4 665 984
Lønnskostnad	8	30 642 509	30 321 967
Avskrivning på varige driftsmidler og immaterielle eiendeler			3 316 414
Annen driftskostnad			652 272
Other operation expenses group companies	8	64 337 933	62 059 091
Sum kostnader		**105 909 658**	**101 015 728**
Driftsresultat		**2 280 729**	**2 817 538**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	21	1 147 146	2 799 977
Annen renteinntekt	11	395 229	5 336
Sum finansinntekter		**1 542 375**	**2 805 313**
Annen finanskostnad	11	284 307	435 351
Sum finanskostnader		**284 307**	**435 351**
Netto finans		**1 258 068**	**2 369 962**
Ordinært resultat før skattekostnad		**3 538 797**	**5 187 500**
Skattekostnad på ordinært resultat	12	1 491 865	2 460 642
Ordinært resultat etter skattekostnad		**2 046 932**	**2 726 858**
Årsresultat		**2 046 932**	**2 726 858**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utvikling	13	451 739	939 513
Utsatt skattefordel	12	840 159	454 197
Sum immaterielle eiendeler		**1 291 898**	**1 393 710**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	14	374 574	522 866
Right of use assests	15	4 686 170	6 465 545
Sum varige driftsmidler		**5 060 744**	**6 988 411**
Finansielle anleggsmidler			
Investering i datterselskap	16	1	1
Sum finansielle anleggsmidler	16	**1**	**1**
Sum anleggsmidler		**6 352 643**	**8 382 122**
Omløpsmidler			
Varer			
Fordringer			
Account Receiables	17	23 103 729	13 860 123
Loss allowance	22	-109 075	-200 000
Contract assets	5	621 963	795 908
Other Current Receivables		842 057	848 353
Corporation Tax Receivable	12	1 654 210	3 367 573
Konsernfordringer	21	58 902 869	90 835 208
Sum fordringer	17	**85 015 753**	**109 507 165**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	18	10 082 371	17 831 485
Sum bankinnskudd, kontanter og lignende		**10 082 371**	**17 831 485**
Sum omløpsmidler		**95 098 124**	**127 338 650**

Balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		**101 450 767**	**135 720 772**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	19	1 556 192	1 556 192
Overkurs	19	28 075 911	28 075 911
Sum innskutt egenkapital		**29 632 103**	**29 632 103**
Opptjent egenkapital			
Annen egenkapital		24 646 218	22 599 286
Sum opptjent egenkapital		**24 646 218**	**22 599 286**
Sum egenkapital		**54 278 321**	**52 231 389**
Gjeld			
Langsiktig gjeld			
Leasing Liabilities		3 516 002	4 920 002
Sum avsetninger for forpliktelser		**3 516 002**	**4 920 002**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**3 516 002**	**4 920 002**
Kortsiktig gjeld			
Leverandørgjeld	20	1 091 018	355 293
Betalbar skatt	12	1 973 606	2 333 179
Skyldige offentlige avgifter		4 968 591	4 401 617
Kortsiktig konserngjeld			40 346 619
Contract Liabilities	5	28 177 785	24 999 269
Lease liabilities	15	1 436 172	1 830 271
Other current liabilities	20	6 009 272	4 303 133
Sum kortsiktig gjeld		**43 656 444**	**78 569 381**
Sum gjeld		**47 172 446**	**83 489 383**
SUM EGENKAPITAL OG GJELD		**101 450 767**	**135 720 772**

Balanse

Beløp i: NOK	Note	2022	2021

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer:	2023 708868

Enheten

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Organisasjonsform:	Aksjeselskap
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Forretningsadresse:	Storgata 2A 1767 HALDEN

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Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Andrew Wolley
Dato for fastsettelse av årsregnskapet:	09.06.2023

Revisjon

Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører:	Ja

Grunnlag for avgivelse

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År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

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Brønnøysundregistrene, 23.08.2023

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 986 455 213
BRADY ENERGY NORWAY AS

RESULTATREGNSKAP

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Organisasjonsnr: 986 455 213
BRADY ENERGY NORWAY AS

BALANSE

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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

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Organisasjonsnr: 986 455 213
BRADY ENERGY NORWAY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret
31.00

Note
6

Spesifisering av resultatregnskapet

Lønnkostnader

Lønn	Årets	Fjorårets
	26210769.00	25127012.00

Folketrygdavgift	Årets	Fjorårets
	2366385.00	3255978.00

Pensjonskostnader	Årets	Fjorårets
	2774377.00	2817802.00

Andre ytelser	Årets	Fjorårets
	709022.00	878825.00

Note
9/12

Ekstraordinære inntekter og kostnader

Ekstraordinære kostnader	Beløp
Cost relating to ongoing tax appeal	242000.00

Sum	Beløp
	242000.00

Mer om ekstraordinære inntekter og kostnader

Note
14

Varige driftsmidler og immaterielle eiendeler

Anskaffelseskost 01.01.	Varige driftsmidler	Immaterielle eiend.

	1946859.00	3192242.00

Tilgang i året	Varige driftsmidler	Immaterielle eiend.
	224153.00	870933.00

Avgang i året	Varige driftsmidler	Immaterielle eiend.
		-2116316.00

Samlede av-/nedskrivn.	Varige driftsmidler	Immaterielle eiend.
	-1796438.00	-1423993.00

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Årets av-/nedskrivn.	Varige driftsmidler	Immaterielle eiend.
	-374574.00	-799942.00

Økonomisk levetid		Immaterielle eiend.
		3-5 years

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

Samlet beløp - foretak i samme konsern	Årets	Fjorårets
	58902869.00	90835208.00

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Kortsiktig gjeld

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

40346619.00

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
Postboks 6163, 5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Brady Energy Norway AS

Qualified opinion

We have audited the financial statements of Brady Energy Norway AS (the Company) which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the paragraph *Basis for qualified opinion*, the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for qualified opinion

The company does not agree with the decision after a tax review and has sent an appeal to the Norwegian Tax Authorities, as described in note 12. The effects of the tax review will potentially be a gain on sales of intellectual property and corresponding increase on receivables and equity. We have not been able to obtain sufficient audit evidence to conclude on the matters related to the tax review.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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 qualified opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

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Building a better working world

Responsibilities of management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Building a better working world

Bergen, 12 June 2023

ERNST & YOUNG AS

The auditor's report is signed electronically

Truls Nesslin
State Authorised Public Accountant (Norway)

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Truls Nesslin
Statsautorisert revisor
Serial number: 9578-5993-4-2263660
IP: 85.164.xxx.xxx
2023-06-12 20:06:08 UTC

bank ID

Penneo document key: 2F7CE-K0ZLH-3AXVY-2NZ8C-ELBM4-GTH2N

The Norwegian
Tax Administration

Our date	Your date	Case officer
05.05.2021	03.03.2021	Vibeke Horne
800 80 000 skatteetaten.no	Your reference	Telephone +4790518192
Org. nr: 974761076	Our reference 2021/5583626	Postal address P.O. Box 9200 Grønland 0134 OSLO

BRADY ENERGY NORWAY AS
Storgata 2A
1767 HALDEN

Confidential

Callers from abroad, please call +47 22 07 70 00

Att. Andrew Wolley

Permission to prepare the annual accounts and directors' report in English language for Brady Energy Norway AS, org. no 986 455 213

With reference to your letter of 3 March 2021 with respect to the above matter regarding Brady Energy Norway AS.

Based on a total evaluation, the view of the tax office is that Brady Energy Norway AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background
Brady Energy Norway AS is a private limited company 100 % owned by a foreign company and is part of the Brady Group.

Brady Energy Norway AS develops software systems for energy trading and physical power delivery for the international market. Many key players and partners in this industry speak and use English. The Company also uses English as the working language. Members of the board are not Norwegians.

Condition for the permission
According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts (…) be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

> "The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The

information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

One of the main goals of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the company is owned by a foreign company and is part of an international group. Furthermore, all key players and partners in this industry understand and use English.

Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Vibeke Horne
Adviser
Customer Interaction Division, Customer Service
The Norwegian Tax Administration

This document has been electronically approved and therefore has no handwritten signatures.

Brady Energy Norway AS

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2022

Contents

Contents

Company information

Registered office	Storgata 2A N-1767 Halden Norway
Board of Directors	Andrew Woolley Per-Herman Alexander Puck
Auditor	Ernst and Young LLP, Dronning Eufemias gate 6A 0191 Oslo Norway

Directors' report

The Directors present their Directors' Report together with the audited financial statements for the year ended 31 December 2022.

Principal activities

Brady Energy Norway AS (the "Company") develop, sell and implement software solutions for physical trade in energy, financial trading in energy and clearing systems for energy exchanges. The Company also provides consultancy services within the same markets.

Directors

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

Andrew Woolley

Per-Herman Alexander Puck

Financial performance and position

The Company earned revenues of NOK 108 million (2021: NOK 104 million) and made an operating profit of NOK 2.3 million (2021: NOK 2.8 million).

At 31 December 2022, the Company has net assets of NOK 54 million (2021: NOK 52 million). Excluding intercompany balances and contract liabilities, the Company had net current assets of NOK 21 million (2021: NOK 24 million).

During the year, the Company had net cash outflows of NOK 8.0 million (2021: NOK 1.0 million outflow).

The Directors are satisfied with the financial performance and position of the Company.

Research and development

The Company continues to invest in research and development. During the year, the Company spent NOK 10.9 million (2021: NOK 12.9 million) on research and development of its products.

Allocation of results and dividends

The Directors propose to allocate the total profit for the year of NOK 2.0 million to equity. The Directors do not propose a dividend.

Financial risk management objectives and policies

The Company's activities entail various types of financial risk: currency risk, credit risk, interest rate risk and liquidity risk. The Company has not used financial derivatives to hedge against risk.

Risk	Explanation	Mitigation
Credit risk	The Company's principal financial assets are cash, trade receivables and amounts owed by group undertakings. The principal credit risk lies with trade receivables.	In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history. Credit risk is limited as a significant proportion of the Company's revenues are prepaid (predominantly subscriptions and maintenance).
Currency risk	The Company operates internationally and is exposed to currency risk in several currencies. The currency risk arises when assets or liabilities are nominated in a currency that is not the functional currency of the entity.	The parent company hedges consolidated foreign exchange exposure.
Interest rate risk	The Company does not have loans or loans at floating interest rates.	The Company's assets, liabilities and cash flow are therefore mainly independent of changes in the market rate. Loans to parent, sister and subsidiary companies are interest-only based on market rate.
Liquidity risk	Liquidity risk is the risk arising from the Company not being able to meet its obligations as they fall due.	The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Company manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances to determine headroom or any shortfalls.

Going concern

The Company made a profit before tax in the year ended 31 December 2022 of NOK 3.5 million and had net assets of 54 million at 31 December 2022. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 December 2024. The

Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company. In assessing the cash flows, the Directors' have applied sensitivities to assumptions in revenue and cost base.

Based on the Directors' assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will continue in operational existence and meet 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.

Work environment

Accidents and injuries

No accidents, injuries or damage to property occurred in 2022 (2021: none).

Sick leave

Absence due to illness was 3.3% in 2022 (2021: 2.0%).

Equality and discrimination

The company strives to promote equality, ensure equal opportunities and rights and to prevent discrimination on the grounds of ethnicity, national origin, descent, skin colour, language, religion and belief.

As at 31 December 22, 63% of the Company's employees identified as male and 37% as female (2021: 72% male, 28% female).

The Directors of the company consist of 1 owner representative and 1 employee representative.

The Company aims to be a workplace where there is no discrimination due to differences and has employees with different ethnic backgrounds and nationalities.

Events after the reporting period

Information can be found in note 25.

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.

Insurance

The Company has entered into qualifying third-party indemnity arrangements for the benefit of the Company and its Directors. The arrangements were in force throughout the year and remain in force.

By order of the Board, 9 June 2023

DocuSigned by:	DocuSigned by:
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Andrew Woolley	Per-Herman Puck

Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 NOK	2021 NOK
Revenue	5	108,190,387	103,833,266
Cost of sales		(10,929,216)	(11,629,833)
Gross profit		**97,261,171**	**92,203,433**
Operating expenses	8	(94,980,442)	(89,385,895)
Operating profit		**2,280,729**	**2,817,538**
Interest income from group companies	21	1,147,146	2,799,977
Other financial income	11	395,229	5,336
Other financial costs	11	(284,307)	(435,351)
Profit before tax		**3,538,797**	**5,187,500**
Income tax expense	12	(1,491,865)	(2,460,642)
Profit and total comprehensive income for the year		**2,046,932**	**2,726,858**

All the activities of the Company in the current and prior years are classed as continuing.

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

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

Statement of Financial Position

As at 31 December 2022

	Notes	2022 NOK	2021 NOK
Assets			
Non-current assets			
Capitalised development	13	451,739	939,513
Software		-	-
Deferred tax assets	12	840,159	454,197
Property, plant and equipment	14	374,574	522,866
Right of use assets	15	4,686,170	6,465,545
Investments	16	1	1
Total non-current assets		**6,352,643**	**8,382,122**
Current assets			
Trade and other receivables	17	85,015,753	109,507,165
Cash and cash equivalents	18	10,082,371	17,831,485
Total current assets		**95,098,124**	**127,338,650**
Total assets		**101,450,767**	**135,720,772**
Equity attributable to the owners of the parent company			
Share capital	19	1,556,192	1,556,192
Share premium	19	28,075,911	28,075,911
Retained earnings		24,646,218	22,599,286
Total equity		**54,278,321**	**52,231,389**
Liabilities			
Non-current liabilities			
Lease liabilities	15	3,516,002	4,920,002
Total non-current liabilities		**3,516,002**	**4,920,002**
Current liabilities			
Trade and other payables	20	7,100,290	45,005,045
Corporation tax payable	12	1,973,606	2,333,179
Other taxation payable		4,968,591	4,401,617
Contract liabilities	5	28,177,785	24,999,269
Lease liabilities	15	1,436,172	1,830,271
Total current liabilities		**43,656,444**	**78,569,381**
Total equity and liabilities		**101,450,767**	**135,720,772**

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

These financial statements were approved by the Board of Directors and authorised by the Board of Directors on 9 June 2023 and signed on their behalf by:

DocuSigned by: DocuSigned by:

Per-Herman Puck

Andrew Woolley, Chairman Per-Herman Puck, Director

Brady Energy Norway AS 7

Statement of Cash Flow

For the year ended 31 December 2022

	Notes	2022 NOK	2021 NOK
Cash flows from operating activities			
Profit before tax		**3,538,797**	5,187,500
Adjustments to reconcile profit before tax to net cashflows			
Depreciation and amortisation	8	**2,711,085**	3,611,146
Loss on disposal of property, plant and equipment	8	**-**	479,224
Net financial items		**(1,258,068)**	(2,369,962)
Working capital movements			
(Increase) in receivables		**(9,243,606)**	(4,516,269)
Increase in payables		**735,726**	118,866
Increase / (decrease) in other working capital items		**6,257,903**	(1,874,087)
		2,741,837	636,418
Taxes paid		**(524,037)**	(4,697,000)
Net cash flow used in operating activities		**2,217,800**	(4,060,582)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(224,153)**	(870,933)
Net cash flow used in investing activities		**(224,153)**	(870,933)
Cash flows from financing activities			
Lease liability capital payments		**(1,834,879)**	(2,106,512)
Net interest paid		**(353,095)**	(424,625)
Advance of loans to group companies		**(36,583,109)**	(58,924,420)
Repayment of loans from group companies		**28,793,855**	65,429,131
Net cash flows from financing activities		**(9,977,228)**	3,973,574
Net cash flow for the period		**(7,983,581)**	(957,941)
Cash and cash equivalents at 1 January		**17,831,485**	18,937,496
Exchange difference on opening cash		**234,467**	(148,071)
Cash and cash equivalents at 31 December	18	**10,082,371**	17,831,485

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

Statement of Changes in Equity
For the year ended 31 December 2022

	Share capital	Share premium	Retained earnings	Total
	NOK	NOK	NOK	NOK
Balance at 1 January 2021	**1,556,192**	**28,075,911**	**19,872,428**	**49,504,531**
Profit for the year	-	-	2,726,858	**2,726,858**
At 31 December 2021	**1,556,192**	**28,075,911**	**22,599,286**	**52,231,389**
Profit for the year	-	-	2,046,932	**2,046,932**
At 31 December 2022	**1,556,192**	**28,075,911**	**24,646,218**	**54,278,321**

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

Notes to the financial statements

1. General information

The Company is a private company limited by shares, incorporated and domiciled in Norway. The address of its registered office, which is also its principal place of business, is Storgata 2A, N-1767 Halden, Norway.

