

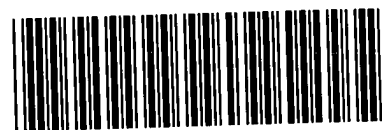
Brookson Limited

Report and financial statements

For the year ended

30 September 2019

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BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

COMPANY INFORMATION

The board of directors

M Hesketh

M Scott

T Seddon

Business address

Brunel House
340 Firecrest Court
Centre Park
Warrington
WA1 1RG

Registered office

Brunel House
340 Firecrest Court
Centre Park
Warrington
WA1 1RG

Auditor

RSM UK Audit LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Bankers

The Royal Bank of Scotland Plc
PO Box 5429
Mosley Street
Manchester
M61 0HW

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Directors present their Strategic report on the company for the year ended 30th September 2019

Strategic report

Principal activity

The principal activities of the company during the year were the provision of accountancy, tax advice and support services to companies and individuals.

Review of the business

Trading performance

In the year ended 30th September 2019 the Company generated revenue of £21.3m (2018: £20.3m) representing growth of 5% as a result of an increase in customers in the year. Gross profit for the year decreased to £17.7m (2018: £19.7m), offset by a decrease in admin expenses to £16.0m (2018: £19.7m) as a result of restructuring of cost between Cost of Sales and Administrative Expenses in the year to better reflect the business practices of the group.

The Company generated a profit before non-recurring expenses and tax of £1.6m (2018: loss before non-recurring expenses and tax of £0.01m) as a result of increased turnover in the year and changes to the Company's allocation of Group costs that better reflect those costs attributable to the company.

Financial Position

The Directors expect the trading entity to remain sufficiently profitable and cash generative to satisfy liabilities as they fall due.

Cash flow

During the year, the Company's cash balance increased from £0.9m to £1.2m.

Principal risks and uncertainties

The Directors have fully considered all known risks and uncertainties which may affect the Company in the future. The primary risks are as follows:

- Regulatory risk – the Company operates within markets which are subject to extensive laws and regulations. These laws and regulations continue to change and evolve, as must the Company. The Company undertakes processes and procedures on an ongoing basis to ensure that it fully complies with the requirements of the relevant laws and regulations.
- Competition risk – the Company seeks to maintain long-term relationships with its customers and typically operates via rolling contracts. The Company has a good track record of renewing key customer contracts however, the market within which the Company operates are competitive.
- Innovation risk – the Company has been able to successfully innovate in order to improve the effectiveness and efficiency of its service delivery. In certain areas of our business, our customers continue to demand innovative solutions and therefore we must continue to innovate to maintain our position.
- Financial, operational and management information systems – the efficient operation and management of the Company depends upon the proper operation and performance of financial, operational and management information systems. Any failure in such systems may result in a loss of control and adversely impact the Company's ability to operate effectively and fulfil its contractual obligations.
- Key personnel – the Company has in place an experienced and motivated senior management team and considers that its management team has strength and depth. However, the loss of a significant number of key personnel could have an adverse impact on the Company's operations, reputation, customer relationships and future prospects.
- Covid-19 – in March 2020 the UK began to be significantly impacted by the outbreak of the global pandemic Covid-19. Consequently, the business successfully implemented its business continuity plans, migrating all office-based workers to a remote working basis whilst maintaining service delivery to customers across all business lines. The Directors continually monitor the impact on the business, customers and employees and have prepared stress tested forecasts on which contingency plans have been created. The Group will be utilising the UK Government's Coronavirus Jobs Retention Scheme and will also benefit from the UK Government's offer to defer VAT payments until March 2021. These initiatives should preserve the liquidity of the business even in the event of a significant downside impact to revenue. The Directors are also in regular contact with the Group's investors and banks to keep them updated on events, and the relationships remain constructive and supportive.

Financial risk management

The primary financial risk facing the Company is that of credit risk. The Company's principal financial assets are cash and trade debtors, with credit risk for the Company primarily attributable to trade debtors. The Company has no significant

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

concentration of credit risk with regard to trade debtors, as exposure is spread over a large number of customers and balances are in the most part insured against non-payments.

