

Bell Microsystems Limited

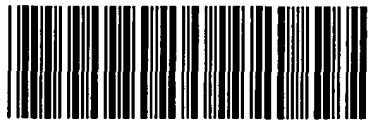
Annual Report and Financial Statements

Year Ended

31 March 2024

Company Number 03102360

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Bell Microsystems Limited

Company Information

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| Directors | A M Bell M K Gill N W Petheram |
| Company secretary | A M Bell |
| Registered number | 03102360 |
| Registered office | Bay House Compass Road Cosham Portsmouth Hampshire PO6 4RS |
| Independent auditor | BDO LLP 55 Baker Street London W1U 7EU |

Bell Microsystems Limited

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Bell Microsystems Limited

Group Strategic Report For the Year Ended 31 March 2024

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2024.

Review of the business

The group continued its strong organic growth with revenues increasing from £873,671,746 to £1,048,737,607, an increase of 20%, benefiting from its mature propositions focusing on driving digital transformation. During the year the company continued to invest in both India and the US leading to securing several new customer wins.

As well as winning new logos the group also expanded its offerings with the acquisition of 300 employees strengthening the groups AI Capability. The group continued to expand its offering in existing customers and secured a number of key partners.

Administration expenses have increased from £40,005,686 to £48,391,062. The increase in part is due to performance-related payments as well as investments in international locations, back-office teams and systems to support the growth.

Earnings before interest, taxation, depreciation and amortization increased to £19,179,486 (2023 - £11,041,930). Operating profit increased from £6,020,974 to £13,207,378.

The company's earnings before interest, taxation, depreciation, and amortisation decreased to £(9,870,596) (2023 – profit of £5,408,840). The decrease is principally due to the write off of intercompany balances.

The group continues to secure new contracts to provide information technology equipment and services to an international business process outsourcing and professional services. These contracts are expected to contribute material additional revenues in the future.

Principal risks and uncertainties

Overview

The group uses various financial instruments. These include cash, trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the group to a number of financial risks which are described in more detail below.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of a change in credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring appropriate levels of working capital required to meet the ongoing needs of the business and related finance costs thereof.

Liquidity risk

The group actively maintains an appropriate level of liquidity through a suitable amount of cash in hand or through its invoice finance facility. Bank balances are monitored on a daily basis by the group's finance function.

Interest rate cash flow risk

The group has interest bearing assets. Interest bearing assets relate only to cash balances, all of which earn interest at a variable rate. The group is exposed to interest rate risk on borrowings.

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Group Strategic Report (continued)
For the Year Ended 31 March 2024

Principal risks and uncertainties (continued)

Credit risk

The group's principal financial assets are deposits, cash and trade debtors. The credit risk associated with the deposits and cash is limited as the counter parties have high credit ratings assigned by international credit rating agencies and are regularly reviewed. The principal credit risk arises therefore from the Group's trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance function on a regular basis in conjunction with debt ageing and collection history.

The group manages its cash and borrowing requirements to maximise income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of the business. The group's principal foreign currency exposures arise from trading with overseas companies. group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. Sales in foreign currency are often matched with purchases in the same currency, providing a natural hedge to the currency exposure.

Although many of the group's customers are overseas, they are long standing and hence the credit risk is considerably reduced.

Non-Financial and Sustainability

Bell Group ("Bell") recognises the potential significant financial risk that climate change poses to our business. We place great importance on robustly identifying, assessing, managing, and disclosing our climate-related risks, as well as potential opportunities that may arise as we look to transition to a low-carbon economy. In response, we are proud to disclose our first report in line with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ("CFD") requirements. We are committed to continuously reviewing and advancing our strategic and financial planning to build greater resilience against climate-related issues.

