

Company Registration No. 11101195 (England and Wales)

BRIDEWELL CONSULTING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



BRIDEWELL CONSULTING LIMITED

COMPANY INFORMATION

Directors	S C Nicholson A E Young
Company number	11101195
Registered office	40 Caversham Road Reading England RG1 7EB
Auditor	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

BRIDEWELL CONSULTING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Review of the business

The company has continued to see exceptional growth within the year to 31st December 2021. Cyber security continues to be a growth area as the threats from across the globe continue to pose risks to organisations. Bridewell Consulting Limited ("Bridewell") continue to support a wide range of customers across a number of sectors with Critical National Infrastructure being a key area of focus.

Bridewell delivers services across four main areas:

- Cyber Security
- Managed Security Services
- Data Privacy
- Penetration testing

The business has a range of customer engagements from one off projects or ongoing security consultancy through to providing fully operational security operations centre capabilities to customers on multi year contracts.

Bridewell has increased headcount by 156% to 141 employees at the end of December 2021 and the continued investment in the team via training and accreditations remains a key focus, alongside the investment in support functions across the business to aid the business as the growth continues.

Future developments

On 23rd March 2021, Bridewell Bidco Limited acquired 100% of the share capital of Bridewell Consulting Limited in a transaction backed by Growth Capital Partners LLP. The investment from Growth Capital Partners LLP is to support ongoing organic growth and further expansion through acquisition.

The company continues to invest in growing the headcount and ongoing training for individuals to ensure that the services delivered to the customers lead into ongoing long term contractual relationships. The company has continued to invest in the Managed Security Services sector with the further expansion of the Security Operations Centre and will be launching a new office in Cardiff in early 2022 for this team.

Key performance indicators

The directors consider that turnover and EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) and employee numbers to be the principal measures of performance of the company.

The below figures illustrate the underlying performance of the company.

	2021	2020	Growth
Turnover (£000s)	£13,824	£9,207	50%
EBITDA (£000s)	£3,377	£2,267	49%
Employee numbers	141	55	156%

Principal risks and uncertainties

The directors review internal and external risks of the group at regular meetings. Internal policies, procedures and controls have been developed to reflect the Group's changing needs as it grows. The business is exposed to operational risks as the business continues to expand however this risk is mitigated by the ongoing investment in infrastructure, systems and processes.

The group's activities expose it to a number of financial risks, mainly in relation to credit risks with customers. The majority of customers are within the Critical National Infrastructure sectors and as such the risks are deemed to be low in relation to default however new customers are reviewed for credit worthiness and debt collection processes are in place to manage any delayed payments.

BRIDEWELL CONSULTING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Going concern

The company has maintained sufficient liquidity throughout the period of COVID-19 and is projected to continue in generating cash for the foreseeable future. Therefore, the directors have concluded that no material uncertainty exists as to the ability of the company to continue as a going concern and that it remains appropriate to prepare the financial statements on that basis.

On behalf of the board

Anthony Young

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A E Young
Director

Date: 21/04/22
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BRIDEWELL CONSULTING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activities of the company is the provision of security services to businesses and organisations including cyber security professional services, managed security services, penetration testing and data privacy.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S C Nicholson

A E Young

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Anthony Young

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A E Young

Director

21/04/22

Date:

BRIDEWELL CONSULTING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report and 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDEWELL CONSULTING LIMITED

Opinion

We have audited the financial statements of Bridewell Consulting Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 31 December 2021 and of its profit 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.

Other matter - prior period financial statements not audited

The company was exempt from audit in the year ended 31 December 2020 and consequently the corresponding figures are unaudited.

Conclusions relating to going concern

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

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

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

Other information

The 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 our 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDEWELL CONSULTING LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDEWELL CONSULTING LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and compliance with the Companies Act 2006 and Tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to GDPR and Data Protection. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations, inspected relevant certification and reviewed internal incident monitoring.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing the recognition of a sample of revenue items both pre and post year end with reference to the relevant contractual documentation, recalculated revenue and associated accrued and deferred income with reference to contractual terms, invoicing and stage of completion; assessment of the underlying completeness and accuracy of data used to calculate stage of completion; utilized data analytic software to identify expected and unexpected groupings of revenue transactions in order to test a sample of unexpected transactions and tested the reliability of the underlying data used to map revenue relationships.