The credit risk on cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit ratings agencies.

Future developments

The Company is pursuing a strategy of consolidating its market leading position in the UK and will achieve this through further organic growth and potentially by pursuing carefully targeted acquisition opportunities. Capturing accurate and increasingly detailed data and seeking to leverage this to our clients' benefit is at the heart of the Company strategy.

Research and development

The Company continues to develop its market leading systems and processes. Development includes enhancement of both existing portals and creation of new online portals as well as developing algorithms and building connectors to internal and external ecosystems. Digital platforms underpin products that are highly differentiated against competitor product offerings.

Key performance indicators

The Directors continue to monitor the business internally with a number of performance indicators which are reviewed as part of the monthly board meeting. The Company produces an annual business plan and full monthly management information detailing revenues, profitability, cash flow and operational metrics including customer numbers, efficiency and lead generation to monitor performance to the plan.

Policy on the payment of creditors

It is the policy of the Company to maintain good relationships with its suppliers by making payments in accordance with agreed terms following receipt of a satisfactory invoice.

Going concern

The Directors have prepared financial projections of the business, against the backdrop of the Covid-19 pandemic, to fully understand its future trading performance and forecast financial position. It has also engaged in constructive dialogue with its shareholders, banks and advisers throughout the period of Covid-19 disruption.

Based on the Group's ability to adequately manage its risks, its strong overall financial position and the ongoing support of its shareholders the Directors remain confident that the company will continue to be fully funded within the framework of the Group treasury management. The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group can operate within the level of its current banking facilities.

The Directors consider that the Company has adequate resources to continue operating in the foreseeable future

By order of the board



M Hesketh

Director

Approved by the directors on 23 June 2020

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

REPORT OF THE DIRECTORS

The directors present their directors' report and financial statements of the Company for the year ended 30 September 2019.

Principal activity

The principal activities of the company during the year were the provision of accountancy, tax advice and support services to companies and individuals.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2018: nil). The loss for the year after taxation is £0.2m (2018: loss of £0.5m).

Directors

The directors who held office since 1 October 2018 were as follows:

M Hesketh
M Scott
T Seddon
C Nevinson (Resigned 24 March 2019)
A McGregor (Resigned 31 January 2020)

Employee involvement

During the year, the company has continued to work to ensure that its employees are well informed about the business strategy and performance as well as current issues. There are regular communication briefings covering all employees both collectively and in smaller groups.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Reports).

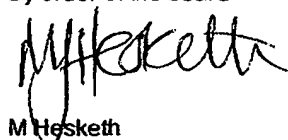
Disclosure of information to auditors

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

Auditors

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be re-appointed as auditors in the absence of an Annual General Meeting.

By order of the board



M Hesketh
Director

Approved by the directors on 23 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- State whether they have been prepared in accordance with IFRS as adopted by the EU.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKSON LIMITED

Opinion

We have audited the financial statements of Brookson Limited (the 'company') for the year ended 30 September 2019 which comprise of the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Ian Taylor (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

25 JUNE 2020

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

		2019	2018
	Notes	£'000	£'000
Revenue	3	21,269	20,255
Cost of sales	4	(3,599)	(561)
GROSS PROFIT		17,670	19,694
Administrative expenses	4	(16,006)	(19,706)
Finance costs	5	(49)	(1)
Finance income	5	2	1
PROFIT/ (LOSS) BEFORE NON-RECURRING EXPENSES AND TAX		1,617	(12)
Non-recurring expenses	4	(1,992)	(370)
PROFIT/ (LOSS) BEFORE TAX		(375)	(382)
Income tax expense	6	147	(114)
PROFIT/ (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS		(228)	(496)

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

The company has no other comprehensive income other than the results as set out above.