2. New accounting standards

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

These amendments did not have any impact on amounts recognised in the prior or current periods and are not expected to significantly affect the future periods.

Standards and interpretations not yet adopted

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards and interpretations have been published by the IASB. None of these have been adopted early by the Company.

The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after their effective dates. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. These include:

- IFRS 17 Insurance Contracts;
- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendment to IAS 1 – Non-current liabilities with covenants
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8.

3. Principle accounting policies

Basis of preparation

The company accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as established by the EU. The preparation of financial statements in accordance with IFRS requires the requires the Directors to make certain critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 0.

Basis of consolidation

The Company is exempt from preparing consolidated financial statements as, taken with its subsidiary undertaking, this company is consolidated into the group accounts headed by Brady Acquisition Ltd. Brady Acquisition Ltd is a company registered and domiciled in England and Wales (registration number: 12248237) and its accounts 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 profit before tax in the year ended 31 December 2022 of NOK 3.5 million and had net assets of 54 million at 31 December 2022. The Directors have reviewed the cash flow forecasts of the Company for the period through to 31 December 2024. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Company. In assessing the cash flows, the Directors' have applied sensitivities to assumptions in revenue and cost base.

Based on the Directors' assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will continue in operational existence and meet 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.

Foreign currency translation

Functional currency and presentation currency

The accounts are presented in NOK, which is both the functional currency and the presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency 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 Statement of Comprehensive Income within "financial items". 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.

Revenue recognition

Revenue comprises the value of sales (excluding trade discounts and sales tax) 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 Company 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 Company'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.

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 Company has an enforceable right to payment for work completed to date on a time and materials basis.

The Company 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 Company performs under the contract (i.e. transfers control of the related goods or services to the customer).

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 other current liabilities in the 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 the contributions payable in the period and the 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 Company 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 Company 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.

Non-recurring items

Material, non-recurring and incremental costs and income are identified and reported as non-recurring items 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.

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

Research and development costs

Expenditure on research activities is recognised as an expense in the Statement of Comprehensive Income in the period in which it is incurred.

Development activities involve a plan or design for the production on new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Company intends to complete the intangible asset and use or sell it;
- the Company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to annual impairment testing only. Amortisation commences upon completion of the asset and is shown within operating expenses in the Statement of Comprehensive Income. The amortisation period for development costs incurred in the Company is up to five years on a straight-line basis.

Property, plant and equipment

Property, plant and equipment 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:

- Fixtures, fittings & equipment: 3 - 5 years
- Computer equipment: 3 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.

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.

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 NOK 55,000) 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.

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.

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 period 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. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

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.

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.

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.

4. Critical accounting judgements and key sources of estimation uncertainty

Preparation of these financial statements in accordance with IFRS 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 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.

Non-recurring items

Material, non-recurring and incremental costs are identified and reported as non-recurring items separately from the underlying operating income and expenses. Classification of expenditure as such requires management judgement and is performed to improve the understanding of the underlying financial performance of the Company.

Tax

The Company is subject to corporation taxation and judgement is required in determining the provision for income and deferred taxation. The Company recognises taxation assets and liabilities based upon estimates and assessments of many factors including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. The Company carries appropriate provisions, based on best estimates, until tax computations are agreed with the taxation authorities. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the Statement of Comprehensive Income in the period in which such determination is made.

5. Revenue

Revenue by type

	Note	2022 NOK	2021 NOK
Revenue from external customers		**89,658,877**	82,252,944
Revenue from group companies	21	**18,531,510**	21,580,322
Total revenue		**108,190,387**	103,833,266

Year ended 31 December 2022	Licences and recurring support, maintenance and rentals NOK	Services including development NOK	Revenue from group companies NOK	Total NOK
Total revenue	69,164,776	20,494,101	18,531,510	**108,190,387**
Timing of revenue recognition				
At a point in time	1,024,443	10,681,603	-	**11,706,046**
Over time	68,140,333	9,812,498	18,531,510	**96,484,341**
Year ended 31 December 2021				
Total revenue	65,133,815	17,119,129	21,580,322	**103,833,266**
Timing of revenue recognition				
At a point in time	785,247	7,124,933	-	**7,910,180**
Over time	64,348,568	9,994,196	21,580,322	**95,923,086**

Revenue by product

	Note	2022 NOK	2021 NOK
EDM		**45,122,428**	40,827,247
ETRM		**41,306,962**	39,694,206
Others		**3,229,487**	1,731,491
Revenue from group companies	21	**18,531,510**	21,580,322
		108,190,387	103,833,266

Revenue by geography

	Note	2022 NOK	2021 NOK
Revenue from external customers			
Norway		**49,428,462**	43,043,824
Rest of Europe		**37,378,837**	35,092,644
North America		**1,506,355**	1,924,502
Australia		**1,345,223**	2,191,973
		89,658,877	82,252,944
Revenue from group companies			
Europe	21	**18,531,510**	21,580,322
		108,190,387	103,833,266

Assets and liabilities related to contracts with customers

The Company has the following contract assets and liabilities related to contracts with customers included in the Statement of Financial Position.

	Note	2022 NOK	2021 NOK
Current contract assets relating to:			
Licences and recurring support, maintenance and rentals		**164,795**	122,878
Services including development		**457,168**	673,030
Loss allowance		**-**	-
Total current contract assets	17	**621,963**	795,908
Current contract liabilities relating to:			
Licences and recurring support, maintenance and rentals		**27,411,030**	22,746,272
Services including development		**766,755**	2,252,997
Total current contract liabilities		**28,177,785**	24,999,269

The Company recognised the following revenue in the current year that was included in contract liabilities at the beginning of the year.

	2022 NOK	2021 NOK
Advance billing for licences and recurring maintenance, hosting and subscription revenues	**22,746,272**	23,220,313
Completion of contractual obligation in relation to professional services, development and licenses	**2,252,997**	372,900
	24,999,269	23,593,213

6. Employee numbers, remuneration and pension

The Company had the following employees at the balance sheet date.

	2022 No.	2021 No.
Number of full time equivalents	**31**	32
Number of employees	**32**	33

The Company incurred the following expenses in relation to employee remuneration during the year.

	2022 NOK	2021 NOK
Wages and salaries	**26,210,769**	25,127,012
Social security costs	**2,366,385**	3,255,978
Defined contribution pension arrangements	**2,774,377**	2,817,802
Other benefits	**(709,022)**	(878,825)
	30,642,509	30,321,967

The Company is obliged to have an occupational pension scheme pursuant to the Act relating to compulsory occupational pensions. The employees of the Company have a defined contribution pension scheme, which is significantly better than the requirements of the law.

The scheme covers 29 employees as at 31 December 2022 (2021: 34).

Total payments to the scheme in 2022 amounted to NOK 2,774,377 (2021: NOK 2,817,802).

7. Remuneration and loans to senior executives

The senior executives are residents of the UK and employed by Brady Technologies Ltd, the immediate parent company. They do not receive salaries, benefits or other fees from Brady Energy Norway AS. Brady Energy Norway AS is charged for the share of group costs, in which the senior executives' costs are included. No board fees have been paid.

No loans have been made to senior executives during the year (2021: none). There are no balances outstanding at 31 December 2022 (31 December 2021: none).

8. Operating expenses

The following items have been charged / (credited) to the Statement of Comprehensive Income in arriving at operating loss for the year.

	Notes	2022 NOK	2021 NOK
Research and development costs		**10,947,045**	12,944,003
Depreciation of property, plant and equipment	14	**372,445**	799,942
Depreciation of right of use assets	15	**1,850,866**	1,835,655
Amortisation of capitalised development costs	13	**487,774**	975,549
Loss on disposal of property, plant and equipment	14	**-**	479,224
Non-recurring items	9	**242,000**	652,272
Auditor's remuneration	10	**889,000**	755,900
Costs from group companies	21	**66,597,451**	62,059,091

9. Non-recurring items

	Note	2022 NOK	2021 NOK
Restructuring costs to streamline operations		**-**	652,272
Costs relating to ongoing tax appeal	12	**242,000**	-
	8	**242,000**	652,272

During the year, the Company incurred professional fees totalling NOK 242,000 relating to its ongoing appeal against tax cases. See note 12.

During 2021, the Company incurred restructuring costs totalling NOK 652,272 in order to streamline and boost efficiency of its future operations.

10. Auditor's remuneration

During the year, the Company incurred the following fees from its auditor.

	Note	2022 NOK	2021 NOK
Statutory audit		**869,000**	737,000
Tax advice		**20,000**	18,900
	8	**889,000**	755,900

The group and the Company's statutory audit fees are billed to Brady Technologies Ltd, the immediate parent company. The Company is charged for a share of group costs, in which the statutory audit fee is included.

11. Other financial income and expenses

	Note	2022 NOK	2021 NOK
Other financial income			
Net foreign exchange gains		**316,185**	-
Bank and other interest receivable		**79,044**	5,336
		395,229	5,336
Other financial expenses			
Net foreign exchange losses		**-**	(164,484)
Interest expense on lease liabilities	15	**(284,307)**	(210,052)
Other interest payable		**-**	(60,815)
		(284,307)	(435,351)

12. Tax

Amounts recognised in the Statement of Comprehensive Income

The tax expense for the year is as follows:

	2022 NOK	2021 NOK
Current tax		
Tax payable on ordinary result	**1,973,606**	2,333,179
Adjustment in respect of prior years	**(95,779)**	838
	1,877,827	2,334,017
Deferred tax		
Change in deferred tax	**(385,962)**	126,625
	(385,962)	126,625
Tax charge for the year	**1,491,865**	2,460,642

The following table reconciles the nominal to actual tax rate.

	2022 NOK	2021 NOK
Profit on ordinary activity before taxation	**3,538,797**	5,187,500
Profit on ordinary activities multiplied by standard rate of tax (22%)	**778,535**	1,141,250
Tax effects of:		
Difference to tax return relating to ongoing tax case	**753,993**	942,491
Adjustment in respect of prior period	**(21,071)**	-
Temporary differences	**(20,368)**	235,526
Permenant differences	**777**	141,375
Tax payable on ordinary result	**1,491,865**	2,460,642
Effective tax rate	**42.2%**	47.4%

Amounts recognised in the Statement of Financial Position

The corporation tax payable in the Statement of Financial Position at the period end comprises the following:

	2022 NOK	2021 NOK
Provision for tax receivable relating to previous years	**(1,654,210)**	(3,367,573)
Tax payable relating to current period	**1,973,606**	2,333,179
Net corporation tax (receivable) / payable	**319,396**	(1,034,394)

The net deferred tax asset in the Statement of Financial Position at the period end relates to the tax effect of the following temporary differences:

	2022 Asset NOK	2021 Asset NOK
Property, plant and equipment	**32,167**	(67,328)
Receivables	**23,997**	44,000
IFRS 16	**58,521**	62,640
Accounting provisions	**725,474**	414,884
	840,159	454,197

Brady Energy Norway AS has ongoing tax cases with Tax East and Tax West.

In December 2018, the tax offices, Tax East and Tax West, published tax determination decisions. The tax determination stated that there was a taxable sale of intangible assets and operations in financial years 2011 and 2012 of NOK 54 million and NOK 116 million respectively to Brady Trading Ltd, a sister company registered in England. The tax office's decision means that intangible assets are owned by Brady Trading Ltd and Brady Energy Norway AS must pay royalties on external sales to Brady Trading Ltd. Research and development work that Brady Energy Norway carries out on behalf of Brady Trading Ltd must be recognised as income.

The company has appealed against the decisions with reference to both time and valuation with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner.

After assessing the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (Uncertainty over Income Tax Treatments), the Company has recognised a tax benefit of NOK 1.7 million. Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities.

The financial statements for the years 2016 - 2018 deviate from the tax returns submitted by the Company. The income statement does not include royalty costs or income from research and development services. The financial statements also do not include the gain of NOK 170 million or associated deferred tax following the tax offices' decision.

The financial statements for 2022 are in accordance with the tax return for 2022, except for NOK 3.4 million income relating to the disputed gain of NOK 170 million which is in the tax return but not financial statements.

13. Capitalised development costs

	Note	Capitalised development costs NOK
Cost		
At 1 January 2021, 31 December 2021 and 31 December 2022		**2,438,678**
Amortisation		
At 1 January 2021		(523,616)
Charge for the year	8	(975,549)
At 31 December 2021		(1,499,165)
Charge for the year	8	(487,774)
At 31 December 2022		**(1,986,939)**
Net book value		
At 31 December 2022		**451,739**
At 31 December 2021		939,513
At 1 January 2021		1,915,062

The net book value of the capitalised development costs is allocated to a single cash-generating unit (CGU).

The recoverable amount of the CGU was determined based on value-in-use calculations, at a level where there are largely independent cashflows. It is not possible to determine the fair value less costs of disposal of the CGU as there is no basis for making a reliable estimate of price at which a sale of the CGU would take place between market participants under market conditions and therefore value-in-use is used. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2023 and 2024 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. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. Management has considered reasonably possible sensitivities in key assumptions, particularly revenue growth rate, cost growth rate and discount factor, on which the value-in-use (VIU) calculations are based.

Principle assumptions

Management has applied the following key assumptions in calculating the value-in-use:

- Pre-tax discount rate 15.4%
- Revenue growth rate 7.0% p.a. in 2024 and 5.0% in 2025, 2026 and 2027
- Cost growth rate 5.0% p.a. in 2024 and 2.0% in 2025, 2026 and 2027
- Growth applied beyond the approved forecast period 5.0%

Impairment review results

Management ran three sensitivities: increasing customer churn to 5.0% - 8.0% depending on product, reducing revenue growth rate to 5.0% p.a. in 2024 and 4.0% in 2025, 2026 and 2027 and increasing growth rate up to 4.0% p.a. in 2023 and 3.0% in 2025, 2026 and 2027. No impairment was indicated in any of these scenarios.