Governance

Board oversight

The overall governance structure for climate-related matters is consistent with all other enterprise-wide risks and opportunities, with the Board having ultimate responsibility for the oversight, management and review of Bell's risk profile. Moving forward, the Board will be informed annually on climate-related issues and the mitigations to address these. While climate change is not currently considered a discrete or principal corporate risk, the Risk Master Register contains asset, customer, and supplier risks where climate-related impacts are considered, or may exacerbate potential impacts.

Following the results of this year's inaugural climate-related risks and opportunity identification and assessment (further details provided in the Risk Management section), any climate-related risks identified as potentially material to the business under the enterprise Risk Management Framework will be incorporated into Bell's corporate Risk Master Register for distinct consideration and management. Additionally, in 2023 Bell introduced a Corporate Social Responsibility (CSR) workstream, expanding discussions and meetings to include ESG and related topics, with dedicated attendance from the Board. Moving forward, we intend to replace the CSR workstream with a more formal sustainability forum, which will include Board representation and will meet quarterly. This forum will focus on and prioritise climate-related issues.

Furthermore, climate-related matters, including supply chain disruption and economic conditions, are considered in the annual budgeting process to ensure the targets we set are realistic. Moving forwards, it is the Board's intention to set climate related goals and targets by 31st March 2025 with plans to be created, managed and executed by 31st December 2026. This approach will in turn inform our annual strategic planning and enable us to track our progress on a quarterly basis and deliver on managing our climate-related risks and opportunities beyond the current focus on reducing Scope 1 and 2 emissions through renewable energy and

Bell Microsystems Limited

Group Strategic Report (continued) For the Year Ended 31 March 2024

efficiencies.

Management roles and responsibilities

Responsibilities for climate-related matters at the management level are defined by the Bell's enterprise-wide Risk Management Framework (further details provided in the Risk Management section). Ultimate accountability for risk treatment lies with the Technology Services Director, who delegates the maintenance of the Risk Management Framework to the Compliance Team. The Compliance Team supports this process and reports the status of risk matters to an Executive, which the Board has visibility over.

In 2024, Bell is investing in hiring a new experienced Head of Risk & Compliance who will lead the Compliance Team and oversee performance reporting, including climate-related metrics. Bell is also looking to develop a more robust senior leadership team that is charged with sustainability management, which will comprise of the Chief Executive Officer, an Executive member, and the Head of Risk & Compliance. This team will develop and implement a process for monitoring climate-related issues at the management level.

Strategy

Time horizons and climate-related risk identification and assessment

In our inaugural year of reporting on climate-related matters under the CFD requirements, Bell has focused on identifying and assessing climate-related risks and opportunities with potential financial materiality to our business over the short, medium, and long term. This identification process was conducted through desktop research, peer analysis and stakeholder engagement with key internal stakeholders (further information on the risk identification process provided in the Risk Management section).

Bell considered its exposure to the Taskforce on Climate-related Financial Disclosures (TCFD) framework's categories of transition risks, physical risks, and opportunities across its UK-based operations and global supply chain network. Through this process, Bell identified five climate-related risks and opportunities that are potentially financially material to the company. This includes two physical risks, two transition risks, and one opportunity. These short-listed climate-related risks and opportunities were taken forwards for climate scenario analysis to quantify the potential financial impacts to our business across three defined time horizons, as outlined in Table 1 below.

Table 1. Bell's defined climate time horizons

| Time Horizon | Description | Rationale | Relevant climate risks |
|--------------|--------------------------|---|--|
| Short-term | 0-2 years (up to FY2026) | This time horizon extends to 2026 to align with Bell's near-term business and financial planning. | It is expected that transition risks arising from evolving market conditions, technological advancements, policy changes, reputational factors and stakeholder demands may be particularly impactful in the short-term. |
| Medium-term | 2-6 years (up to FY2030) | This time horizon extends to 2030, as an increasing number of governments and companies aim to meet interim targets set for the end of the decade. | In the medium-term, Bell may be impacted by both the early onset of physical risks and increasingly significant transition risks across our operations and supply chain, such as more stringent and mature regulatory and compliance requirements. |
| Long-term | 6+ years (up to FY2035) | This time horizon extends to 2035, as an increasing number of governments and companies aim to meet long-term targets set for the end of the century. | Long-term impacts are likely to be driven by physical risks, such as sea level rise, extreme weather events, and water scarcity, which may impact our operations and supply chain. |