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Company Registered No 03128631

STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	2,734	2,489
Property, plant and equipment	8	557	417
Other non-current assets	11	-	1,049
TOTAL NON-CURRENT ASSETS		3,291	3,955
CURRENT ASSETS			
Inventories	10	19	12
Trade and other receivables	11	22,172	20,411
Cash and cash equivalents	12	1,248	860
Deferred tax asset	14	89	71
TOTAL CURRENT ASSETS		23,528	21,354
TOTAL ASSETS		26,819	25,309
EQUITY AND LIABILITIES			
EQUITY			
Capital	16	0	0
Retained profit/ (loss)	17	11,355	11,584
TOTAL EQUITY		11,355	11,584
CURRENT LIABILITIES			
Trade and other payables	13	15,464	13,725
TOTAL CURRENT LIABILITIES		15,464	13,725
TOTAL LIABILITIES		15,464	13,725
TOTAL EQUITY AND LIABILITIES		26,819	25,309

These financial statements were approved by the board of directors and authorised for issue on 23 June 2020 and are signed on its behalf by:



M Hesketh

Director

BROOKSON LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Capital	Retained Earnings	TOTAL EQUITY
	£'000	£'000	£'000
AT 30 SEPTEMBER 2017	0	12,080	12,080
Profit/ (loss) for the year	-	(496)	(496)
AT 30 SEPTEMBER 2018	0	11,584	11,584
Profit/ (loss) for the year	-	(228)	(228)
AT 30 SEPTEMBER 2019	0	11,355	11,355

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 GENERAL INFORMATION

Brookson Limited is incorporated and domiciled in England and Wales. The registered office address is Brunel House, 340 Firecrest Court, Centre Park, Warrington, WA1 1RG. The financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000 except when otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and under the historical cost convention.

In accordance with FRS 101, the Company has taken advantage of the exemptions from the following disclosure requirements:

- IFRS 7 'Financial Instruments: Disclosures' – Carrying amounts, fair values, interest income/expense and net gains/losses for each category of financial instrument, risks associated with financial instruments (including management of risks, maximum credit risk, credit quality of financial assets, analysis of financial assets past due or impaired, maturity analysis for financial liabilities, sensitivity analysis for market risks).
- IFRS 13 'Fair Value Measurement' – The fair value hierarchy, fair value measurements, (including valuation technique(s) and inputs), if the highest and best use of a non-financial asset differs from its current use, the reason for non-recurring fair value measurements, for Level 3 fair value measurements; unrealised fair value gains/losses in the period, the valuation process and sensitivity analysis.
- IFRS 15 'Revenue from Contracts with Customers' – Disaggregated and total revenue from contracts with customers, explanation of significant changes in contract assets and liabilities, description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred, aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised, significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract.
- IAS 1 'Presentation of Financial Statements' – Comparative reconciliations of the opening and closing number of shares and carrying amounts of property, plant and equipment, and intangible assets, objectives, policies and processes for managing capital.
- IAS 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes.
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – IFRSs that will impact future periods.
- IAS 24 'Related Party Disclosures' – Compensation for key management personnel.
- IAS 36 'Impairment of Assets' – Key assumptions in the measurement of the recoverable amount of assets and reasonable changes in those assumptions that result in impairment, where recoverable amount is based on fair value less costs of disposal; the valuation technique(s) used, and if fair value is not measured using a quoted price for an identical unit; the level in the fair value hierarchy, any change in the valuation technique(s) and the reason for the change.

The financial statements of the Company are consolidated in the financial statements of RCAF VI Mallard Holdings Limited. The consolidated financial statements of RCAF VI Mallard Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

BROOKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

New standards, amendments and interpretations adopted for the financial year beginning 1 October 2018

Standard	Key requirements	Effective date (for annual periods beginning on or after)
IFRS 9, Financial Instruments	IFRS 9 was adopted for 2019. The standard has been fully applied retrospectively but no comparatives have been restated as the impact is not material. There were no key judgements or estimates involved in the assessment of the impact of IFRS 9. The standard impacts the classification and measurement of financial assets. It introduces an 'expected credit loss' model for the measurement of impairment of financial assets, so it is no longer necessary for the credit event to have occurred before a credit loss is recognised. The standard also introduces additional disclosure requirements. The effect of the different classification of certain financial instruments has not had a material impact on the company's statement of financial position as all financial instruments are still held at either amortised costs or fair value through other comprehensive income. In addition, the level of impairment of certain financial instruments such as trade receivables has not changed materially under the expected loss model.	1 January 2018
IFRS 15, Revenue from Contracts with Customers	IFRS 15 was adopted for 2019. The standard has been fully applied retrospectively but no comparatives have been restated as the impact is not material. There were no key judgements or estimates involved in the assessment of the impact of IFRS 15. The standard specifies how and when a company will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The introduction of IFRS 15 has not had a material impact on the company's financial statements on the basis that the invoicing profile is consistent with the point at which the performance conditions are satisfied.	1 January 2018

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Significant estimates and judgements

In preparing its financial statements, the Company has made no significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors the requirement for such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and 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.