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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Hywel Pegler

Hywel Pegler (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

21/04/22
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BRIDEWELL CONSULTING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	13,823,949	9,207,085
Cost of sales		(7,165,913)	(5,160,367)
Gross profit		6,658,036	4,046,718
Administrative expenses		(3,360,074)	(1,817,985)
Exceptional item	4	(563,879)	(47,000)
Operating profit	7	2,734,083	2,181,733
Interest receivable and similar income	8	566	254
Interest payable and similar expenses	9	(2,372)	(5,605)
Profit before taxation		2,732,277	2,176,382
Tax on profit	10	(349,533)	(295,527)
Profit for the financial year		2,382,744	1,880,855

BRIDEWELL CONSULTING LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	12		29,834		-
Tangible assets	13		135,168		50,067
			<u>165,002</u>		<u>50,067</u>
Current assets					
Debtors	14	4,256,029		1,672,745	
Cash at bank and in hand		3,477,408		2,139,928	
		<u>7,733,437</u>		<u>3,812,673</u>	
Creditors: amounts falling due within one year	15	<u>(3,143,222)</u>		<u>(1,514,866)</u>	
Net current assets			<u>4,590,215</u>		<u>2,297,807</u>
Total assets less current liabilities			<u>4,755,217</u>		<u>2,347,874</u>
Provisions for liabilities	17		<u>(29,606)</u>		<u>(5,007)</u>
Net assets			<u>4,725,611</u>		<u>2,342,867</u>
Capital and reserves					
Called up share capital	20		666		666
Capital redemption reserve	21		334		334
Profit and loss reserves	21		4,724,611		2,341,867
Total equity			<u>4,725,611</u>		<u>2,342,867</u>

The financial statements were approved by the board of directors and authorised for issue on 21/04/22
and are signed on its behalf by:

Anthony Young

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A E Young
Director

BRIDEWELL CONSULTING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		666	334	702,104	703,104
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,880,855	1,880,855
Dividends	11	-	-	(241,092)	(241,092)
Balance at 31 December 2020		666	334	2,341,867	2,342,867
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	2,382,744	2,382,744
Balance at 31 December 2021		666	334	4,724,611	4,725,611

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Bridewell Consulting Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 40 Caversham Road, Reading, England, RG1 7EB.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bridewell Group Holdings Limited. These consolidated financial statements are available from its registered office, 40 Caversham Road, Reading, England RG1 7EB.

Going concern

These financial statements have been prepared on the going concern basis. The directors, after careful and due consideration, believe that the company has sufficient cash resources available to it to ensure that it will be able to meet its debts as they fall due for the foreseeable future, including any realistically foreseeable effects of major economic events such as COVID-19. In forming this conclusion, the directors have conducted a detailed forecast of operational performance for the 12 months from the date of approval of the financial statements and have considered the potential impacts of the events referenced above.

The company is a member of the Bridewell Group Holdings Limited group of companies. The group benefits from loan financing which is subject to cross guarantees against all entities in the group and was provided as part of the financing of the purchase of Bridewell Consulting Limited by Bridewell Bidco Limited. The loan financing is subject to long term agreements and financial covenants attached to this financing are being met.

The company has maintained significant liquidity in the form of cash balances throughout the period and is projected to continue to generate cash for the foreseeable future. Therefore, the directors have concluded that no material uncertainty exists as to the ability of the company to continue as a going concern and that it remains appropriate to prepare the financial statements on that basis.