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Group Strategic Report (continued) For the Year Ended 31 March 2024

| | | | |
|--|------------|---|---|
| | to FY2040) | 2040 to appropriately assess Bell's resilience to the potentially intensified long-term physical impacts of climate change. | materialise from the increased frequency and severity of acute and chronic climatic events across our physical operations and supply chain, such as flooding, high winds, extreme heat, and sea-level rise. |
|--|------------|---|---|

Climate scenario analysis

Bell used a range of sources for our climate scenario analysis, including the Network for Greening the Financial System (NGFS), the International Energy Agency (IEA), and the IPCC's Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs). These scenarios provide projections of future macroeconomic and environmental states, based on key trends and inputs such as differing macroeconomic drivers and techno-economic outcomes, rather than delivering precise forecasts. With the support of a third-party, we assessed the shortlist of five prioritized climate-related risks and opportunities over short, medium, and long-term horizons against the following three scenarios:

- **'Net Zero 2050' scenario:** Net Zero 2050 is an ambitious scenario that limits global warming to 1.5°C by 2100 through stringent and immediately introduced climate policies and innovation, reaching net zero CO₂ emissions around 2050. It is linked to RCP2.6 and SSP1-2.6, involves more transition risks in the short-term, but manages to limit physical risks to a minimum.
- **'Delayed Transition' scenario:** Follows a path in which social, economic, and technological trends do not shift markedly from historical patterns until 2030. Over the medium-term, global efforts to limit emission increases which give rise potential transition risks, however, failing to cut emissions substantially limiting the likelihood of likelihood warming below 2°C by 2050 or meeting the Paris goals. It is linked to RCP4.5 and SSP2-4.5, involves both physical risks and transition risks after 2030.
- **'Business-as-Usual' scenario:** Assumes that only currently implemented policies are preserved. World does not cut emissions and climate change accelerates causing 2.5°C of warming by 2050 and >4°C by 2100 bringing irreversible changes. It is linked to RCP8.5 and SSP5-8.5, involves little to no transition risks early on, but results in irreversible and globally disrupting physical risks.

In alignment with TCFD recommendations and leading practices, Bell quantitatively evaluated the impact of these three climate scenarios on our current business model and strategy. This quantitative analysis involves a level of inherent uncertainty, particularly when modelling financial impacts using variables from secondary data sources that span out over the medium to long term. The analysis drew on assumptions where primary and/or secondary data was limited.

Further, supplementary qualitative analysis was conducted where data was not readily available and/or assumptions not considerate appropriate for financial modelling.

The climate scenario analysis conducted is underpinned by the below key assumptions and estimations¹:

- Conducting climate scenario analysis requires forecasting financial data, to do this we have used internal financial projections where available, supplemented with GDP growth over the medium- to long-term.
- Climate-related risks and opportunities have been modelled as mutually exclusive to capture their individual impact.
- Climate-related risks and opportunities have been modelled in nominal terms with no social discount factor applied.

¹ Note this is not an exhaustive list of assumptions and estimations.

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Group Strategic Report (continued) For the Year Ended 31 March 2024

Climate-related risks and opportunities

Table 2 below provides a description of the shortlisted climate-related risks and opportunities as well as the outcomes of scenario analysis and overview of the resulting potential financial impact on Bell and associated mitigation measures.