Impairments of property plant and equipment

Property, plant and equipment are reviewed annually for impairment if events or changes in circumstances, such as changes in technology, indicate that the carrying amount of an asset is not recoverable.

Impairments of intangible assets

Intangible assets are reviewed annually for impairment if events or changes in circumstances, such as changes in technology, indicate that the carrying amount of an asset is not recoverable.

Useful economic life of intangible assets

Intangible assets are reviewed annually for impairment if events or changes in circumstances, such as changes in technology, market or economic conditions indicate changes to the useful economic life of an asset.

Going concern

The Directors have prepared financial projections of the business, against the backdrop of the Covid-19 pandemic, to fully understand its future trading performance and forecast financial position. It has also engaged in constructive dialogue with its shareholders, banks and advisers throughout the period of Covid-19 disruption.

Based on the Group's ability to adequately manage its risks, its strong overall financial position and the ongoing support of its shareholders the Directors remain confident that the company will continue to be fully funded within the framework of the Group treasury management. The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group can operate within the level of its current banking facilities.

The Directors consider that the Company has adequate resources to continue operating in the foreseeable future.

Non-recurring items

The directors believe that the non-recurring profit measures provide additional information for the shareholders on the performance of the business. The measures are consistent with how recurring business performance is measured internally. The recurring profit before tax measure is not a recognised measure under IFRS and may not be directly comparable with recurring profit measures used by other companies.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Revenue recognition

Revenue is the fair value of the consideration received for services provided and is net of sales-based taxes (e.g. value added tax). Income is recognised on the satisfaction of each performance obligation as that obligation is satisfied. Performance obligations relate to the provision of services and revenue is recognised at the point at which the contracted service has been delivered.

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Property, Plant & Equipment

Items of property, plant and equipment are stated at cost less any accumulated depreciation. Cost includes the purchase price as well as any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Fixtures and fittings	33% straight line
Computer equipment	33% straight line

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Cost includes the purchase price as well as any incidental costs of acquisition.

Amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over its useful economic life as follows:

Software	33% straight line
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Operating lease agreements

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Interest

Interest income is recognised on a time-proportion basis using the effective interest method. Cost is recognised as interest accrues using the effective interest rate method.

Inventory

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in first-out (FIFO) basis.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Financial Instruments - Initial recognition and measurement

The company recognise a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument. Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The company recognises financial assets using settlement date accounting, thus an asset is recognised on the day it is received by the company and derecognised on the day that it is delivered by the company.

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition. The company classifies financial assets as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility.

Typically trade and other receivables, bank balances and cash are classified in this category.

Impairment of financial assets

At the end of each reporting period, the company assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial asset because of financial difficulties, etc.

In addition, for trade receivables that are assessed not to be impaired individually, the company assesses them collectively for impairment, based on the company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

Subsequent measurement of financial liabilities

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The company classifies financial liabilities as follows:

Other financial liabilities

All liabilities which have not been classified as fair value through profit and loss fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Typically, trade and other payables and borrowings are classified in this category. Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the consolidated statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the company considers that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

BROOKSON LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019****3 TURNOVER AND OTHER REVENUE**

An analysis of the Company's turnover is as follows:

	2019	2018
	£'000	£'000
TURNOVER ANALYSED BY CLASS OF BUSINESS		
Rendering of services	21,269	20,255
TURNOVER ANALYSED BY GEOGRAPHICAL MARKET		
United Kingdom	21,269	20,255

4 ANALYSIS OF EXPENSES BY NATURE

The following table illustrates the breakdown by nature of cost of sales and other administrative expenses:

	2019	2018
	£'000	£'000
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	9,538	8,721
Social security costs	1,032	1,044
Defined contribution costs	519	364
INTANGIBLE ASSETS		
Amortisation of other intangible assets	1,527	1,928
PROPERTY, PLANT AND EQUIPMENT		
Depreciation of owned property, plant and equipment	308	274
Depreciation of property, plant and equipment under hire purchase	-	19
Operating leases	445	414
Auditors remuneration	9	20
Other expenses	6,228	10,144
TOTAL COST OF SALES AND ADMINISTRATIVE EXPENSES	19,605	20,267

The following table analyses auditors' remuneration:

	2019	2018
	£'000	£'000
Audit of the financial statements	9	7
All other non-audit services	-	13
TOTAL AUDITORS' REMUNERATION	9	20

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

4 ANALYSIS OF EXPENSES BY NATURE (CONTINUED)

The following table analyses the average monthly staff numbers:

	2019	2018
	No.	No.
Number of staff	396	372

The staff numbers include 41 (2018: 45) employees who are contractually employed by the company but whose costs of £1,752k (2018: £1,758k) have been recharged to another group company in line with the services provided.

The following table analyses staff costs:

	2019	2018
	£'000	£'000
Wages and salaries	9,538	8,721
Social security costs	1,032	1,044
Other pension costs	519	364
TOTAL STAFF COSTS	11,089	10,129

No directors received any remuneration from this company in the current period.

There are no directors to whom retirement benefits are accruing under defined contribution schemes (2018: nil).

The following table analyses non-recurring expenses:

	2019	2018
	£'000	£'000
Restructuring-related costs	37	243
Impairment of asset	1,728	-
Acquisition-related costs	170	60
One-off legal and professional fees	5	67
Other	51	-
TOTAL NON-RECURRING EXPENSES	1,992	370

Acquisition-related costs relate to aborted acquisition activities (2018: costs relating to group acquisitions). The Group committed to a reorganisation within the current and prior financial year, with costs relating to restructuring, rebranding and redundancy being included in restructuring-related costs. The Group impaired prepaid customer acquisition costs in the year following a reassessment of the carrying value relating to impending legislative change. One-off legal costs relate other legal costs not in the normal course of business.

5 FINANCE INCOME AND COSTS

The following table analyses the total amounts of finance income and costs classified by underlying category of financial assets and liabilities:

	2019	2018
	£'000	£'000
Interest expense on financial liabilities measured at amortised cost	49	1
FINANCE COSTS	49	1
Interest income on financial assets measured at amortised cost	2	1
FINANCE INCOME	2	1

BROOKSON LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019****6 INCOME TAX EXPENSE**

	2019	2018
	£'000	£'000
TAX CHARGE ON CONTINUING OPERATIONS		
CURRENT		
Current tax for the period	(129)	-
Adjustments recognised in the period for current tax of prior periods	-	142
DEFERRED		
Adjustments recognised in the period for current tax of prior periods	-	(20)
Temporary differences	(18)	(8)
TOTAL INCOME TAXES	(147)	114
TAX EXPENSE RECONCILIATION	£'000	£'000
Profit/ (loss) for the period before tax	(375)	(382)
Corporation tax charge thereon at 19% (2018: 19%)	(71)	(73)
ADJUSTED FOR THE EFFECTS OF:		
Expenses not deductible for tax purposes	53	66
RDEC repayable tax credit	(129)	-
Adjustments to tax in respect of previous periods	-	122
Group Relief	-	(2)
INCOME TAX EXPENSE FOR THE PERIOD	(147)	114
EFFECTIVE TAX RATE	39.1%	(29.8%)

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017.

7 DIVIDENDS ON EQUITY SHARES

No dividends have been declared in the year or proposed since the year end.