14. Property, plant and equipment

	Note	Fixtures, fittings and equipment NOK	Computer equipment NOK	Total NOK
Cost				
At 1 January 2021		3,192,242	-	**3,192,242**
Additions		-	870,933	**870,933**
Disposals		(2,116,316)	-	**(2,116,316)**
At 31 December 2021		1,075,926	870,933	**1,946,859**
Additions		-	224,153	**224,153**
At 31 December 2022		1,075,926	1,095,086	**2,171,012**
Depreciation				
At 1 January 2021		(2,261,143)	-	**(2,261,143)**
Charge for the year		(239,707)	(560,234)	**(799,942)**
Disposals		1,637,092	-	**1,637,092**
At 31 December 2021		(863,759)	(560,234)	**(1,423,993)**
Charge for the year	8	(159,496)	(212,948)	**(372,445)**
At 31 December 2022		(1,023,255)	(773,183)	**(1,796,438)**
Net book value				
At 31 December 2022		52,671	321,903	**374,574**
At 31 December 2021		212,167	310,699	522,866

15. Right of use assets

Amounts recognised in the Statement of Financial Position

Set out below are the carrying amounts of right of use assets recognised in the Statement of Financial Position.

	Note	Property NOK
Cost		
At 1 January 2021		9,411,277
Additions		4,326,580
At 31 December 2021		13,737,857
Additions		236,378
Disposals		(1,401,283)
At 31 December 2022		**12,572,952**
Depreciation		
At 1 January 2021		(5,436,657)
Additions		(1,835,655)
At 31 December 2021		(7,272,312)
Charge for the year	8	(1,850,866)
Disposals		1,236,397
At 31 December 2022		**(7,886,782)**
Net book value		
At 31 December 2022		**4,686,170**
At 31 December 2021		6,465,545

Set out below are the carrying amounts of lease liabilities recognised in the Statement of Financial Position. A maturity analysis is also disclosed.

	2022	2021
	NOK	NOK
Lease liabilities		
Current lease liability	**1,436,172**	1,830,271
Non-current lease liability	**3,516,002**	4,920,002
	4,952,174	6,750,273
Undiscounted future cash out flows		
Within 12 months	**1,631,685**	2,102,708
Between 12 months and 5 years	**3,815,130**	4,658,125
After 5 years	**-**	736,986
	5,446,815	7,497,819

Amounts recognised in the Statement of Comprehensive Income

		2022	2021
	Notes	**NOK**	NOK
Depreciation charge on right of use assets	8	**1,850,866**	1,835,655
Expense relating to low value assets		**52,378**	-
Expense relating to variable lease payments not included in lease liability		**1,032,689**	887,003
Interest expense on lease liabilities	11	**284,307**	210,052

16. Investments

	NOK
Cost	
At 1 January 2021	22,998,231
Disposals	(5)
At 31 December 2021 and 31 December 2022	**22,998,226**
Impairment	
At 1 January 2021, 31 December 2021 and 31 December 2022	**(22,998,225)**
Net book value	
At 31 December 2021 and 31 December 2022	**1**
At 1 January 2021	6

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 Company.

The Company's subsidiaries are set out below.

Subsidiary	Registered address	Place of business / country of incorporation	Principle activity	Ownership	Equity 31-Dec-22 NOK	Result 2022 NOK
Brady Energy Canada Inc	251 Consumers Road, Toronto, Ontario, M2J 1R3	Canada	Product sales and delivery	100%	-	-
Brady Energy UK Ltd	40 Torpichen street, Edinburgh, EH3 8JB	Scotland	Product sales and delivery	100%	(42,864,463)	401,129

On 18 November 2021, Brady Energy Canada Inc was liquidated. Prior to the liquidation, the Company forgave a receivable owing from Brady Energy Canada Inc of NOK 4,113.

At the date of liquidation, Brady Energy Canada Inc had nil net assets so there was no gain or loss on disposal recognised in the statement of comprehensive income and no cashflows recognised in the statement of cash flow.

17. Trade and other receivables

	Notes	2022 NOK	2021 NOK
Trade receivables		**23,103,729**	13,860,123
Loss allowance	22	**(109,075)**	(200,000)
Amounts owed by group undertakngs	21	**58,902,869**	90,835,208
Corporation tax receivable	12	**1,654,210**	3,367,573
Prepayments		**796,709**	803,023
Contract assets	5	**621,963**	795,908
Other receivables		**45,348**	45,330
		85,015,753	109,507,165

All amounts disclosed are short-term and their carrying value is a reasonable approximation of fair value. Standard credit terms apply to the majority of trade receivables, which is 30 days.

Terms of the amounts owed by group undertakings are included in note 21.

Due to having effective credit control procedures, the Company is not significantly exposed to the risk of bad debt. The loss allowance is a general provision against trade receivables, which has been determined as follows:

31 December 2022	Current	More than 30 Days	More than 60 Days	More than 90 Days	Total
Expected loss rate	0.4%	0.9%	6.4%	17.3%	**0.0%**
Gross carrying amount trade receivables NOK	22,388,643	701,961	13,125	-	**23,103,729**
Gross carrying amount contract assets NOK	621,963	-	-	-	**621,963**
Loss allowance NOK	(101,776)	(6,453)	(846)	-	**(109,075)**

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%	100.0%	**1.4%**
Gross carrying amount trade receivables NOK	13,354,587	205,066	84,625	215,845	**13,860,123**
Gross carrying amount contract assets NOK	795,908	-	-	-	**795,908**
Loss allowance NOK	-	-	-	(200,000)	**(200,000)**

18. Cash and cash equivalents

	2022 NOK	2021 NOK
Unrestricted cash and cash equivalents	**8,434,699**	16,153,703
Restricted cash and cash equivalents		
Relating to employee deductions	**1,078,281**	1,108,391
Relating to rent deposit	**569,391**	569,391
	10,082,371	17,831,485

19. Share capital and premium

	Nominal value NOK	Number of shares	Share capital NOK	Share premium NOK
Class A shares	1	962,307	962,307	27,055,491
Preference B shares	1	343,814	343,814	-
Ordinary B shares	1	250,071	250,071	1,020,420
		1,556,192	**1,556,192**	**28,075,911**

When voting at the general meeting, an A share counts as two B shares.

In the event of liquidation of the company, preference B shares have preferential rights over the other shares to liquidation dividend with an amount per preference B share corresponding to the subscription price of the preference B shares.

100% of each class of shares is owned by Brady Technologies Ltd, a company registered in England and Wales.

20. Trade and other payables

	Note	2022 NOK	2021 NOK
Trade payables		**1,091,018**	355,293
Amounts owed to group undertakings	21	**-**	40,346,619
Accruals		**3,129,108**	1,179,771
Other payables		**2,880,164**	3,123,362
		7,100,290	45,005,045

All amounts disclosed are short term.

The trade payables are unsecured and are usually paid within 30 days of recognition. The carrying value of trade payables is considered a reasonable approximation of fair value due to their short-term nature.

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

21. Related party transactions and balances

During the year, the Company had transactions with related parties as set out below. All related party transactions have taken place on an arms-length basis.

Year ended 31 December 2022	Brady Technologies Ltd NOK	Brady Energy UK Ltd NOK	Brady Energy Canada Inc NOK	Brady Trading Ltd NOK	Total NOK
Revenue from group companies					
Research and development services	18,531,510	-	-	-	18,531,510
	18,531,510	**-**	**-**	**-**	**18,531,510**
Operating expenses from group companies					
Royalty costs	34,042,708	-	-	-	34,042,708
Management services	32,554,743	-	-	-	32,554,743
	66,597,451	**-**	**-**	**-**	**66,597,451**
Interest income from group companies					
Loan interest receivable	648,373	498,773	-	-	1,147,146
	648,373	**498,773**	**-**	**-**	**1,147,146**

Year ended 31 December 2021	Brady Technologies Ltd NOK	Brady Energy UK Ltd NOK	Brady Energy Canada Inc NOK	Brady Trading Ltd NOK	Total NOK
Revenue from group companies					
Research and development services	21,580,322	-	-	-	21,580,322
	21,580,322	**-**	**-**	**-**	**21,580,322**
Operating expenses from group companies					
Royalty costs	38,498,499	-	-	-	38,498,499
Management services	23,556,479	-	-	-	23,556,479
Forgiveness of receivable	-	-	4,113	-	4,113
	62,054,978	**-**	**4,113**	**-**	**62,059,091**
Interest income from group companies					
Loan interest receivable	-	479,047	-	2,320,930	2,799,977
	-	**479,047**	**-**	**2,320,930**	**2,799,977**

The Company's relationship to each relevant related party is set out below.

Name	Nature of relationship
Brady Technologies Ltd	Immediate parent company, owns 100% share capital of the Company
Brady Energy UK Ltd	Subsidiary company, 100% owned by the Company
Brady Energy Canada Inc	Subsidiary company, 100% owned by the Company, liquidated on 18 November 2021
Brady Trading Ltd	Sister company, owned 100% by Brady Technologies Ltd until 15 July 2022.

At the year end, the Company had amounts due to and from related parties as set out below.

	2022	2021
	NOK	NOK
Amounts owed by group undertakings		
Brady Energy UK Ltd	**13,031,942**	12,455,245
Brady Trading Ltd	**-**	78,379,963
Brady Technologies Ltd	**45,870,927**	-
Amounts owed to group undertakngs		
Brady Technologies Ltd	**-**	(40,346,619)

The amounts owed by group companies are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 4% per annum. The loans to Brady Energy UK Ltd and Brady Technologies Ltd are secured with a guarantee from Hanover Active Equity Fund II, S.C.A. SICAV-RAIF , the ultimate controlling party, whereby if the Company requires the loans to be repaid, Hanover Active Equity Fund II, S.C.A. SICAV-RAIF will provide financing through the Group structure.

22. Financial risk management

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. The Company's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Company has not entered into forward exchange contracts to mitigate the exposure to foreign currency risk during the period ended 31 December 2022 as the Company's currency transactions were not considered significant enough to warrant this.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date, not denominated in the local functional currency of the company holding the monetary asset or liability, are set out below.

	2022 Assets NOK	**2022 Liabilities NOK**	2021 Assets NOK	2021 Liabilities NOK
AUD	**6,792**	**-**	176,583	-
CAD	**995,048**	**(11,563)**	2,781,911	(46,843)
EUR	**4,764,196**	**-**	5,709,915	-
GBP	**13,122,166**	**(4,384)**	12,482,399	-
SEK	**205,316**	**-**	315,486	(230)
USD	**1,952**	**-**	1,840	-

Foreign currency sensitivity analysis

The Company is mainly exposed to Euro, Canadian Dollar, Australian Dollar, Swedish Krona, Pound Sterling and US Dollar. The Company seeks to manage cash inflows and outflows in each currency to mitigate currency exposure and exchange risk. The following table details the Company's sensitivity to a 10% increase and decrease in the Norwegian Kroner exchange rate against the relevant foreign currencies. The sensitivity analysis uses the net asset (or liability) from the above table and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or equity.

	2022	2022	2021	2021
	Income statement	**Equity**	Income statement	Equity
	NOK	**NOK**	NOK	NOK
Effect of a 10% weakening in the relevant exchange rate				
AUD	**679**	**679**	17,658	17,658
CAD	**98,349**	**98,349**	273,507	273,507
EUR	**476,420**	**476,420**	570,992	570,992
GBP	**1,311,778**	**1,311,778**	1,248,240	1,248,240
SEK	**20,532**	**20,532**	31,526	31,526
USD	**195**	**195**	184	184
Effect of a 10% strengtening in the relevant exchange rate				
AUD	**(679)**	**(679)**	(17,658)	(17,658)
CAD	**(98,349)**	**(98,349)**	(273,507)	(273,507)
EUR	**(476,420)**	**(476,420)**	(570,992)	(570,992)
GBP	**(1,311,778)**	**(1,311,778)**	(1,248,240)	(1,248,240)
SEK	**(20,532)**	**(20,532)**	(31,526)	(31,526)
USD	**(195)**	**(195)**	(184)	(184)

Exposures to foreign exchange vary during the period depending on the volume and size of overseas transactions. Nonetheless, the analysis above is considered representative of the Company's exposure to currency risk.

Interest rate risk

The Company does not have significant cash at bank nor hold bank deposits and does not have any interest-bearing loans. Consequently, the Company believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk analysis

Risk management

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date which are principally cash and cash equivalents and trade receivables.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Company's treasury policy. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model are trade receivables from contracts with customers and contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Trade receivables and contract assets

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2022 were determined as set out in note 0 for both trade receivables and contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity risk analysis

Liquidity risk is the risk arising from the Company not being able to meet its obligations as they fall due. The Company seeks to manage this risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Company manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances in order to determine headroom or any shortfalls.

The undiscounted contract cashflows relating to the Company's financial liabilities are set out below.

	Current		Non-current	
	Within 6 months	Between 6 - 12 months	Between 1 -5 years	Later than 5 years
	NOK	NOK	NOK	NOK
As at 31 December 2022				
Trade and other payables	**14,042,487**	-	-	-
As at 31 December 2021				
Trade and other payables	11,393,222	-	-	-

Financial assets used for managing liquidity risk
Cash flows from trade and other receivables are contractually due within six months. Cash is generally held in accounts with immediate notice. Where surplus cash deposits are identified, these are placed in accounts with access terms of no more than three months.

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in note 3. The carrying amounts presented in the statement of financial position relate to the categories of financial instrument set out below.

	Notes	2022 NOK	2021 NOK
Financial assets			
Financial assets at amortised cost			
Trade receivables	17	**22,994,654**	13,660,123
Contract assets	5	**621,963**	795,908
Corporation tax receivable	12	**1,654,210**	3,367,573
Cash and cash equivalents	18	**10,082,371**	17,831,485
		35,353,198	35,655,089
Financial liabilities			
Liabilities at amortised cost			
Trade payables	20	**1,091,018**	355,293
Accruals and other payables	20	**6,009,272**	4,303,133
Corporation tax payable	12	**1,973,606**	2,333,179
Other taxation payable		**4,968,591**	4,401,617
Contract liabilities	5	**28,177,785**	24,999,269
		42,220,272	36,392,491

23. Capital commitments

The Company had no capital expenditure contracted for but not provided in the financial statements at 31 December 2022 or 31 December 2021.

24. Contingent liabilities

The Company had no material contingent liabilities at 31 December 2022 or 31 December 2021.

25. Events after the reporting period

No adjusting or non-adjusting events have occurred between the 31 December 2022 reporting date and the date of authorisation of these financial statements.

26. Controlling party

As at 31 December 2022, the immediate parent undertaking is Brady Technologies Ltd, a company incorporated in England and Wales.

Brady Acquisition (Holding) Ltd, 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 is 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 2022 is that headed by Brady Acquisition Ltd. Copies of these financial statements may be obtained from Companies House (https://www.gov.uk/government/organisations/companies-house) when available.

Company registration number 12248237 (England and Wales)

BRADY ACQUISITION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

BRADY ACQUISITION LIMITED

COMPANY INFORMATION

Directors	Rebecca Boscott Jason Carley Jeremy Westhead
Company number	12248237
Registered office	25 Savile Row London W1S 2ER
Auditor	Ernst and Young LLP Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Bankers	Barclays Bank plc

BRADY ACQUISITION LIMITED

CONTENTS

BRADY ACQUISITION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their strategic report for the year ending 31 December 2022.

Principal activities and business review
Our business
Brady Acquisition Limited and its subsidiaries (the 'Group' or 'Brady') enables energy market participants to profit in new ways from the green energy transition, supporting Environmental, Social & Governance (ESG) requirements. Brady provides software solutions to enable customers operating in volatile energy markets to risk manage proprietary positions and schedule physical deliveries.