Table 2. Bell's financial impact of climate risks and opportunities

| Type of risk / opportunity | Risk / Opportunity | Risk description | Potential Financial Impact | Relative Financial Impact | | | |
|---------------------------------|---|---|--|---------------------------|---------|--------------------|--------------------------------------|
| | | | | Horizon | NZ 2050 | Delayed Transition | Business-as-Usual (Current Policies) |
| Physical Risk (Acute / Chronic) | R.02 - Business disruption due to flooding | Increased frequency and severity of surface river and coastal flooding could disrupt business operations. Flooding could cause temporary or permanent damage to warehouses, data centres, offices and other sites, as well as affect employees being able to conduct day-to-day business operations. Rising sea levels may also lead to more frequent coastal flooding events that may disrupt business operations or cause damage to assets or sites. | <ul style="list-style-type: none"> Increased capital costs associated with damages to assets and inventory. Decreased revenue resulting to operations. | 2026 | Low | Low | Low |
| | | | | 2030 | Low | Low | Low |
| | | | | 2040 | Low | Low | Low |
| Physical Risk (Acute) | R.04 Supply chain disruption due to acute climatic events | Increased frequency and severity of climatic events (floods, storms, extreme heat, etc.) could create disruptions in Bell's upstream and downstream supply chain. Bell's upstream supply chain may be particularly exposed if Bell is unable to readily source key hardware required for business activities (e.g., machinery, laptops, etc.). | <ul style="list-style-type: none"> Decreased revenue due to difficulties procuring goods, resulting in delays to operations. Increased operational costs passed through from suppliers in regions affected by acute and/or chronic physical impacts. | 2026 | Medium | Medium | Medium |
| | | | | 2030 | Medium | Medium | Medium |
| | | | | 2040 | Medium | Medium | High |
| Transition Risk (Reputation) | R.09 Stakeholder pressure on Bell to set and meet expectations in relation to climate performance | Failure to satisfy climate-related expectations as a result of insufficient climate ambition, progress and/or transparency could lead to lost customers or investors and reduced market share. As companies are increasing efforts to improve sustainability and climate-related outcomes throughout their value chain, they are likely to apply greater scrutiny and contractual requirements to their suppliers, of which Bell may be one. By not demonstrating initiatives or being able to meet these stakeholder expectations, Bell may become less competitive in the market. | <ul style="list-style-type: none"> Loss of contracts and subsequent reduced market share and revenue. Reduced access to capital as a result of reputational damage. | 2026 | Medium | High | High |
| | | | | 2030 | High | High | High |
| | | | | 2040 | High | Critical | High |

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Group Strategic Report (continued) For the Year Ended 31 March 2024

| | | | | | | | |
|--------------------------------------|--|--|---|------|------|------|------|
| Transition Risk (Policy & Legal) | R.13 Cost of compliance with expanding reporting and climate-related regulations | Non-compliance with increasingly stringent regulatory requirements could result in financial penalties, litigation or reputational damage. In addition, there could be increased operational and labour costs associated with satisfying existing and emerging compliance requirements that Bell may be subject to. As regulations evolve, Bell will need to continually adapt its reporting frameworks to stay compliant across the various geographies in which it operates. | <ul style="list-style-type: none"> Increased operational costs from financial penalties and/or litigation. Increased operational costs from heightened labour needs. Reduced access to capital as a result of reputational damage. | 2026 | Low | Low | Low |
| | | | | 2030 | Low | Low | Low |
| | | | | 2040 | Low | Low | Low |
| Opportunity (Products & Services) | O.03 Increased demand for ITLM service offerings to enable / support the low-carbon transition | Increasing demand for circular solutions for hardware, incentivised by emerging regulations around e-waste (e.g., EU Right to Repair) may lead to market opportunities for Bell's ITLM business. This may make Bell a preferred supplier for some organisations aiming to reduce their climate impact as well as enhance Bell's public perception as a provider of sustainable solutions. | <ul style="list-style-type: none"> Increased revenue as a result of increased market growth and/or market share. | 2026 | High | High | High |
| | | | | 2030 | High | High | High |
| | | | | 2040 | High | High | High |

Resilience to climate-related risks and opportunities

The climate scenario analysis undertaken has enabled Bell to understand its exposure and vulnerability to a range of climate-related risks and opportunities. This understanding allows us to explore the necessary activities to mitigate or capitalise on these risks and opportunities. Through this process Bell has identified key areas that it may build on in future disclosures, recognising that our assessment of climate risks and opportunities will be an iterative process.