BROOKSON LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019****8 PROPERTY, PLANT AND EQUIPMENT**

	FIXTURES & FITTINGS	COMPUTER EQUIPMENT	TOTAL
	£'000	£'000	£'000
COST			
AT 1 OCTOBER 2017	475	994	1,468
Additions	8	286	293
AT 30 SEPTEMBER 2018	483	1,280	1,762
Additions	47	399	447
Disposals	(419)	(810)	(1,229)
AT 30 SEPTEMBER 2019	111	869	980
DEPRECIATION AND IMPAIRMENT			
AT 1 OCTOBER 2017	323	728	1,051
Depreciation for the year	113	180	293
AT 30 SEPTEMBER 2018	436	908	1,344
Depreciation for the year	38	270	308
Disposals	(419)	(810)	(1,229)
AT 30 SEPTEMBER 2019	55	368	423
NET CARRYING AMOUNT			
At 30 September 2018	47	371	418
At 30 September 2019	56	501	557

Depreciation has been charged to administrative expenses.

BROOKSON LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019****9 OTHER INTANGIBLE ASSETS**

	SOFTWARE
	£'000
COST	
AT 1 OCTOBER 2017	7,629
Additions	1,846
AT 30 SEPTEMBER 2018	9,475
Additions	1,772
AT 30 SEPTEMBER 2019	11,247
AMORTISATION AND IMPAIRMENT	
AT 1 OCTOBER 2017	5,057
Amortisation for the period	1,928
AT 30 SEPTEMBER 2018	6,986
Amortisation for the period	1,527
AT 30 SEPTEMBER 2019	8,513
NET CARRYING AMOUNT	
At 30 September 2018	2,489
At 30 September 2019	2,734

Amortisation has been charged entirely to administrative expenses.

10 INVENTORIES

	2019	2018
	£'000	£'000
Finished goods	20	12
BALANCE AT 30 SEPTEMBER	20	12

BROOKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

11 TRADE AND OTHER RECEIVABLES

	2019	2018
	£'000	£'000
DUE WITHIN ONE YEAR		
Net trade receivables	170	118
Amounts owed by group undertakings	20,533	17,718
Other receivables	82	6
Prepayments and accrued income	1,357	2,499
Corporation tax receivable	30	70
BALANCE AT 30 SEPTEMBER	22,172	20,411
DUE AFTER MORE THAN ONE YEAR		
Prepayments and accrued income	-	1,049
BALANCE AT 30 SEPTEMBER	22,172	21,460

Ageing of past due but not impaired receivables:

	2019	2018
	£'000	£'000
Less than 1 month	4	14
1-2 months	-	1
2-3 months	-	10
Over 3 months	42	17
	47	42

12 CASH AND CASH EQUIVALENTS

	2019	2018
	£'000	£'000
Bank balances	1,248	860
BALANCE AT 30 SEPTEMBER	1,248	860

13 TRADE AND OTHER PAYABLES

	2019	2018
	£'000	£'000
Trade payables	848	1,000
Other payables	12,259	11,212
Accrued liabilities	2,357	1,513
BALANCE AT 30 SEPTEMBER	15,464	13,725
OTHER PAYABLES COMPRISE:	2019	2018
	£'000	£'000
Social security	347	367
Taxes other than income taxes	434	374
Amounts owed to group undertakings	11,210	10,308
Amounts owed to related companies	63	63
Miscellaneous minor items	206	99
BALANCE AT 30 SEPTEMBER	12,259	11,212

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

14 DEFERRED TAX

	2019 £'000	2018 £'000
DEFERRED TAX ON CONTINUING OPERATIONS		
Capital allowances	(65)	(82)
Short term timing differences	-	12
Losses	(24)	-
BALANCE AT 30 SEPTEMBER	(89)	(71)

The table below illustrates the movements of deferred tax assets and liabilities on continuing operations recognised in the period.

	OTHER SHORT TERM TIMING DIFFERENCES £'000	LOSSES	TOTAL
DEFERRED TAX LIABILITIES/ (ASSET)			
As at 1 October 2017	(42)	-	(42)
Charge/ (credit) to profit and loss	(28)	-	(28)
As at 30 September 2018	(71)	-	(71)
Charge/ (credit) to profit and loss	6	(24)	(18)
As at 30 September 2019	(65)	(24)	(89)

Management expects the deferred tax asset to crystallise in future periods when the wider Group is forecast to generate a taxable profit.