In 2022, following a strategic review, the Board decided to divest the Group's commodities operations in order to enable focus on product innovation and growth strategies in the energy trading and credit risk markets. In July 2022, Brady sold its Commodities business to STG, a California-based private equity firm, making a profit on sale of £7.5 million. This sale marks a significant milestone in the transformation of Brady, as the Group accelerates its product innovation and expansion plans in energy and credit risk markets.

Brady's customers include globally renowned organisations from utilities, independent power producers, renewable asset developers, energy trading firms, oil & gas companies, state power grid operators and commodity trading firms. Whether engaged financial or physical trading, on major exchanges or over-the-counter, Brady helps market participants to realise revenue growth across the trading life cycle, particularly those who are pivoting towards or focusing more on renewables, and/or following a decarbonisation agenda.

Our markets
Brady serves customers across the world who operate across local and international markets. Our energy customers in Europe, in particular, continue to experience market consolidation and deregulation. Increased cross border expansion and greater demand for renewable energy presents Brady with opportunities to meet the challenges that arise for our existing and new customers through the provision of market leading solutions. Volatile global energy prices driven by the Ukraine/Russia war and the continued drive for efficiencies, means the need to manage the risk remains a clear priority for many of our customers.

Our strategy
In 2022, Brady's strategic focus was:

Strategic focus	**Outcome**
Continue development into our new SaaS platform, PowerDesk, which facilitates the trading of renewable energy supplies.	PowerDesk is an award-winning software as a service (SaaS) trader's dashboard for European intraday and day-ahead power trading. With dynamic, intelligent visualisation of live P&L and market connectivity from one central place, traders are empowered to seize opportunities faster and optimise revenues from generation assets. PowerDesk provides traders with a flexible framework to launch algorithmic trading strategies and trade value algorithmically, rather than simply trading high volumes at high speed. Patented features are now being delivered and algobots are already profitable. The Group spent £2.3 million on PowerDesk development during the year, which has been recognised as an intangible asset. In May 2022, Brady's first customer went live with PowerDesk in a production environment, marking a significant milestone in the road to success for this innovative platform. Further customers have signed up to PowerDesk and the product is gaining traction in the market. In November 2022, Brady signed its first tier one oil and gas major customer for PowerDesk.

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BRADY ACQUISITION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Strategic focus	Outcome
Grow the Group's ETRM SaaS and Credit Risk businesses.	The Group acquired CRisk ApS in September 2021, whose software enables physical and financial trading participants to globally manage their credit and liquidity risk on a modern, intuitive platform. There were strong synergies between CRisk and the existing Brady group with heritage in the European energy markets and the integration of CRisk with existing products has enabled strong growth in this sector. Volatility in energy markets has led to an increased focus on credit risk as companies seek to move away from managing exposures manually or in complex spreadsheets. The Group acquired Igloo Trading Solutions Limited ('Igloo') in October 2021, a UK company whose software is a next generation, cloud-native, SaaS energy trading and risk management (ETRM) platform for European energy markets. Igloo's platform for trading and managing positions and risk across numerous asset classes, which has been further enhanced since acquisition, combined with Brady's PowerDesk solution for short-term power trading, provide customers with a powerful single solution to enable profitability in a highly volatile market. Brady won 8 new customers for these products in 2022.
Continue development into our other existing platforms in the Energy and Risk markets to enhance customer experience and reduce the level of customer churn.	The Group continued to innovate and develop its existing products in the Energy and Risk markets. During 2022, the Group spent £4.2 million on research and development of its existing products, of which £0.8 million was capitalised. This continued development in our products has led to improved customer retention, evidenced by a reduction in customer churn rate from 10% in 2019 to 3% in 2022. Three new customers were won in 2022, with a further 6 in 2023 to date.

Financial performance and position
Revenue, adjusted EBITDA and cash are the financial key performance indicators of the Group.

Group revenues from continuing operations for the year ended 31 December 2022 were £14.7 million (2021: £11.0 million), of which £10.8 million are annual recurring revenues (2021: £8.5 million).

Adjusted EBITDA before non-recurring items from continuing operations was a loss of £1.8 million (2021: £0.7 million loss). Operating loss from continuing operations for the period ended 31 December 2022 was £8.2 million (2021: £5.7 million loss).

Cash and cash equivalents at 31 December 2022 was £2.0 million (2021: £3.8 million). The performance for the year and the financial position at year end is in line with management expectations.

Impact of Russian invasion of Ukraine
As Brady had customers with ultimate Russian beneficiaries, the business had to act swiftly to understand and act on the sanctions imposed following the invasion of Ukraine by Russia in February 2022. Brady engaged external experts to assist and determined that no existing customer of the Group is subject to sanctions. All contracts with customers with Russian ultimate beneficial owners have now been terminated without a significant impact on the ongoing energy and risk business.

BRADY ACQUISITION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Environment issues
Brady's new product, PowerDesk, is at the forefront of green energy trading allowing users to drive profitable growth in this volatile and evolving market.

Brady is committed to minimising its own environmental impact and achieved certification as a carbon neutral company in 2021. Brady continues to review its emissions to ensure that this is minimised where possible and invests in carbon offset renewable energy projects which are aligned with their green sustainability goals. In order to minimise its own emissions, Brady promotes environmental awareness among its employees and encourages sustainable processes to reduce its carbon footprint on the environment. Employees are encouraged to use collaborative technologies to reduce the need for business travel and is part of the UK Cycle to Work scheme to encourage carbon-free methods of commuting.

Outlook
Throughout 2023, we will continue to strengthen our leadership position in the energy and risk sector, supporting operators and traders through macro-economic challenges. We will drive growth by continuing to develop innovative solutions that capitalise on emerging market opportunities in the green energy transition with increasing ESG focus.

Principal risks and uncertainties
The Group considers risk management a high priority and has in place processes designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management. The principal risks facing the business are as follows:

Product delivery
The Group's products are critical to our customers' businesses. Any delay or failure in quality would be of the highest significance to our customers and could lead to missed revenue and cash targets as well as compromise our reputation.

Contract renewals and customer retention
The Group has a dedicated account management team who maintain regular communications with customers, maintain detailed account plans and organise user group meetings at least once per annum.

Technology risk
The Group continues to invest significantly in both people and quality control processes within its research and development team to ensure high quality products which remain at the forefront of this technology for our clients. Brady has been awarded ISO 27001 in 2022.

Dependence on key executives and personnel
The Group has invested and will continue to invest in applicable resources to ensure the success of both recruitment and onboarding of employees and subsequent training.

Currency risk
Whilst the Group has a reporting currency of Sterling, it has significant Norwegian Kroner, US Dollar and Euro denominated revenues and Norwegian Kroner cost bases from locations of its offices and workforce. Significant changes to Norwegian Kroner, US Dollar and Euro exchange rates against Sterling could impact the Group's results. The Group closely monitors this exposure.

Liquidity risk
The Group maintains and monitors cash and bank balances to ensure it has sufficient available liquid resources for it to operate.

Tax
The tax treatment of the Group's cross-border operations is subject to the risk of challenge under tax rules and initiatives targeting multinationals' tax arrangements. The Group has engaged tax specialists to assist in compliance with transfer pricing obligations.

Economic conditions and current economic weakness
The markets in which the Group offers its products and services are directly affected by many local and international factors that are beyond the Group's control. The Group continuously reviews opportunities to diversify and broaden its product base to appeal to a wider clientele in a larger range of industries with an increased geographical diversity.

BRADY ACQUISITION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Cyber and data security
A cyber-attack or a breach of data security on the Group's IT systems could significantly disrupt its operations, damage its reputation, result in loss of customers and potentially expose it to fines for regulatory breaches. The Group is ISO 27001 compliant and adheres to industry best practice for secure management of digital information.

This report was approved by the Board of Directors on 11/08/2023 and is signed on its behalf by

....
Jeremy Westhead
Director

BRADY ACQUISITION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities
The principal activity of the Company is that of a holding company and the principal activity of the Group is as a provider of trading and risk management software for the Commodity and Energy markets.

Results and dividends
The results for the year are set out in the Consolidated Income Statement on page 10.

The Directors do not recommend the payment of a dividend (2021: nil).

Going concern
The Group made a loss before tax in the year ended 31 December 2022 of £8.2 million and at 31 December 2022 had net current assets of £4.6 million. The Directors have reviewed the cash flow forecasts of the Group for the period through to 31 December 2024. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Group, 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 Group 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 revenue growth rate, customer churn and cost growth rate.

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

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

Rebecca Boscott
Jason Carley
Jeremy Westhead

Directors' interests
The Directors had no individual interests in the shares, or debentures, or loan stock of the Company or Group companies, or in options to acquire shares in the Company or Group companies.

Directors' insurance
The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Financial risk management objectives and policies
Information can be found in note 21 of the financial statements.

Research and development
The Group continually invests in its products to maintain and enhance its portfolio. During the year, the Group incurred £6.5 million of research and development costs (2021: £7.8 million) of which £3.1 million was capitalised (2021: £2.7 million).

Events since the balance sheet date
Details of important events affecting the Group and Company which have taken place since the end of the financial year are given in note 30 to the financial statements.

BRADY ACQUISITION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments
Following the Group's exit from the commodities market, Brady is focussing on accelerating its product innovation and expansion plans in energy and credit risk markets. More details on the future developments of the Group can be found in the Outlook section of the Strategic Report on page 3.

Statement of directors' responsibilities
The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group consolidated and parent company financial statements for each financial period. Under that law the Directors have elected to prepare Group consolidated financial statements in accordance with UK adopted International Accounting Standards (IFRSs). The parent company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework. 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 the Group 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 IFRSs have been followed for the Group consolidated financial statements, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable FRSs have been followed for the parent company financial statements, 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 Group and the Company will continue on 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 Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
The Directors confirm that:

- so far as each Director is 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.

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

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.

This report was approved by the Board of Directors on 11/08/2023 and is signed on its behalf by

....
Jeremy Westhead
Director

BRADY ACQUISITION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRADY ACQUISITION LIMITED

Opinion

We have audited the financial statements of Brady Acquisition Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, Consolidated and Parent Company Statements of Change in Equity, the Consolidated Statement of Cashflows, and the related notes, for the Group notes 1 to 32, and for the Parent Company notes 33 to 42, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements 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 group 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 group and parent company's ability to continue as a going concern for a period to 31 December 2024.

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 group's ability to continue as a going concern.

BRADY ACQUISITION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRADY ACQUISITION LIMITED

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 group and the parent 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and the parent 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 group or the parent 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.

BRADY ACQUISITION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRADY ACQUISITION LIMITED

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.

Our approach was as follows:

- 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 adopted International Accounting Standards and UK GAAP), the Companies Act 2006 and the relevant tax compliance regulations in the countries which the Group operates.
- We understood how Brady Acquisition Limited 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 group 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.

DocuSigned by:
Ernst & Young LLP
442034F61A32489...

Luke Little (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date: 11 August 2023

BRADY ACQUISITION LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Continuing operations			
Revenue	4	14,713	11,022
Cost of sales		(4,004)	(2,561)
Gross profit		10,709	8,461
Operating expenses		(18,859)	(14,173)
Operating loss	6	(8,150)	(5,712)
Analysed as:			
Gross profit		10,709	8,461
Other operating expenses		(12,495)	(9,175)
Adjusted EBITDA		(1,786)	(714)
Non-recurring and non-underlying items	7	(1,294)	(2,389)
Depreciation and amortisation		(5,070)	(2,609)
Operating loss		(8,150)	(5,712)
Net finance expenses	10	(78)	(45)
Loss before taxation		(8,228)	(5,757)
Income tax (expense)/income	11	(279)	252
Loss for the year from continuing operations		(8,507)	(5,505)
Profit from discontinued operations	12	9,556	2,102
Profit/(loss) for the year		1,049	(3,403)

Profit for the financial year is all attributable to the owner of the parent company.

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

BRADY ACQUISITION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
Profit/(loss) for the year	1,049	(3,403)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial gain on defined benefit pension schemes	-	23
Items that may be reclassified to profit or loss		
Currency translation differences:		
- Exchange differences on retranslation of foreign operations	435	(51)
- Exchange differences on translation of discontinued operations	(539)	-
Total items that may be reclassified to profit or loss	(104)	(51)
Total other comprehensive income for the year	(104)	(28)
Total comprehensive income for the year	945	(3,431)
Total comprehensive income for the year is attributable to the owners of the group:		
- From continuing operations	1,484	(3,446)
- From discontinued operations	(539)	15
	945	(3,431)

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

BRADY ACQUISITION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Goodwill	**14**	12,342	17,742
Intangible assets	**14**	21,019	28,642
Property, plant and equipment	**15**	123	173
Right-of-use assets	**16**	1,181	2,870
Deferred tax asset	**23**	71	38
		34,736	49,465
Current assets			
Trade and other receivables	**19**	16,454	4,861
Corporation tax receivable		157	401
Cash and cash equivalents	**20**	1,978	3,823
		18,589	9,085
Current liabilities			
Trade and other payables	**22**	10,388	12,523
Current tax liabilities		185	258
Lease liabilities	**17**	482	788
Provisions	**24**	2,969	2,257
		14,024	15,826
Net current assets/(liabilities)		4,565	(6,741)
Non-current liabilities			
Lease liabilities	**17**	770	2,226
Deferred tax liabilities	**23**	5,168	7,010
Provisions	**24**	1,346	4,278
Pension obligations	**25**	-	138
		7,284	13,652
Net assets		32,017	29,072
Equity attributable to the owners of the parent company			
Share capital	**26**	42,471	40,471
Foreign exchange reserves	**27**	807	911
Retained earnings		(11,261)	(12,310)
Total equity		32,017	29,072

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

BRADY ACQUISITION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the Board of Directors and authorised for issue on 11/08/2023 and are signed on its behalf by:

....
Jeremy Westhead
Director

Company registration number 12248237 (England and Wales)

BRADY ACQUISITION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2021		24,871	962	(8,930)	16,903
Year ended 31 December 2021:					
Loss for the year		-	-	(3,403)	(3,403)
Other comprehensive income:					
Actuarial gains on pensions scheme		-	-	23	23
Currency translation differences		-	(51)	-	(51)
Total comprehensive income		-	(51)	(3,380)	(3,431)
Issue of share capital		15,601	-	-	15,601
Redemption of shares		(1)	-	-	(1)
Balance at 31 December 2021		40,471	911	(12,310)	29,072
Year ended 31 December 2022:					
Profit for the year		-	-	1,049	1,049
Other comprehensive income:					
Currency translation differences		-	435	-	435
Gains reclassified to profit or loss		-	(539)	-	(539)
Total comprehensive income		-	(104)	1,049	945
Issue of share capital	**26**	2,000	-	-	2,000
Balance at 31 December 2022		42,471	807	(11,261)	32,017

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

BRADY ACQUISITION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
Profit/(loss) before income tax from:		£'000	£'000
Continuing operations		(8,228)	(5,758)
Discontinued operations		9,556	2,189
Profit for the year before income tax including discontinued operations		1,328	(3,569)
Net finance expenses		75	157
Amortisation of intangible assets		4,273	4,053
Depreciation of property, plant and equipment and right of use assets		797	809
Net exchange differences		498	-
Gain on disposal of Commodities Business		(7,455)	-
Non-cash movement of disposal of right of use assets		(963)	-
Non-cash movement of defined benefit pension charge		-	(1,064)
Fair value adjustment to provisions		206	
Fair value of deferred consideration on sale of Commodities Business		673	-
Operating cash flows before working capital movement		(568)	386
Change in contract assets		(85)	71
Change in receivables		(3,163)	99
Change in contract liabilities		(1,666)	251
Change in payables		4,601	(41)
Change in provisions		(1,207)	(3,387)
Cash used in operations before tax		(2,088)	(2,621)
Income taxes refunded		38	300
Net cash outflow from operating activities		(2,050)	(2,321)
Investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(8,240)
Proceeds from disposal of Commodities Business, net of cash sold		13,885	-
Costs of disposal of Commodities Business		(853)	-
Purchase of intangible assets		(3,153)	(2,911)
Purchase of property, plant and equipment		(63)	(108)
Loans made to related party		(11,975)	-
Repayment of loans from related party		1,410	-
Net cash (used in)/generated from investing activities		(749)	(11,259)
Financing activities			
Proceeds from issue of shares		2,000	15,601
Redemption of shares		-	(1)
Payment of principal portion of lease liabilities		(843)	(1,003)
Interest paid		(75)	(144)
Net cash generated from financing activities		1,082	14,453
Net (decrease)/increase in cash and cash equivalents		(1,717)	873
Cash and cash equivalents at beginning of year		3,823	3,001
Effect of foreign exchange rates		(128)	(51)
Cash and cash equivalents at end of year		1,978	3,823

1 Accounting policies

General information

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The registered office is 25 Savile Row, London, United Kingdom, W1S 2ER. The principal place of business is Centennium House, 100 Lower Thames Street, London, EC3R 6DL.