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Time and Materials contracts are recognised based on the time spend each month at the agreed contractual day rate and for long term service contracts, revenues are recognised on a straight-line basis over the term of the contract in line with the services provided.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years straight line
Other intangibles	5 years straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	5 years straight line
Computer equipment	2 years straight line
Capital software	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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 that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

Project revenue from fixed price contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated using total hours spent on the project as at the year end, as a percentage of total expected hours on the project. Post year end performance on the project can also be used to inform the year end revenue recognition percentage.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Cyber security	9,130,712	6,575,870
Managed security services	2,833,056	1,982,315
Penetration testing	1,304,108	317,503
Data privacy	556,073	331,397
	<u>13,823,949</u>	<u>9,207,085</u>

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	13,642,968	9,176,485
USA	46,581	28,800
Africa	69,781	-
European Union	61,019	-
Asia	3,600	1,800
	<u>13,823,949</u>	<u>9,207,085</u>

4 Exceptional item

	2021	2020
	£	£
Expenditure		
Exceptional costs in respect of investment	563,879	47,000
	<u>563,879</u>	<u>47,000</u>

The exceptional costs relate to professional consultancy fees for activities leading up to the investment by Growth Capital Partners LLP in March 2021 and one-off costs post acquisition such as the interim CFO.

5 Employees

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

	2021	2020
	Number	Number
Cyber security	38	23
Managed security services	25	11
Penetration testing	9	4
Data privacy	3	1
Indirect	22	12
Total	<u>97</u>	<u>51</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	5,653,545	2,722,189
Social security costs	643,845	309,105
Pension costs	95,194	200,707
	<u>6,392,584</u>	<u>3,232,001</u>

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6	Directors' remuneration	2021	2020
		£	£
	Remuneration for qualifying services	24,878	18,667
	Company pension contributions to defined contribution schemes	123	-
		<u>25,001</u>	<u>18,667</u>
	Since the acquisition, the Directors of the company are remunerated through fellow group subsidiary Bridewell Bidco Limited.		
7	Operating profit	2021	2020
		£	£
	Operating profit for the year is stated after charging:		
	Fees payable to the company's auditor for the audit of the company's financial statements	38,000	-
	Depreciation of owned tangible fixed assets	75,090	38,922
	Loss on disposal of tangible fixed assets	213	149
	Amortisation of intangible assets	4,322	-
	Operating lease charges	115,194	94,155
		<u>115,194</u>	<u>94,155</u>
8	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Other interest income	566	254
		<u>566</u>	<u>254</u>
9	Interest payable and similar expenses	2021	2020
		£	£
	Interest on bank overdrafts and loans	2,372	5,605
		<u>2,372</u>	<u>5,605</u>
10	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	374,875	420,988
	Adjustments in respect of prior periods	(57,160)	(127,950)
	Total UK current tax	<u>317,715</u>	<u>293,038</u>
	Foreign current tax on profits for the current period	7,219	-
	Total current tax	<u>324,934</u>	<u>293,038</u>

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	24,599	2,489
	<u> </u>	<u> </u>
Total tax charge	349,533	295,527
	<u> </u>	<u> </u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	2,732,277	2,176,382
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	519,133	413,513
Tax effect of expenses that are not deductible in determining taxable profit	66,574	9,964
Adjustments in respect of prior years	(57,160)	(127,950)
Group relief	(186,120)	-
Remeasurement of deferred tax for changes in tax rates	7,106	-
	<u> </u>	<u> </u>
Taxation charge for the year	349,533	295,527
	<u> </u>	<u> </u>

Factors that may affect future tax charges

The main rate of corporation tax in the UK will rise from 19% to 25% on profits over £250,000 with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

11 Dividends

	2021 £	2020 £
Final paid	-	241,092
	<u> </u>	<u> </u>

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Intangible fixed assets

	Software £	Other intangibles £	Total £
Cost			
Additions	15,658	10,498	26,156
Transfers	15,000	-	15,000
At 31 December 2021	<u>30,658</u>	<u>10,498</u>	<u>41,156</u>
Amortisation and impairment			
Amortisation charged for the year	3,797	525	4,322
Transfers	7,000	-	7,000
At 31 December 2021	<u>10,797</u>	<u>525</u>	<u>11,322</u>
Carrying amount			
At 31 December 2021	<u>19,861</u>	<u>9,973</u>	<u>29,834</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>

Capital software with a net book value of £8,000 was transferred from tangible to intangible assets in the year to better reflect the nature of the asset.

The amortisation charge for the period is recognised within administrative expenses.