15 INFORMATION ON FINANCIAL RISKS

The following table summarises the carrying amount of financial assets and financial liabilities recorded by category.

	2019 £'000	2018 £'000
FINANCIAL ASSETS		
Cash and cash equivalents	1,248	860
Trade and other receivables	22,172	21,460
BALANCE AT 30 SEPTEMBER	23,420	22,320

As explained in Note 12, cash and cash equivalents balances represent bank balances and short-term deposits with a less than 30-day maturity.

The company does not hold collateral for any of its receivables.

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

From 2019 the company's financial assets subject to the expected credit loss model ('ECL') are trade receivables. In measuring ECL the company has taken account of its low historic loss experience and reviewed the receivables on an item-by-item basis.

	2019		2018	
	Up to 1 month past due	Over 1 month past due	Up to 1 month past due	Over 1 month past due
	£'000	£'000	£'000	£'000
IMPAIRMENT OF FINANCIAL ASSETS				
Trade receivables (uninsured)	128	42	90	28
Expected credit loss	-	-	-	-
Net carrying amount	128	42	90	28

	2019		2018	
	Up to 1 month past due	Over 1 month past due	Up to 1 month past due	Over 1 month past due
	£'000	£'000	£'000	£'000
IMPAIRMENT OF FINANCIAL ASSETS				
Intercompany receivables	20,533	-	17,718	-
Expected credit loss	-	-	-	-
Net carrying amount	20,533	-	17,718	-

The company collects the majority of its revenues through a monthly direct debit consisting of a high volume of low value transactions and therefore credit risk is not a significant factor in trade receivables.

The credit risk of Group undertakings is estimated based on the expected recoverable amount, taking into account the creditworthiness of the other party.

16 EQUITY CAPITAL

	2019	2019	2018	2018
	No.	£	No.	£
Authorised, allotted, called up and fully paid:				
Ordinary Shares of £1 each	6	6	6	6
	6	6	6	6

The voting rights of each share type are equivalent to each other.

17 RESERVES

Retained profit and loss account includes all current and prior period retained profits and losses net of dividends.

BROOKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

18 RELATED PARTY TRANSACTIONS

	2019 £'000	2018 £'000
WITH OTHER ENTITIES		
AMOUNT OF TRANSACTIONS:		
Purchases from other related parties	276	277
PAYABLES		
Other related parties	63	63

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

The Company leases property from Carrix Limited, a company under common control. The rental charge during the year was £252,000 (2018: £252,000). The Company was also charged £24,003 (2018: £25,086) for business services from Carrix Limited. At the balance sheet date Carrix Limited was owed £63,000 (2018: £63,000).

19 CONTINGENCIES

The company has entered into an unlimited multilateral guarantee arrangement guaranteeing the bank borrowing of other group undertakings being Brookson Management Services Limited, Brookson Group Limited, Plus Us Workforce Services LLP, Brookson Projects Limited, Brookson Solutions Limited, Brookson Legal Services Limited, Brookson CIS Solutions Limited, and Plus Us Medical Care Services Limited. The total amount of the bank loans at the year-end was £nil (2018: £nil).

20 PARENT UNDERTAKING

The directors consider the ultimate parent company to be RCAF VI Mallard Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The immediate parent of the company is Brookson Management Services Limited.

RCAF VI Mallard Holdings Limited is the largest group of undertakings preparing consolidated financial statements including the financial statements of the Company. Copies of the financial statements of RCAF VI Mallard Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

RCAF VI Mallard Holdings Limited is the ultimate controlling party of the Company. There is no ultimate parent undertaking of RCAF VI Mallard Holdings Limited and there is no individual that has ultimate control of the Company.

21 COMMITMENTS UNDER OPERATING LEASES

The following table shows the future commitments under non-cancellable operating leases:

	PROPERTY		OTHER	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
ON LEASES EXPIRING:				
Within one year	76	67	243	24
Between one and two years	107	20	243	14
Between two and five years	313	-	210	2
	496	87	696	40

Operating lease payments recognised as an expense in 2019 amounted to £444,880 (2018: £413,922).