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

1.1 Basis of preparation

The consolidated financial statements of Brady Acquisition Limited have been prepared in accordance with applicable law and UK adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The preparation of these financial statements in conformity with IFRS as adopted by the UK requires the Directors to make certain critical accounting estimates and judgements that affect the amounts reported in the consolidated financial statements and accompanying notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

IAS 1 permits an entity to present additional information for specific items to enable users to assess the underlying financial performance. In practice, these items are commonly referred to as 'specific' or 'non-underlying' items although such terminology is not defined in IFRS and accordingly there is a level of judgement required in determining what items to separately identify. The Board has adopted a policy to separately disclose those items that it considers are outside the underlying operating results for the particular period under review and against which the Group's performance is assessed.

Items within the operating result include amortisation of intangibles and depreciation costs, non-recurring and non-underlying items in the consolidated income statement which, in the Directors' judgement, need to be disclosed separately (see note 7) by virtue of their nature, size and incidence in order for users of the financial statements to obtain a proper understanding of the financial information and the underlying performance of the business. This policy is reviewed by the Board of Directors on an on-going basis.

1 Accounting policies **(Continued)**

1.2 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred in the Consolidated Income Statement.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

1.3 Consolidation

The Group financial statements include the results, financial position and cash flows of the Company and all of its subsidiary undertakings. Subsidiary undertakings are those entities which the Company has power over, is exposed to variable returns from and can use its power to affect those returns.

Coterminous financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Businesses acquired or disposed of during the period are accounted for using acquisition method principles from, or up to, the date control passed. Intra-group transactions and balances are eliminated on consolidation. All subsidiaries use uniform accounting policies for like-for-like transactions and other events and similar circumstances.

1.4 Going concern basis

The Group made a loss before tax from continuing operations in the period ended 31 December 2022 of £8.2 million and at 31 December 2022 had net current assets of £4.6 million. The Directors have reviewed the cash flow forecasts of the Group for the period through to 31 December 2024. The Directors have also considered the current market conditions, trading activity post-year end and the liquid resources available to the Group, 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 Group 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 Group's and Parent Company's financial position and of the enquiries made of the ultimate controlling party, the Directors have a reasonable expectation that the Group and Parent Company will continue in operational existence and meets its liabilities as they fall due for the foreseeable future. Accordingly, the Group and Parent Company continue to adopt the going concern basis in preparing these financial statements.

1 Accounting policies **(Continued)**

1.5 Revenue recognition

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

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

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. 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.

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 typically 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.

1 Accounting policies **(Continued)**

Contract assets and liabilities

The Group recognises the following contract assets in the Consolidated Statement of Financial Position:

- Amounts recoverable on contracts, if the Group satisfies a performance obligation before it invoices the customer. The asset is derecognised at the point in time when the Group 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 Group 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 Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'contract liabilities' in the Consolidated 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).

Financing elements

The Group does not expect to have any revenue contracts where there is a material financing element due to the period between revenue recognition and payment by the customer exceeding one period. Consequently, the Group 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 Group 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 Group 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 contract modification date and a cumulative catch-up adjustment to revenue is recognised at this point.

1.6 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.

1 Accounting policies **(Continued)**

1.7 Other intangible assets

Intangible assets acquired through a business combination and purchased intangible assets such as goodwill, brand, technology, customer relationships, software are initially measured at fair value and amortised on a straight-line basis over their useful economic lives. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements as disclosed in note 3).

Amortisation is shown within operating expenses in the Consolidated Income Statement. The useful economic lives are:

Acquired intangible assets:	
Brand	5 to 8 years
Technology	5 to 11 years
Customer relationships	5 to 7 years
Software	3 years, or period of licence if different

Research and development

Expenditure on research activities is recognised as an expense in the consolidated income statement in the period in which it is incurred.

Development activities involve a plan or design for the production on new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to annual impairment testing only. Amortisation commences upon completion of the asset and is shown within operating expenses in the Consolidated Income Statement. The amortisation period for development costs incurred in the Group is up to five years on a straight-line basis.

Trademarks and patents

Trademarks and patents are stated at cost less accumulated amortisation and any recognised impairment loss. Amortisation is charged to the Consolidated Income Statement 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 trademarks and patents is three years.

1 Accounting policies **(Continued)**

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to the Income Statement 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:

Property	period of lease
Leasehold improvements	period of lease
Fixtures, fittings and equipment	3 to 5 years
Computer equipment	3 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 in the Consolidated Income Statement.

1.9 Non-current investments

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

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or 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.

1.11 Cash and cash equivalents

In the Consolidated Statement of Cash Flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

1 Accounting policies **(Continued)**

1.12 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 Group 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. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

For further information about the Group's accounting for trade receivables, impairment policies and the calculation of the loss allowance, see note 21.

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

1.13 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.

1.14 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.

1.15 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 Group's taxable profits. It is based on an interpretation of existing tax laws and calculated based on the rate enacted at the balance sheet date. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes certain items of income and expense that are taxable or deductible in other periods or are never taxable or deductible.

1 Accounting policies **(Continued)**

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 consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

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 Income Statement, 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.

1.16 Provisions

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group 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 Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at management's best estimate of the 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. The increase in the provision due to the passage of time is recognised as an interest expense.

1.17 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.

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.

1 Accounting policies **(Continued)**

1.18 Retirement benefits

The Group operates various defined contribution and defined benefit pension arrangements for its employees.

For defined contribution pension arrangements, the amount charged to the Income Statement 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 Consolidated Statement of Financial Position.

For defined benefit pension arrangements, the cost of providing the benefit is calculated annually by independent actuaries. The estimate of its post retirement benefit obligation is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each period-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plans have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies. The liability recognised in the Statement of Financial Position for defined benefit plans is the present value of the defined benefit obligation at the reporting dare less the fair value of plan assets. Any movement in actuarial gains and losses arising from experience adjustments and changes in assumptions is included within other comprehensive income.

1.19 Leased assets

Identification of a lease

For any new contracts entered into the Group 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 Group 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 Group;

- the Group 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 Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

1 Accounting policies **(Continued)**

Initial measurement
At the lease commencement date, the Group recognises a right-of-use (RoU) asset and a lease liability in the Consolidated 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 Group;
- 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 Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the rate implicit in the lease, or if not available, the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses recent third party financing arrangements as a starting point, adjusted to reflect changes in the Group'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 Group 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 Group 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.

Practical expedients
The Group has elected to account for short-term leases (leases with a term of under 12 months) and leases of low-value assets 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.

1.20 Foreign currencies

Functional and presentation currency
The functional currency of each Group entity is the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency of each Group entity 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 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.

1 Accounting policies (Continued)

Consolidation

For the purpose of presenting consolidated financial statements, the results and financial position of all the Group subsidiaries (none of which have the currency of a hyperinflationary economy) that have a functional currency other than Sterling are translated into Sterling as follows:

- Assets and liabilities for each statement of financial position are translated at the exchange rate ruling at the period end date; and

- Income and expenses for each income statement are translated at the average exchange rate ruling at the time of each period the transaction occurred and all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid and the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.21 Interest income and expense

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

2 New accounting standards

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

These amendments did not have any impact on the amounts recognised in the current or prior year and are not expected to significantly affect future periods.

Standards and interpretations not yet adopted

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards and interpretations have been published by the IASB. None of these have been adopted early by the Group.

The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after their effective dates. None of these are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. These include:

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12;
- Amendment to IAS 1 - Non current liabilities with covenants;
- Amendment to IFRS 16 – Leases on sale and leaseback; and
- IFRS 17, 'Insurance contracts' as amended in December 2021.

3 Critical accounting judgements and key sources of estimation and uncertainty

The following are judgements management makes when applying its significant accounting policies and that have the most significant effect on amounts that are recognised in the consolidated financial statements.

Judgements
Allocation of goodwill and acquired intangible assets to disposal group
Allocation of goodwill and acquired intangible assets to the Commodities business disposal group required significant management judgement. Prior to classification as a disposal group, the Commodities business was part of the wider Brady single cash generating unit ('CGU'). Management considered various allocation methods to attribute the group's goodwill and acquired intangible assets to the Commodities business, including annual recurring revenues, profitability and headcount, before exercising judgement to select the most appropriate method.

Capitalisation of development costs
The Group invests in the development of future products in accordance with its accounting policy above. The assessment as to whether this expenditure will achieve a complete product for which the technical feasibility is assured is a matter of judgement, as is the forecasting of how the product will generate future economic benefit. Finally, the period of time over which the economic benefit associated with the expenditure occurred will arise is also a matter of judgement. These judgements are made by evaluating the development plan prepared by the research and development department and approved by management, regularly monitoring progress by using an established set of criteria for assessing technical feasibility and benchmarking to other products. The carrying amount of capitalised development costs at 31 December 2022 is £5,375,000 (2021: £3,771,000). Further consideration of the carrying amount of capitalised development costs is included in note 14.

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. Management considers 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 recognised when the work has been delivered to the customer and they have the ability to 'go-live', but where issues of customer acceptance are identified, then revenue is deferred until issues are resolved. The carrying amounts at 31 December 2022 for contract assets is £311,000 (2021: £226,000) and contract liabilities is £5,347,000 (2021: £7,013,000) as disclosed in note 5.

Provisions
Significant management judgement is applied to the recognition and measurement of provisions as they are subject to the future outcome of various situations. The Group recognises a provision at management's best estimate when it is probable that economic outflow will occur and reconsiders the estimate based on the latest information at each reporting date. To the extent that the outcome is different from the amounts recorded, the difference will impact the Consolidated Income Statement in the period in which the matter is concluded. See note 24 for further details.

Non-recurring and non-underlying items
Material, non-recurring and non-underlying incremental costs or income are identified and reported as such separately from the underlying operating income and expenses. Classification of expenditure as such requires management judgement and is performed to improve the understanding of the underlying financial performance of the Group. Details are shown in note 7.

3 Critical accounting judgements and key sources of estimation and uncertainty (Continued)

Accounting estimates

The Group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

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. Identifying the cash-generating units requires judgement. Estimating 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.

Fair value of net assets at acquisition

The following valuation techniques were used to estimate the fair values of intangible assets acquired:

Customer relationships - multi-period excess earnings method which considers the present value of net cash flows expected to be generated by customer relationships excluding any cash flows from contributory assets.

Technology - other earnings method considers the present value of net cash flows expected to be generated by the technology, after assuming an expected attrition rate on revenue and royalty rate.

Brand - relief from royalty which considers the discounted estimated royalty payments, assumed to be between 1% and 6%, that are expected to be avoided as a result of patents being owned.

Tax

The Group is subject to corporate taxation in various countries and judgement is required in determining the provision for income and deferred taxation. The Group recognises taxation assets and liabilities based upon estimates and assessments of many factors including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. The Group carries appropriate provisions, based on best estimates, until tax computations are agreed with the taxation authorities. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the Consolidated Income Statement in the period in which such determination is made.

Uncertain tax position

The Group has an ongoing tax enquiry into prior periods' transfer pricing methodology of an overseas subsidiary. The conclusion of the matter is uncertain as the Group has lodged an appeal in March 2020 with an independent review body in Norway. Whilst the Board believes it has a robust argument in this matter, it has settled all sums outstanding to the Norwegian tax authorities in a timely manner and estimates current year tax expense in Norway in accordance with the tax authorities determination.

The Board has assessed the probability of various outcomes of the appeal hearing in accordance with IFRIC 23 (Uncertainty over Income Tax Treatments). Whilst the Board is confident in its position to recover a substantial portion of the potential overpayments of tax, the uncertainty of such an outcome is reflected in its assessment of the probabilities. The tax asset estimated under IFRIC 23 in the Statement of Financial Position at 31 December 2022 is £0.1 million (2021: £0.1 million).

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Revenue

Disaggregation of revenue from contracts with customers
The Directors consider that the business has three revenue streams with different characteristics, which are generated from the same assets and cost base. the Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

Year ended 31 December 2022	Recurring maintenance, hosting & subscription £'000	Services including development £'000	Software licences £'000	Other £'000	Total £'000
Timing of revenue recognition:					
At a point in time	-	1,320	90	194	1,604
Over time	10,803	1,766	-	540	13,109
Total revenue from continuing operations	10,803	3,086	90	734	14,713
Timing of revenue recognition:					
At a point in time	-	197	153	-	350
Over time	3,635	853	-	-	4,488
Total revenue from discontinued operations (refer note 12)	3,635	1,050	153	-	4,838

Year ended 31 December 2021	Recurring maintenance, hosting & subscription £'000	Services including development £'000	Software licences £'000	Other £'000	Total £'000
Timing of revenue recognition:					
At a point in time	-	732	153	-	885
Over time	8,554	1,583	-	-	10,137
Total revenue from continuing operations	8,554	2,315	153	-	11,022
Timing of revenue recognition:					
At a point in time	-	467	410	-	877
Over time	6,056	868	-	-	6,924
Total revenue from discontinued operations (refer note 12)	6,056	1,335	410	-	7,801

Information about major customers
There were no individual customers in the period who contributed 10% or more of the Group's total revenue (2021: none).