Bell's goal is to apply critical learnings from this exercise to define future actions for a more quantitative assessment. Bell will review the outputs of the climate scenario analysis to integrate these insights into our business decision-making processes.

Physical Risks

Our business activities require the use of physical assets for operations, as well as the upstream procurement and downstream distribution of physical goods. Thus, our business and strategy may be affected by physical risks particularly under the Business-as-Usual scenario, where the severity and frequency of climatic events are anticipated to increase considerably over the medium to long term. Under this scenario, acute climatic events, such as floods, storms, and extreme heat events may disrupt our upstream and downstream supply chains, impacting our overall operational efficiency. To help counter this risk Bell has established a diversified supply chain network, with at least two approved suppliers for each of our key product and service categories. This approach helps reduce our reliance on any single supplier, thereby mitigating the risk of supply chain disruptions, including production delays and quality concerns. Bell also utilises an integrated platform 'bSmart' to efficiently manage and streamline our supply chain activities. This platform facilitates supplier onboarding, management, and monitoring, enabling us to effectively respond to any major disruptions to our upstream and

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Group Strategic Report (continued) For the Year Ended 31 March 2024

downstream supply chain network. In addition, we also include questions about business continuity as part of our supplier questionnaire to further ensure the resilience of our supply chain.

While Bell's approach to supply chain management helps mitigate the risk and impacts associated with climate-related disruptions, we will look to improve our visibility and engagement with our Tier 1 and, where appropriate, Tier 2 and Tier 3 suppliers to enhance our understanding of key regions and/or critical goods and services that may be most vulnerable to acute physical climate risks.

Flooding events may also affect our direct operations given a significant portion of Bell's UK assets are located in Portsmouth, a coastal city prone to flooding. Such flooding could result in temporary or permanent damage to Bell's sites and inventory, as well as hinder our ability to maintain day-to-day business operations. As warming and sea levels rise, the frequency and severity of flooding events is anticipated to rise (particularly under the Business-as-Usual scenario), exacerbating these impacts. However, we believe Bell is mostly resilient to this risk given major warehouses are leased and not owned by Bell, and our on-site inventory is covered by already established insurance contracts. Additionally, most of Bell's products are not held within our warehouses but are delivered from suppliers directly to the customer, further minimising risk for Bell.

Bell will manage and regularly update its Business Continuity Plans which are supported by our robust Business Continuity Management System (BCMS). This enables effective flood risk mitigation and ensures that Bell can maintain or quickly resume critical operations in the event of a flood wherever possible.

Transition Risks

The transition risks pertinent to Bell primarily involve escalating pressures to meet climate performance expectations from our stakeholders and the costs of compliance with expanding reporting and climate-related regulations. Our scenario analysis identifies the greatest challenge as meeting rising stakeholder expectations for enhanced climate-related performance, such as making commitments and setting targets, as well as increasing requirements for transparency. This risk is assessed as medium to high across all scenarios, given the significant pressure from stakeholders for improved climate-related transparency. Our analysis suggests that this risk could be particularly impactful under a Delayed Transition scenario in the medium- to long-term, where both the broader economy and Bell might struggle to meet ambitious climate targets effectively compared to businesses that have already set and are working towards emissions reduction targets.

Bell has assessed the risk of non-compliance with climate-related reporting requirements as regulatory frameworks evolve to address the urgent challenges posed by climate change. Bell will be subject to more rigorous standards of transparency, accountability, and environmental stewardship. Failure to comply with mandated climate reporting regulations could result in direct financial penalties, reputational damage, as well as indirect costs, such as increased time and resources need for climate reporting or new capital investments in low-carbon technologies to reduce our emissions. While corporate compliance and disclosure will continue to evolve, especially under the Net Zero 2050 scenario, we view developments in climate reporting regulations as not only a compliance obligation but as an opportunity to innovate, further strengthening and demonstrating our values and commitments to sustainable outcomes.