13 Tangible fixed assets

	Office equipment £	Computer equipment £	Capital software £	Total £
Cost				
At 1 January 2021	1,968	114,365	15,000	131,333
Additions	399	168,128	-	168,527
Disposals	-	(1,400)	-	(1,400)
Transfers	-	-	(15,000)	(15,000)
At 31 December 2021	<u>2,367</u>	<u>281,093</u>	<u>-</u>	<u>283,460</u>
Depreciation and impairment				
At 1 January 2021	259	74,007	7,000	81,266
Depreciation charged in the year	474	74,616	-	75,090
Eliminated in respect of disposals	-	(1,064)	-	(1,064)
Transfers	-	-	(7,000)	(7,000)
At 31 December 2021	<u>733</u>	<u>147,559</u>	<u>-</u>	<u>148,292</u>
Carrying amount				
At 31 December 2021	<u>1,634</u>	<u>133,534</u>	<u>-</u>	<u>135,168</u>
At 31 December 2020	<u>1,709</u>	<u>40,358</u>	<u>8,000</u>	<u>50,067</u>

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,192,009	1,365,283
Amounts owed by group undertakings	926,498	-
Other debtors	49,630	616
Prepayments and accrued income	1,087,892	306,846
	<u>4,256,029</u>	<u>1,672,745</u>

The company had an invoice financing facility which ceased in February 2021. The fixed and floating charge in respect of the financing facility was satisfied in full on 24 February 2021. The balance of trade debtors secured at the end of 2020 was £1,323,887.

15 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	16	-	50,000
Trade creditors		224,868	151,557
Amounts owed to group undertakings		527,608	-
Corporation tax		138,719	352,495
Other taxation and social security		964,137	595,306
Deferred income		665,745	40,908
Other creditors		58,125	17,774
Accruals		564,020	306,826
		<u>3,143,222</u>	<u>1,514,866</u>

Included in other creditors is an amount of £29,885 (2020: £11,274) in respect of unpaid pension contributions.

16 Borrowings

	2021	2020
	£	£
Bank loans	-	50,000
	<u>-</u>	<u>50,000</u>
Payable within one year	-	50,000
	<u>-</u>	<u>50,000</u>

The bank loan comprised a principal sum of £150,000 repayable in monthly instalments over 3 years to December 2021. The loan attracted interest at a rate of 4% above the Bank of England base rate, and was secured by a fixed and floating charge over the assets of the company.

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Provisions for liabilities

	Notes	2021 £	2020 £
Deferred tax liabilities	18	29,606	5,007

18 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Fixed asset timing differences	32,518	7,149
Short term timing differences	(2,912)	(2,142)
	<u>29,606</u>	<u>5,007</u>

Movements in the year:

	2021 £
Liability at 1 January 2021	5,007
Charge to profit or loss	24,599
Liability at 31 December 2021	<u>29,606</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	95,194	200,707

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	666	666	666	666

Each share has full rights in the company with respect to voting, dividends and distributions.

BRIDEWELL CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Reserves

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

22 Financial commitments, guarantees and contingent liabilities

Growth Capital Partners Nominees Limited, the ultimate controlling party of the Company, as loan note security agent has a fixed and floating charge over all property and undertakings of the company in respect of loan notes held in Bridewell Group Holdings Limited.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	58,559	79,692
Between one and five years	-	34,272
	<u>58,559</u>	<u>113,964</u>

24 Related party transactions

The group has taken advantage of the exemption available under FRS102 Section 33 and has not disclosed details of transactions or balances between wholly-owned group companies.

In the year, the company issued a £49,000 loan to employees. As at the year-end, £47,000 was outstanding.

25 Ultimate controlling party

On 23 March 2021, the company was acquired by Bridewell Bidco Limited (formerly Pixiu Bidco Limited) the immediate parent company. The ultimate parent company is Bridewell Group Holdings Limited (formerly Pixiu Topco Limited).

Bridewell Group Holdings Limited is both the smallest and largest group for which consolidated accounts are prepared and are available from Companies House and the registered office at 40 Caversham Road, Reading England RG1 7EB.

In the view of the directors, there is no ultimate controlling party of the Company.