5 Assets and liabilities related to contracts with customers

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

	2022 Period end £'000	2021 Period end £'000	2021 Period start £'000
Contracts in progress			
Contract assets	311	226	218
Contract liabilities	(5,347)	(7,013)	(5,842)

Current contract assets relating to:	2022 £'000	2021 £'000
Licences and recurring support, maintenance and rentals	14	114
Services including development	297	112
Loss allowance	-	-
Total current contract assets	311	226

Current contract liabilities relating to:	2022 £'000	2021 £'000
Licences and recurring support, maintenance and rentals	(4,960)	(6,169)
Services including development	(387)	(844)
Loss allowance	-	-
Total current contract liabilities	(5,347)	(7,013)

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

	2022 £'000	2021 £'000
Advance billing for licences and recurring maintenance, hosting and subscription revenues	(5,936)	(5,455)
Completion of contractual obligation in relation to professional services, development and licences	(1,077)	(370)

Assets recognised from costs to fulfil a contract
In addition to the contract balances disclosed above, the Group has also recognised an asset of £nil (2021: £nil) in relation to costs to fulfil a long-term contract.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Operating loss

	2022	2021
Operating loss for the year is stated after charging/(crediting):	£'000	£'000
Net foreign currency losses/(gains)	307	(83)
Research and development costs	2,887	5,115
Depreciation of property, plant and equipment	77	70
Depreciation of right of use assets	720	739
Release of spare space provision against depreciation of right of use assets	(184)	(667)
Amortisation of acquired intangible assets	3,944	3,844
Amortisation of other intangible assets	329	209
Gain on lease modification	-	(93)
Non-recurring and non-underlying items	1,294	2,389

7 Non-recurring and non-underlying items

	2022	2021
	£'000	£'000
From continuing operations:		
Restructuring costs	782	982
Transformation programme costs	514	457
Defined benefit pension credit	-	(246)
Professional and other fees relating to acquisitions	111	727
Change to contingent consideration payable	(588)	-
Non-underlying costs	475	469
Total from continuing operations	1,294	2,389
From discontinued operations:		
Restructuring costs	-	27
Transformation programme costs	-	53
Defined benefit pension credit	-	(451)
Total from discontinued operations	-	(371)

Restructuring costs

During the year, the group incurred costs of £782,000 (2021: £982,000, of which £27,000 relates to discontinued operations) relating to restructuring the business. This included costs associated with the necessary intra-group reorganisations prior to the disposal of the Commodities business and costs to restructure the remaining Brady group to right-size the non-core activities after the disposal.

Transformation programme costs

During the year, the Group incurred £514,000 (2021: £457,000, of which £53,000 relates to discontinued operations) in transformation programme costs encompassing the review of procurement contracts, talent management, incentive scheme set up, mergers and acquisition advice, and financing advice.

Defined benefit pension credit

In the prior period, the Group received a non-recurring pension credit of £697,000, of which £451,000 relates to discontinued operations, following restructuring activities in Switzerland.

Professional and other fees

The Group incurred £111,000 (2021: £727,000) for professional and other fees relating the acquisition of CRisk ApS and Igloo Trading Solutions Limited.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

7 Non-recurring and non-underlying items (Continued)

Change to contingent consideration payable
In respect of the acquisition of Igloo Trading Solutions Limited in October 2021, in the event that pre-determined annual recurring revenues exceed the target for the period 1 April 2022 to 31 March 2023, additional consideration of up to £2,500,000 could be payable in 2023.

The potential undiscounted amount payable under the agreement is between £nil for annual recurring revenues under £864,000 and £2,500,000 for annual recurring revenues over £1,554,000. The fair value of the contingent consideration was determined to be £1,200,000 at 31 December 2022 and a credit has been recognised in the income statement to reflect the decrease since the previous reporting date.

Non-underlying costs
During the year, the Group incurred £475,000 (2021: £469,000) of non-underlying costs relating to charges from its investor for head office management costs and Board fees.

8 Auditor's remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2022 £'000	2021 £'000
For audit services		
Fees payable to the Group's auditors for the audit of the parent company financial statements	6	6
Fees payable to the Group's auditor for the audit of the consolidated and subsidiary financial statements	207	250
	213	256

9 Employees

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

	2022 Number	2021 Number
Sales, services and client support	44	43
Development	64	71
Administration	29	31
Management	5	7
Total	142	152

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Employees **(Continued)**

Employee benefits:

	2022 £'000	2021 £'000
Wages and salaries	9,786	11,355
Social security costs	941	1,204
Pension costs	678	776
	11,405	13,335

Directors' remuneration

No directors were remunerated by the group for the current or prior year. The directors are associated with Hanover Investors Management LLP, the management entity for Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, which is the ultimate controlling party of the group.

Key management compensation

Key management include directors (executive and non-executive) and members of the Executive Management Team. The compensation paid or payable to key management for their services is shown below:

	2022 £'000	2021 £'000
Wages and salaries	2,531	1,556
Consultancy fees	487	64
Pension costs	151	38
Termination payments	375	-
	3,544	1,658

10 Net finance expense

	2022 £'000	2021 £'000
Interest income from cash and cash equivalents	(6)	-
Other finance income	-	(38)
Interest expense on cash and cash equivalents	1	-
Lease liability interest costs	75	157
Release of spare space provision against lease liability interest costs	-	(135)
Other finance costs	8	20
Total interest expense	78	4
Discontinued operations	-	41
	78	45

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	16	-
Adjustments in respect of prior periods	(100)	(636)
Total UK current tax	(84)	(636)
Foreign taxes and reliefs	10	(331)
	(74)	(967)
Deferred tax		
Origination and reversal of temporary differences	353	802
Total tax charge/(credit)	279	(165)

In 2021 the adjustments in respect of prior years mainly relate to release of excess provisions relating to withholding tax payable and subsequent receipt of a partial refund of this withholding tax. The receipt of this refund was not probable at 31 December 2020 so was not recognised in the prior period.

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

	2022 £'000	2021 £'000
Profit/(loss) before taxation	1,328	(3,569)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2021: 19.00%)	252	(678)
Effect of expenses not deductible in determining taxable profit	(97)	670
Tax relief relating to gain on sale of subsidiaries	(1,409)	-
Tax losses for which no deferred tax asset was recognised	901	1,786
Use of group relief and carried forward losses	(342)	(339)
Adjustment in respect of prior years	(125)	(1,151)
Research and development tax credit	271	662
Difference on overseas tax rates	23	62
Remeasurement of deferred tax liabilities due to change in future UK tax rates	-	(1,177)
Other temporary differences	805	-
Taxation charge/(credit) for the year	279	(165)

11 Taxation **(Continued)**

Factors that may affect future tax charges:
The Group has tax losses of £12.9 million (2021 - £43.0 million) that are available for offset against future taxable profits of those subsidiary companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries whose future taxable profits are uncertain. The potential deferred tax asset not recognised amounts to £3.2 million (2021 - £10.7 million). No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries because the earnings are continually reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

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). The new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Uncertain tax position
The Group has an ongoing tax enquiry into prior periods' transfer pricing methodology of an overseas subsidiary, see note 3.

12 Discontinued operations

The Commodities business is presented as a discontinued operation for the group in these financial statements. The Commodities business includes the income, expenditure, assets and liabilities relating to Trinity, Fintrade, Aquarius and Opval products.

Following various internal group re-organisations, which concluded on 30 April 2022, the Commodities business was available for immediate sale and, having already initiated an active program to locate a buyer, is classified as held for sale from that date.

At the date classified as held for sale, the Commodities business was comprised of two subsidiary companies, Brady Trading Limited and Brady Switzerland SA, plus goodwill and acquired intangible assets recognised at a consolidated level.

The Commodities business assets and liabilities were reclassified as held for sale on 30 April 2022. The Commodities business was sold on 15 July 2022. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The results of the discontinued business, which have been included in the income statement, were as follows:

	2022	**2021**
	£'000	**£'000**
Revenue	4,838	7,801
Cost of sales	(970)	(1,497)
Gross profit	3,868	6,304
Operating expenses	(1,767)	(4,527)
Non-recurring items	-	371
Gain on sale of subsidiaries before income tax and reclassification of foreign currency translation reserve	6,916	-
Operating profit	9,017	2,148
Net finance costs	-	41
Profit before taxation	9,017	2,189
Income tax expense	-	(87)
Profit after taxation	9,017	2,102
Other comprehensive income:		
Reclassification of foreign currency translation reserve	539	-
Profit from discontinued operations	9,556	2,102

12 Discontinued operations **(Continued)**

Cash flows generated by discontinued operation

The cash flow information is presented for the period 1 January 2022 to 15 July 2022 (2022 column) and the year ended 31 December 2021 (2021 column).

	2022	2021
	£'000	£'000
Net cash flows from operating activities	1,731	1,103
Net cash flows from investing activities	(307)	(614)
Net cash flows from financing activities	(96)	(305)
	1,328	184

13 Business disposals

On 15 July 2022 the group disposed of its 100% holding in Brady Trading Limited and Brady Switzerland SA. Included in these financial statements are profits of £7,456,000 arising from the group's interests in the disposal group up to the date of its disposal.

Net assets of business disposed of	**£'000**
Cash and cash equivalents	1,807
Goodwill and acquired intangible assets	10,769
Other non-current assets	2,248
Trade and other receivables	2,220
Trade and other payables	(5,070)
Provisions	(1,013)
Defined benefit pension liabilities	(138)
Deferred tax liabilities	(2,227)
Total fair value of assets disposed	8,596
Gain on disposal	7,769
Total consideration	16,365

The consideration was satisfied by:	**£'000**
Cash	15,692
Fair value of estimated consideration receivable	673
	16,365

Net cash inflow arising on disposal	**£'000**
Cash consideration received	15,692
Cash and cash equivalents disposed of	(1,807)
	13,885

13 Business disposals **(Continued)**

The estimated consideration receivable includes consideration receivable dependent on the value of R&D tax credits receivable by the disposal group relating to financial years 2020, 2021 and 2022 less a provision transferred from the disposal group to BAL group at the date of sale. At the year end, the fair value of the estimated consideration receivable was £673,000.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Intangible assets

	Goodwill	Internally generated software & computer software	Patents & licences	Acquired customer relationships	Acquired technology	Acquired brand	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2022	17,742	3,985	-	13,530	16,318	2,863	54,438
Additions	-	3,121	32	-	-	-	3,153
Disposals	(5,409)	(1,322)	-	(4,747)	(3,052)	(951)	(15,481)
Foreign currency adjustments	9	-	-	11	33	4	57
At 31 December 2022	12,342	5,784	32	8,794	13,299	1,916	42,167
Amortisation and impairment							
At 31 December 2021	-	214	-	3,705	3,474	661	8,054
Charge for the year	-	321	8	1,547	2,087	310	4,273
Eliminated on disposals	-	(126)	-	(1,638)	(1,464)	(288)	(3,516)
Foreign currency adjustments	-	-	-	(1)	(2)	(2)	(5)
At 31 December 2022	-	409	8	3,613	4,095	681	8,806
Carrying amount							
At 31 December 2022	12,342	5,375	24	5,181	9,204	1,235	33,361
At 31 December 2021	17,742	3,771	-	9,825	12,844	2,202	46,384

14 Intangible assets **(Continued)**

Impairment review
The recoverable amounts for the cash-generating unit ('CGU') were determined based on value-in-use calculations, at a level where there are largely independent cash inflows. It is not possible to determine the fair value less costs of disposal of the CGU as there is no basis for making a reliable estimate of price at which a sale of the CGU would take place between market participants under market conditions and therefore value-in-use is used. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2023 and 2024 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. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount.

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

The net book amount of intangible assets has been allocated to the single cash-generating unit of Brady Technologies Limited and its subsidiaries.

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

- Pre-tax discount rate 15.4% (2021: 15.4%)
- Customer churn rate 2.5% - 5.0% p.a. depending on product (2021: 0.0% p.a.)
- Revenue growth rate 7.0% p.a. in 2024 and 5.0% in 2025, 2026 and 2027 (2021: 5.0% p.a.)
- Cost growth rate 5.0% p.a. in 2024 and 2.0% in 2025, 2026 and 2027 (2021: 2.0% p.a. average over the period)
- Growth applied beyond the approved forecast period 5.0% (2021: 5.0%)

The value in use calculations assume that there will be significant growth in our SaaS and Risk business with the overall annual recurring revenue from these businesses as a percentage of the Group's total annual recurring revenue anticipated to double from 2023 to 2027.

Sensitivity analysis
Management ran various sensitivities:

- Increasing customer churn to 5.0% - 8.0% depending on product.
- Reducing revenue growth rate to 5.0% p.a. in 2024 and 4.0% in 2025, 2026 and 2027.
- Increasing cost growth rate up to 4.0% p.a. in 2023 and 3.0% in 2025, 2026 and 2027.
- Increasing discount rate to 17.5%.
- Reducing the growth beyond the approved forecast period to 2.0%.

No impairment was indicated in any of these scenarios.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Property, plant and equipment

	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2022	79	78	394	551
Additions	1	-	62	63
Disposals	(43)	-	(369)	(412)
Foreign currency adjustments	-	1	-	1
At 31 December 2022	37	79	87	203
Depreciation				
At 1 January 2022	8	49	321	378
Charge for the year	13	15	49	77
Eliminated on disposal	(8)	-	(367)	(375)
At 31 December 2022	13	64	3	80
Carrying amount				
At 31 December 2022	24	15	84	123
At 31 December 2021	71	29	73	173

16 Right of use assets

Amounts recognised in the Consolidated Statement of Financial Position:

	Property £'000	Software £'000	Total £'000
Cost			
At 1 January 2022	3,617	424	4,041
Additions	20	-	20
Disposals	(1,990)	-	(1,990)
Foreign currency adjustments	7	-	7
At 31 December 2022	1,654	424	2,078
Depreciation			
At 1 January 2022	989	182	1,171
Charge for the year	552	168	720
Eliminated on disposal	(999)	-	(999)
Foreign currency adjustments	5	-	5
At 31 December 2022	547	350	897
Carrying amount			
At 31 December 2022	1,107	74	1,181
At 31 December 2021	2,628	242	2,870

Property leases are leases for office space in various locations. Software leases relate to various assets.

The total cash outflow for leases in the period was £920,000 (2022: £1,147,000).

The additions to the right of use property assets in the year relate to agreements where the rental amounts are set to increase.