We have made considerable progress this year to help respond to increasing stakeholder expectations and emerging reporting regulations, highlighted by our inaugural climate-related reporting in line with the CFD requirements, our plans to develop new roles and forums in FY2024-25 that will enhance our internal governance of sustainability and climate-related matters, and our intention to set climate related goals and targets in FY2024-25. Moving forwards, we will continue to evolve and mature our annual climate-related reporting.

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Group Strategic Report (continued)
For the Year Ended 31 March 2024

Opportunities

Bell is looking to expand on our IT Lifecycle Management (ITLM) service offering as part of our long-term strategy, demonstrating our ambition for continuous improvement of ESG and climate-related performance. Our ITLM business supports the transition to a circular, low-carbon economy by facilitating the client disposal of outdated IT projects, and promoting the repurposing and resale of hardware. As customers look to transition to lower-carbon products and decrease GHG emissions throughout their value chains, we anticipate significant growth in the demand for Bell's refurbished and repurposed hardware. Additionally, as IT disposal regulations continue to expand and become more stringent, Bell's asset disposal services are likely to grow. This opportunity has greatest potential under the Net Zero scenario where public policy and private sector investment is expected to be greatest, driving demand for our sustainable service offerings.

While we acknowledge our sustainability journey is in its early stages, we believe we are in a strong position to build strategic resilience under the Net Zero 2050 scenario. Our inaugural CFD report is evidence of our progress, and we committed to continued improvement in performance and reporting in line the CFD requirements and TCFD recommendations. Further, Bell is developing an ESG strategy for FY2024-25 which will include a comprehensive ESG regulatory scan, a deeper understanding of our most material ESG topics, including climate-related issues, and the establishment of an ESG strategy framework and roadmap that encapsulates our vision and ambition for sustainability.

Risk Management

Risk identification and assessment

During FY2023-24, Bell developed a Climate Risk Register with support from an external partner as part of the climate-risk and opportunity financial impact assessment for our first-year reporting in line with the CFD requirements. Climate-related risks and opportunities were identified through a structured process which involved analysing existing and emerging regulations, conducting desktop research, reviewing Bell's existing risk landscape, and engaging with relevant stakeholders from across the business. This process resulted in the identification of a long-list of climate-related risks and opportunities, which were reviewed by senior stakeholders from across the business during a risk validation workshop, including the CEO and Technology Services Director, from which four climate-related risks and one climate-related opportunity were identified to be potentially financially material to the business.

These identified priority climate risks and opportunities were designated for financial quantification through scenario analysis, as detailed in the Strategy section. From the outcomes of the quantitative scenario analysis, climate risks and opportunities were assessed against Bell's inherent risk assessment rules and thresholds, which sets out qualitative criteria for the likelihood of a risk occurring, as well as quantitative financial ranges to evaluate the impact of a risk or opportunity. These thresholds are defined within Bell's Risk Management Framework and are used to assess all risks across the Company, which ensures a consistent approach to determine the relative significance of climate-related risks in relation to other risks.

Based on the resulting scores, risks are categorised by the following:

- Low,
- Medium,
- High, or
- Critical.

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Group Strategic Report (continued) For the Year Ended 31 March 2024

Climate-related risks and opportunities have been initially documented within the Climate Risk Register, which details the risk descriptions and inherent risk scores resulting from the quantitative scenario analysis. Moving forwards, climate-related risks and opportunities will also be integrated into Bell's Risk Master Register, which is the central repository for managing all Company risks, including climate-related risks. New risks are approved by Risk & Compliance Manager which ensures the ongoing maintenance and updating of the Risk Master Register. The new Head of Risk & Compliance role commencing in October 2024 will have oversight and be involved in this approval process. Within this register, inherent risk scores are detailed (per process detailed above) and each risk is assigned a defined treatment pathway based on the inherent risk score; Accept, Possible Treatment, Immediate Treatment, Requires Treatment.