The disposal of the right of use property assets in the year relate to offices leased by companies sold in July 2022.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Lease liabilities

The undiscounted future cash flows associated with the lease liability at 31 December 2022 were as follows:

	2022 £'000	2021 £'000
Within one year	528	911
In two to five years	762	1,594
In over five years	76	879
Total undiscounted future cash out flows	1,366	3,384

The maturity analysis of the lease liability is as follows:

	2022 £'000	2021 £'000
Current liabilities - payable within 12 months	482	788
Non-current liabilities - payable after 12 months	770	2,226
	1,252	3,014

Amounts recognised in the Consolidated Income Statement include the following:

	2022 £'000	2021 £'000
Depreciation charge on right of use assets		
Property	552	535
Amortisation charge relating to right of use assets		
Software	168	204
Included in other operating costs		
Expenses relating to short-term leases	28	3
Expenses relating to low-value leases	7	4
Expenses relating to variable lease payments not included in lease	43	37
	78	44
Included in net finance expense		
Interest on lease liabilities	75	157

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18 Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

Subsidiary	Address of registered office	Place of business / country of incorporation	Principal activity	% Held 31/12/22	% Held 31/12/21
Held directly by Brady Acquisition Limited					
Brady Technologies Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100.00	100.00
Brady Technologies (Holding) Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100.00	100.00
Brady Energy (Holding) Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100.00	-
Held indirectly by Brady Acquisition Limited					
Brady Trading Limited	First Floor, Victory House, Vision Park, Histon, Cambridge, CB24 9ZR	England & Wales	Software & services	-	100.00
Brady Energy Norway AS	Storgata 2A, N-1767 Halden, Norway	Norway	Software & services	100.00	100.00
Brady Energy AG	Gubelstrasse 11, CH-6300 - Zug Switzerland	Switzerland	In liquidation	100.00	100.00
Brady Switzerland SA	18, rue Francois-Perréard, CH 1225-Geneva, Switzerland	Switzerland	Software & services	-	100.00
Brady USA Inc	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100.00	100.00
Commodities Software (UK) Limited	First Floor, Victory House, Vision Park, Histon, Cambridge, CB24 9ZR	England & Wales	Dormant	-	100.00
Brady Credit Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100.00	100.00
Brady Energy UK Limited	40 Torphichen Street, Edinburgh, EH3 8JB, Scotland	Scotland	Software & services	100.00	100.00
Brady Credit Trading Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100.00	100.00
Brady Credit Inc	700 Louisiana St, Suite 3950, Houston, TX 77002, USA	USA	Software & services	100.00	100.00
Energy Credit Software Services Private Limited	No.203, Casa Andree, 8, Andree Road, Shanthinagar, Bangalore, 560027, Karnataka, India	India	Software & services	100.00	100.00
Brady Credit Holding Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Holding company	100.00	100.00
Coastdata Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Dormant	-	100.00
Colplan Systems Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Dormant	-	100.00
Crisk ApS	Gammel Køge Landevej 55, 4, Valby, 2500, Denmark	Denmark	Software & services	100.00	100.00
Igloo Trading Solutions Limited	Centennium House, 100 Lower Thames Street, London, England, EC3R 6DL	England & Wales	Software & services	100.00	100.00

18 Subsidiaries **(Continued)**

Nature of ownership interest
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 interest held equals the voting rights held by the Group.

Reporting dates
All subsidiaries are included in the Group financial statements and prepare local statutory accounts up to 31 December each period except for:

- Energy Credit Software Services Private Limited which prepares accounts up to 31 March as required by company law in India.

For subsidiaries, which have a different financial period end to the Group, additional co-terminus accounts are prepared reflecting the same financial reporting as the Group for the purposes of consolidation.

In July 2022, the Group disposed of its investments in Brady Trading Limited and Brady Switzerland SA. The Group made a profit on disposal, which is included in profit from discontinued operations. Further details are in note 12.

In December 2022, Colplan Systems Limited, Coastdata Limited and Commodities Software (UK) Limited were dissolved.

In April 2023, Brady Credit Holding Limited was dissolved.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables, gross	3,601	3,358
Loss allowance	(30)	(287)
Trade receivables, net	3,571	3,071
Contract assets (note 5)	311	226
Other taxation receivable	337	568
Amount owed by parent undertaking	10,565	-
Other receivables	1,143	996
Prepayments	527	-
	16,454	4,861

All amounts disclosed are due within one year. 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.

The amount owed by parent undertaking is unsecured, interest-free and is receivable with 15 business days notice.

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

The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. Any impairment is assessed on a customer-by-customer basis following a detailed review of the particular circumstances and these balances are considered to be in default. The trade receivable balances that are not in default share similar credit risk characteristics and are considered to be of sound credit rating. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 21.

20 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents	1,978	3,823

The carrying amount of cash and cash equivalents approximates to fair value because if the short-term maturity of these instruments.

21 Financial risk management

Risk management objectives and policies
The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies. The Group's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Group has not entered into forward exchange contracts to mitigate the exposure to foreign currency risk during the year ended 31 December 2022 as the Group's currency transactions were not considered significant enough to warrant this.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date, not denominated in the local functional currency of the company holding the monetary asset or liability, are as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
AUD	-	15	-	-
CAD	107	232	(2)	(1)
CHF	248	5	(2)	(3)
DKK	-	(1)	-	-
EUR	943	942	(15)	(119)
GBP	8	2	(6)	1
NOK	1	59	-	-
SEK	32	27	-	-
SGD	-	138	-	-
USD	369	995	(43)	(12)

21 Financial risk management **(Continued)**

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars, Euros, Swiss francs, Norwegian kroner, Canadian dollars and Australian dollars. The Group seeks to manage cash inflows and outflows in each currency to mitigate currency exposure and exchange risk. The following table details the Group's sensitivity to a 10% increase and decrease in the Sterling exchange rate against the relevant foreign currencies. The sensitivity analysis uses the net asset (or liability) from the above table and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or equity.

	2022 Income Statement £'000	2022 Equity £'000	2021 Income Statement £'000	2021 Equity £'000
Effect of a 10% weakening in the relevant exchange rate				
AUD	-	-	1	1
CAD	11	11	23	23
CHF	25	25	1	1
DKK	-	-	-	-
EUR	93	93	106	106
GBP	-	-	-	-
NOK	-	-	6	6
SEK	3	3	3	3
SGD	-	-	14	14
USD	33	33	101	101
Effect of a 10% strengthening in the relevant exchange rate				
AUD	-	-	(1)	(1)
CAD	(11)	(11)	(23)	(23)
CHF	(25)	(25)	(1)	(1)
DKK	-	-	-	-
EUR	(93)	(93)	(106)	(106)
GBP	-	-	-	-
NOK	-	-	(6)	(6)
SEK	(3)	(3)	(3)	(3)
SGD	-	-	(14)	(14)
USD	(33)	(33)	(101)	(101)

Exposures to foreign exchange vary during the period depending on the volume and size of overseas transactions. Nonetheless, the analysis above is considered representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group does not have bank deposits nor external interest-bearing loans. Consequently the Group believes that fluctuations on the interest rates will not have significant effect on the Group's financial performance.

21 Financial risk management (Continued)

Credit risk analysis

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised in this note, which are principally cash and cash equivalents and trade receivables.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Group treasury policy. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss model are trade receivables from contracts with customers and contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Trade receivables and contract assets

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. The historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Financial risk management **(Continued)**

On that basis, the loss allowance as at 31 December 2022 was determines as follows for both trade receivables and contract assets:

31 December 2022	**Current**	**More than 30 Days**	**More than 60 Days**	**More than 90 Days**	**Total**
Expected loss rate	0.4%	0.9%	6.4%	17.3%	0.8%
Gross carrying amount trade receivables GBP	3,188	329	44	40	3,601
Gross carrying amount contract assets GBP	311	-	-	-	311
Loss allowance GBP	(15)	(4)	(4)	(7)	(30)

31 December 2021	**Current**	**More than 30 Days**	**More than 60 Days**	**More than 90 Days**	**Total**
Expected loss rate	0.1%	0.0%	0.0%	86.9%	8.0%
Gross carrying amount trade receivables GBP	2,397	628	6	327	3,358
Gross carrying amount contract assets GBP	226	-	-	-	226
Loss allowance GBP	(3)	-	-	(284)	(287)

The closing loss allowances for trade receivables and contract assets as at 31 December 2022 reconcile to the opening loss allowances as follows:

	2022 £'000	**2021 £'000**
At start of period	(287)	(429)
Exchange movement	(28)	11
Change in loss allowance recognised in profit or loss during the period	(10)	(64)
Receivables written off and previously provided for	-	195
Payment received for previously provided for receivables	66	-
Released on sale of subsidiary	229	-
	(30)	(287)

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

21 Financial risk management **(Continued)**

Liquidity analysis

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due. The Group seeks to manage this risk by ensuring sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Group manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to balances in order to determine headroom or any shortfalls.

The undiscounted contract cashflows relating to the Group's financial liabilities are summarised below:

	Current		Non-current	
	Within 6 months	Between 6-12 months	Between 1-5 years	Total
	£'000	£'000	£'000	£'000
At 31 December 2022				
Trade and other payables	4,482	558	-	5,040
	4,482	558	-	5,040
At 31 December 2021				
Trade and other payables	3,965	890	211	5,066
	3,965	890	211	5,066

Financial assets used for managing liquidity risk

Cash flows from trade and other receivables are contractually due within six months. Cash is generally held in accounts with immediate notice. Where surplus cash deposits are identified, these are placed in accounts with access terms of no more than three months.

21 Financial risk management **(Continued)**

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in note 1. The carrying amounts presented in the Consolidated Statement of Financial Position relate to the following categories of financial instrument:

	Notes	2022 £'000	2021 £'000
Financial assets			
Financial assets at amortised cost			
Trade receivables	**19**	3,571	3,071
Contract assets	**5**	311	226
Corporation tax and other tax receivable		494	969
Cash and cash equivalents	**20**	1,978	3,823
		6,354	8,089
Financial liabilities			
Liabilities at amortised cost			
Trade payables	**23**	(1,764)	(2,259)
Accruals and other payables	**23**	(3,277)	(3,251)
Corporation and other tax payable		(185)	(258)
Contract liabilities	**5**	(5,347)	(7,013)
Lease liabilities	**17**	(1,252)	(3,014)
		(11,825)	(15,795)

22 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	1,764	2,259
Contract liabilities (note 5)	5,347	7,013
Accruals and other payables	3,277	3,251
	10,388	12,523

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

The carrying value of trade payables is considered a reasonable approximation of fair value due to their short-term nature.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Deferred tax assets and liabilities

	2022	**2021**
	£'000	**£'000**
Deferred tax liabilities	5,168	7,010
Deferred tax assets	(71)	(38)
	5,097	6,972

Deferred tax assets are expected to be recovered after more than one year

The movement in deferred tax in the consolidated statement of financial position during the year are as follows:

	Development costs capitalised	**Intangible assets recognised on acquisition of subsidiaries**	**Timing differences**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Liability at 1 January 2021	203	3,525	-	3,728
Deferred tax movements in prior year				
Charge/(credit) to profit or loss	684	2,598	(38)	3,244
Liability at 1 January 2022	887	6,123	-	7,010
Asset at 1 January 2022	-	-	(38)	(38)
Deferred tax movements in current year				
Charge/(credit) to profit or loss	462	(2,304)	(33)	(1,875)
Liability at 31 December 2022	1,349	3,819	-	5,168
Asset at 31 December 2022	-	-	(71)	(71)

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Provisions for liabilities

	2022 £'000	2021 £'000
Spare space	435	1,534
Taxation	1,243	1,427
Contractual dispute	606	606
Onerous contract	-	264
Contingent consideration	1,200	1,788
Others	831	916
	4,315	6,535

Current liabilities	2,969	2,257
Non-current liabilities	1,346	4,278
	4,315	6,535

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

24 Provisions for liabilities **(Continued)**

Movements on provisions:

	Spare space £'000	Taxation £'000	Contractual dispute £'000	Onerous contract £'000	Contingent consideration £'000	Others £'000	Total £'000
At 1 January 2022	1,534	1,427	606	264	1,788	916	6,535
Unused provision released	-	(96)	-	-	(588)	(76)	(760)
Amounts used during the year	(375)	(63)	-	-	-	(9)	(447)
Released on sale of business	(724)	(25)		(264)	-	-	(1,013)
At 31 December 2022	435	1,243	606	-	1,200	831	4,315

Spare space
The Group has a number of leases for properties which are not fully occupied and has established a provision after assessing the level of spare capacity. The provision is expected to be utilised over the period of the respective lease terms of between two and six years. In the year to 31 December 2022, £375,000 (2021: £1,531,000) of the provision was used. £168,000 was charged to other operating expenses (2021: £729,000), £184,000 was charged to depreciation (2021: £667,000) and £23,000 was charged to finance costs (2021: £135,000).

On disposal of the Commodities business, £724,000 of the provision was released as it related to spare capacity in the offices occupied by the Commodities business.

Taxation
The Group has created a provision for various potential UK and overseas taxation exposures in relation to transfer pricing arrangements, historical payroll engagements and other general taxation exposures.

The provision is expected to be utilised over six years or as assessments arise. In the year to 31 December 2022, £159,000 (2021: £802,000) of the provision was released and charged to operating expenses (£nil, 2021: £46,000), non-recurring items (£nil, 2021: £75,000), finance costs (£nil, 2021: £41,000) and taxation (£159,000, 2021: £640,000).

On disposal of the Commodities business, £25,000 of the provision was released as it related to tax provisions relating to the Commodities business.

Contractual dispute
The Group is involved in certain contractual disputes. After taking appropriate legal advice, the Group has established provisions after taking into account the facts of each case at the balance sheet date. The provision is expected to be utilised over the next 12 months. In the year to 31 December 2022, £nil (2021: £2,000) of the provision was used and charged to operating expenses.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Provisions for liabilities **(Continued)**

Onerous contract
The Group has established a provision for unfulfilled contractual obligations. The provision is expected to be utilised over the next two years. The provision relates to the Commodities business and was released on disposal of the Commodities business.

Contingent consideration
Contingent consideration relates to the acquisition of Igloo Trading Solutions Limited and is dependent on annual recurring revenues reaching a determined amount. £588,000 of the provision has been released and recognised as a credit in non-recurring items during the year (2021: £nil), reflecting the change in management's best estimate of the contingent consideration payable.

Others
The Group has provisions for various other potential exposures including the potential liabilities arising from the assessment of permanent establishments in overseas territories, warranties from a disposal of a group subsidiary, compliance fines in overseas territories, the cost to assess the ownership of all intellectual property across the business, the cost to restructure the legal entities of the Group and property dilapidation costs.

The provision decreased by £39,000 as a result of the disposal of the Commodities business.

The provisions are expected to be utilised over the coming 12 months to two years. In the year to 31 December 2022, £9,000 (2021: £82,000) of the provision was used and £42,000 (2021: £117,000) unused provision was released, with amounts being credited to operating expenses.

25 Pension obligations

Defined contribution schemes	**2022 £'000**	**2021 £'000**
Charge to profit or loss in respect of defined contribution schemes	678	834

The total expense recognised in profit or loss for the Group relating to employer contributions to defined contribution pension arrangements is detailed above. At 31 December 2022, there were outstanding unpaid contributions of £53,000 (2021 - £58,000) included in other payables. These amounts were paid after the end of the period.

Defined benefit scheme
The group operated a number of post-employment benefit arrangements throughout the world, the forms and benefits of which vary with conditions and practices in the countries concerned. These arrangements are defined contribution retirement arrangements in nature, except for two arrangements for certain employees of the Group's former Swiss subsidiaries, Brady Switzerland SA and Brady Energy AG, which were classified as defined benefit retirement arrangements under IFRS. Both subsidiaries were disposed of by the Group in the year extinguishing the liability, therefore the information presented below in relation to the defined benefit scheme relates to the prior year only.

Funding policy
The Boards of the foundations are composed of an equal number of representatives from both the employer and employees. The Boards of the foundations are required by law to act in the interest of the fund and of all relevant stakeholders in the arrangement i.e. active employees, inactive employees, retirees, employers. The Boards of the foundations are responsible for the investment policy with regard to the assets of the funds.

Other information
The service cost, administrative expenses and the net interest expense for the period are included in the employee benefits expense in the profit and loss within operating expenses. The remeasurement of the net defined liability is included in other comprehensive income. The Group's obligation in respect of defined benefit arrangements is recognised in the consolidated statement of financial position.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Pension obligations **(Continued)**

Analysis of amounts recognised in the consolidated income statement

		Brady Switzerland SA	Brady Energy AG	Total
	2022	2021	2021	2021
	£'000	£'000	£'000	£'000
Current service cost	-	44	5	49
Past service cost	-	(810)	(245)	(1,055)
Administrative expenses	-	1	-	1
Net interest expense	-	1	-	1
Components of defined benefit costs recognised in profit or loss	-	(764)	(240)	(1,004)

Analysis of amounts recognised in the consolidated statement of other comprehensive income

		Brady Switzerland SA	Brady Energy AG	Total
	2022	2021	2021	2021
	£'000	£'000	£'000	£'000
Remeasurement of the net defined benefit obligation				
Return on plan assets (excluding amounts included in net interest)	-	86	22	108
Actuarial gains/(losses) from changes in demographic assumptions	-	(44)	-	(44)
Actuarial gains/(losses) from changes in financial assumptions	-	(97)	(63)	(160)
Actuarial gains/(losses) from experience adjustments	-	65	8	73
	-	10	(33)	(23)
Effect of movement in exchange rates	-	(38)	(13)	(51)
Components of defined benefit costs recognised in other comprehensive income	-	(28)	(46)	(74)

Analysis of amounts recognised in the consolidated statement of financial position

		Brady Switzerland SA	Brady Energy AG	Total
	2022	2021	2021	2021
	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	-	(576)	-	(576)
Fair value of plan assets	-	438	-	438
	-	(138)	-	(138)

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

25 Pension obligations **(Continued)**

Movements in the present value of defined benefit obligations

		Brady Switzerland SA	Brady Energy AG	Total
	2022	2021	2021	2021
	£'000	£'000	£'000	£'000
At 1 January 2022	-	(2,660)	(1,886)	(4,546)
Current service cost	-	(44)	(5)	(49)
Past service cost	-	8	-	8
Interest cost	-	(1)	(1)	(2)
Contributions from plan participants	-	(52)	(3)	(55)
Actuarial gains/(losses) from changes in demographic assumptions	-	44	-	44
Actuarial gains/(losses) from changes in financial assumptions	-	97	62	159
Actuarial gains/(losses) from experience adjustments	-	(65)	(8)	(73)
Benefits paid	-	(1)	8	8
Settlements	-	1,989	1,749	3,728
Effect of movements in exchange rates	-	108	84	192
At 31 December 2022	-	(576)	-	(576)

Movements in the fair value of plan assets:

		Brady Switzerland SA	Brady Energy AG	Total
	2022	2021	2021	2021
	£'000	£'000	£'000	£'000
At 1 January 2022	-	1,674	1,594	3,268
Interest income	-	2	1	3
Return on plan assets (excluding amounts included in net interest)	-	(87)	(22)	(109)
Settlements	-	(1,187)	(1,505)	(2,692)
Benefits paid	-	-	(8)	(8)
Contributions from employers	-	52	8	60
Contributions from plan members	-	52	3	55
Effect of movements in exchange rates	-	(67)	(71)	(138)
Administrative expenses paid from plan assets	-	(1)	-	(1)
At 31 December 2022	-	438	-	438

25 Pension obligations **(Continued)**

Composition of plan assets

	Brady Switzerland SA	Brady Energy AG	Total
	£'000	£'000	£'000
At 31 December 2022			
Insurance contracts	-	-	-
At 31 December 2021			
Insurance contracts	438	-	438

Actuarial valuation: principal assumptions

The most recent actuarial valuation of the plan assets and present value of the defined benefit obligation of both foundations were carried out at 31 December 2021 by Toptima AG. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the projected unit credit method,

The principal assumptions used for the purposes of the actuarial valuations for the pension schemes were as follows:

		Brady Switzerland SA	Brady Energy AG
Weighted average principal assumptions to determine pension obligations	**For year ended 31 December 2022**	**For year ended 31 December 2021**	**For year ended 31 December 2021**
Discount rate	0	0.30%	0.40%
Rate of salary increase	-	1.50%	1.50%
Rate of pension increase	-	-	-
Rate of price inflation	-	0.70%	0.70%
Weighted average principal assumptions to determine net pension cost			
Discount rate	-	0.15%	0.15%
Rate of salary increase	-	1.50%	1.50%
Rate of pension increase	-	-	-
Rate of price inflation	-	0.70%	0.70%

25 Pension obligations (Continued)

Actuarial valuation: sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Increase	Decrease
At 31 December 2022 - no longer applicable due to discontinuance of operations		
At 31 December 2021		
0.25% in discount rate	(29)	32
1.0% in salary growth rate	33	(34)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

26 Share capital

Ordinary share capital	2022 Number	2021 Number	2022 £	2021 £
Issued and fully paid				
Ordinary shares of £1 each	42,468,953	40,468,953	42,469	40,469
Ordinary A shares of £1 each	1,806	2,043	2	2
	42,470,759	40,470,996	42,471	40,471

The Company has two classes of ordinary shares which carry no right to fixed income. The share capital of Brady Acquisition Limited consists of fully paid ordinary shares and ordinary A shares with a nominal value of £1.00 per share. These shares carry the following voting rights:

- ordinary shares are entitled to one vote each and carry the right to participate in distributions in regards to dividends; and
- ordinary A shares are not entitled to vote and have no rights to dividends.

26 Share capital **(Continued)**

Reconciliation of movements during the year:

	Ordinary shares Number	Ordinary A shares Number
At 1 January 2022	40,468,953	2,043
Issue of fully paid shares	2,000,000	400
Cancellation of shares	-	(637)
At 31 December 2022	42,468,953	1,806

The Company issued shares in the year as follows:

Date	Type of shares	No. of shares	Nominal value	Purchase price
17/02/2022	Ordinary	1,000,000	£1.00	£1.00
08/03/2022	Ordinary A	250	£1.00	£1.00
21/03/2022	Ordinary	1,000,000	£1.00	£1.00
08/04/2022	Ordinary A	150	£1.00	£1.00

The Company purchased and subsequently cancelled shares in the year as follows:

On 5 August 2022, the Company purchased at par 522 of its own ordinary A shares and subsequently cancelled these shares.

On 15 August 2022, the Company purchased at par 65 of its own ordinary A shares and subsequently cancelled these shares.

On 23 December 2022, the Company purchased at par 50 of its own ordinary A shares and subsequently cancelled these shares.

The Company had the following shares transactions between the reporting date and the date of issue of these financial statements:

In January 2023, the Company purchased at par 175 of its own ordinary A shares and subsequently cancelled these shares.

In April 2023, the Company issued at par 700 new ordinary A shares. The Company purchased at par 210 of its own ordinary A shares and subsequently cancelled these shares.

In June 2023, the Company purchased at par 630 of its own ordinary A shares and subsequently cancelled these shares. The Company purchased at par 9,350,000 of its own ordinary shares and subsequently cancelled these shares.

In July 2023, the Company issued at par 550,000 new ordinary shares.

BRADY ACQUISITION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Foreign exchange reserve

	2022 £'000	2021 £'000
At the beginning of the year	911	962
Exchange differences on retranslation of foreign operations	435	(51)
Translation loss reclassified to profit or loss	(539)	-
At the end of the year	807	911

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency of Sterling, are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve. On disposal of a foreign operation, the cumulative amount is recycled to the consolidated income statement from other comprehensive income.

28 Contingent liabilities

The Group had no contingent liabilities at 31 December 2022. The Group has an uncertain tax position, see notes 3 and 11.

29 Capital commitments

The Group had no capital expenditure contracted for but not provided in the financial statements at 31 December 2022 or 31 December 2021.

30 Events occurring after the reporting date

No adjusting events occurred between 31 December 2022 reporting date and the date of authorisation.

The following non-adjusting events occurred between 31 December 2022 reporting date and the date of authorisation:

Share capital changes
In January 2023, the Company purchased at par 175 of its own ordinary A shares and subsequently cancelled these shares.

In April 2023, the Company issued at par 700 new ordinary A shares. The Company purchased at par 210 of its own ordinary A shares and subsequently cancelled these shares.

In June 2023, the Company purchased at par 630 of its own ordinary A shares and subsequently cancelled these shares. The Company purchased at par 9,350,000 of its own ordinary shares and subsequently cancelled these shares.

In July 2023, the Company issued at par 550,000 new ordinary shares.

Group changes
On 25 April 2023, Brady Credit Holding Limited, an indirect subsidiary company was dissolved.

31 Related party transactions

Compensation of key management personnel and Directors is disclosed in note 9.

31 Related party transactions **(Continued)**

During the year, the Group was invoiced for £580,000 (2021: £1,615,000) of professional services from Hanover Operating Management Limited, a company affiliated with Hanover Investors Management LLP, who is the advisor to the investment manager of the funds which ultimately own 100% of the share capital of Brady Acquisition Limited. An expense of £603,000 (2021: £1,545,000) is included within operating costs. In the balance sheet, £21,000 is included in accruals at 31 December 2022 (31 December 2021: £2,000 in prepayments, £nil in accruals).

During the year, the Group was invoiced for £127,000 (2021: £302,000) in board fees and expenses from Hanover Investors Management LLP, who is the advisor to the investment manager of the funds which ultimately own 100% of the share capital of Brady Acquisition Limited. An expense of £227,000 is included within operating costs (2021: £202,000). There are no amounts in the balance sheet at 31 December 2022 (31 December 2021: £100,000 in prepayments).

During the year, the Group was invoiced for £592,000 (2021: £nil) in professional services, board fees and expenses from Brady Acquisition (Holding) Limited, the 100% shareholder of Brady Acquisition Limited. An expense of £619,000 is included within operating costs (2021: £nil). In the balance sheet in respect of these services, £27,000 is included in accruals and £293,000 in trade payables at 31 December 2022 (31 December 2021: £nil).

During the year, the Group agreed to provide a loan facility of up to £11,825,000 to Brady Acquisition (Holding) Limited. The loan is unsecured, interest-free and is repayable by Brady Acquisition (Holding) Limited with 15 days notice. The Group provided loans of £150,000 in July 2022 and £10,415,000 in September 2022. The balance at 31 December 2022 was £10,565,000 and is presented in current assets.

During the year, the Group employed J Carley, the son of a non-Executive director of Brady Acquisition Limited, in a paid intern role. An expense of £4,000 is included within operating costs (2021: £nil). There are no amounts in the balance sheet at 31 December 2022 (31 December 2021: £nil).

32 Controlling party

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 immediate and ultimate parent undertaking. The ultimate controlling party is Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.

BRADY ACQUISITION LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Non-current assets					
Investments	**35**		15,006		15,006
Current assets					
Trade and other receivables	**36**	28,203		25,865	
Cash and cash equivalents	**37**	176		154	
		28,379		26,019	
Current liabilities	**38**	(1)		-	
Net current assets			28,378		26,019
Total assets less current liabilities			43,384		41,025
Equity attributable to the owners of the parent company					
Share capital	**39**		42,471		40,471
Retained earnings			913		554
Total equity			43,384		41,025

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a comprehensive income statement for the Company alone. The Company's profit for the year was £359,000 (2021: £329,000).

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 11/08/2023 and are signed on its behalf by:

....
Jeremy Westhead
Director

Company registration number 12248237 (England and Wales)

BRADY ACQUISITION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 January 2021		24,871	225	25,096
Year ended 31 December 2021:				
Profit and total comprehensive income		-	329	329
Issue of share capital	**39**	15,601	-	15,601
Redemption of shares	**39**	(1)	-	(1)
Balance at 31 December 2021		40,471	554	41,025
Year ended 31 December 2022:				
Profit and total comprehensive income		-	359	359
Issue of share capital	**39**	2,000	-	2,000
Redemption of shares	**39**	-	-	-
Balance at 31 December 2022		42,471	913	43,384

BRADY ACQUISITION LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

33 Accounting policies

Company information

Brady Acquisition Limited is a private company limited by shares incorporated in England and Wales. The registered office is 25 Savile Row, London, W1S 2ER. The company's principal activities and nature of its operations are disclosed in the directors' report.

33.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements as issued by the Financial Reporting Council (FRC). The financial statements have therefore been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7: Statement of Cash Flows;
- the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; to disclose IFRSs issued but not effective;
- the requirements of IFRS 2: Share-based payments (paragraph 45(b) and 46 to 52);
- the requirements of IFRS 7: Financial Instruments Disclosures;
- the requirements of IFRS 13: Fair Value Measurements;
- the requirements of IAS 24: Related Party Disclosures (to present key management personnel compensation and intragroup transactions including wholly owned subsidiaries; and
- the requirements of IAS 1: Presentation of Financial Statements, to present certain comparative information and capital management disclosures.

33.2 Summary of significant accounting policies

The accounting policies adopted by the company are consistent with those adopted by the group and are presented in note 1 to the consolidated financial statements, except for the following:

Investments

Investment in the subsidiary of 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.

Amounts owed by subsidiaries

The company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. the impairment methodology applied depends on whether there has been a significant increase in credit risk. For amounts owed by subsidiaries, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

34 Employee information

The average monthly number of people, including Directors, employed by the Company during the year was nil (2021: nil). No employee benefits were incurred during the year (2021: nil).

BRADY ACQUISITION LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

35 Investments

	Non-current 2022 £	2021 £
Investments in subsidiaries	15,006	15,006

Movements in non-current investments

	Shares in subsidiaries £'000
Cost or valuation	
At 1 January 2022 & 31 December 2022	15,006
Carrying amount	
At 31 December 2022	15,006
At 31 December 2021	15,006

Investment in subsidiary undertakings
Details of the company's principal operating subsidiaries are included in note 18.

Impairment review
The Directors have undertaken an impairment review by comparing value in use to the carrying value of the related investment. In order to calculate value-in-use, management prepares five-year cash flow forecasts, based initially on the latest 2023 and 2024 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. An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount.

No impairment of the investment was indicated as the value in use exceeds the carrying value of the investment.

36 Trade and other receivables

	2022 £	2021 £
Amount owed by parent undertaking	10,565	-
Amounts owed by subsidiary undertakings	17,638	25,865
	28,203	25,865

36 Trade and other receivables **(Continued)**

Details about the Company's impairment policies and the calculation methodology of the loss allowance are provided in note 22 of the consolidated financial statements.

Included within amounts owed by subsidiary undertakings is an interest-bearing loan of £8.0 million (2021: £15.25 million). Interest accrues at 2.5% above the Bank of England rate per annum.

The amount owed by parent undertaking is unsecured, interest-free and is repayable to the Company with 15 business days notice.

37 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents	176	154

The carrying amount of cash and cash equivalents approximates to fair value because if the short-term maturity of these instruments.

38 Liabilities

	2022 £	2021 £
Trade and other payables	1	-

39 Share capital

A description of the movements in share capital in the year is given at note 26 of the consolidated financial statements.

40 Dividends

No dividends were paid or proposed in respect of the year ended 31 December 2022 (2021: £nil).

41 Related party transactions

Brady Acquisition Limited has a related party relationship with its subsidiaries, its key management personnel and its Directors. The remuneration of Directors is disclosed in note 34 to the Company financial statements. The remuneration of key management personnel, who are the same as the Group key management personnel, is disclosed in note 9 to the consolidated financial statements.

Balances between Brady Acquisition Limited and its subsidiary companies are as follows:

	Note	2022 £'000	2021 £'000
Brady Acquisition (Holding) Limited		10,565	-
Brady Technologies Limited		8,107	334
Brady Technologies (Holding) Limited		3,031	3,031
Brady Trading Limited		-	22,500
Brady Energy (Holding) Limited		6,500	-
	36	28,203	25,865

42 Controlling party

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 immediate and ultimate parent undertaking. The ultimate controlling party is Hanover Active Equity Fund II, S.C.A. SICAV-RAIF, a fund registered in Luxembourg.