Management of risks and opportunities at Bell, including climate-related risks and opportunities, is defined by our Risk Management Framework. This document details the roles and responsibilities for risk management and the processes involved to identify, assess, treat, and control risks. The Technology Services Director is accountable for risk treatment activity across the Company, including treatment activity for climate-related risks. The Technology Services Director delegates responsibility to the Compliance Team which will be led by the Head of Audit & Compliance from October 2024. This role will be responsible for maintaining the Risk Management Framework and ensuring ongoing operation of Bell's risk management approach. The Compliance Team is comprised of key roles including Health, Safety, Environment and Quality (HSEQ) Lead, Quality & Information Security Lead, and Risk & Compliance Manager.

The Risk Master Register is maintained by the Risk Manager, who assigns appropriate Risk Owner(s) for each climate-related risk and opportunity with the responsibility of evaluating the control effectiveness of the identified risk mitigations. This process informs the residual risk rating, which may change the resulting treatment pathway. Risk Owners may be selected from across various functions or areas of the business depending on the nature of the risk and are engaged with by the Risk Manager on a periodic basis.

Bell also has a robust Business Continuity Management System (BCMS), which enables us to effectively respond to disruptions across each of our assets and supply chain. The Logistics Director has overarching responsibility for the BCMS, which involves ensuring the system is regularly reviewed and maintained. In addition, functional directors and leads are responsible for managing, reviewing and updating their respective function's Business Continuity Plan, essential for adapting to new challenging and maintaining operational resilience. They are also responsible for reviewing and updating these documents at least annually.

The Technology Services Director (and the new Head of Risk & Compliance once implemented) oversee monthly updates of Company-wide risks, which will include climate-related risks moving forwards, that require treatment or closure. Monthly updates involve reporting to Executive meetings and Management Review. Risks are closed once the Risk Owner agrees that controls are effective and provides sign-off. At least annually, archived risks are reviewed to ensure no changes have occurred that would require the risk to be re-scored. Risks may be reactivated if circumstances warrant.

Going forward, priority climate-related risks and opportunities will be reviewed annually by the Head of Risk & Compliance and the impact assessment of the existing risks and opportunities will be developed iteratively or following any major business transformation.

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Group Strategic Report (continued) For the Year Ended 31 March 2024

Metrics & Targets

Each year, we report our Scope 1, Scope 2, and selected Scope 3 greenhouse gas (GHG) emissions in compliance with the Streamlined Energy and Carbon Reporting (SECR) regulation 2018. In addition to reporting absolute GHG emissions, Bell also reports its total energy consumption as well as its GHG intensity ratio, measured in tonnes of CO₂ per £million of revenue. This provides a comparative measure over time. The breakdown of this data is provided in our SECR Mandatory Carbon Reporting section of the Directors Report. Details of the energy and GHG emissions calculation and reporting methodology can also be found in our SECR Mandatory Carbon Reporting section.

Bell is dedicated to minimising its carbon footprint. We are proud to have achieved a reduction in FY2023-24 compared to the previous year on an intensity basis (tonnes of CO₂ per £million of revenue). We aim to further reduce the emission intensity of our operations and intend to set emissions reduction targets for next year's reporting, following which considerations of emissions will begin to be embedded within our strategy and financial planning process. Additionally, Bell is looking to receive independent verification of its carbon footprint in future years.

In our first year of reporting in line with the Companies Regulations 2022, Bell has concentrated on identifying and assessing climate risks. This focus enables us to understand the challenges our business may face across various time horizons and climate scenarios, allowing us to prioritise our efforts strategically. Following the identification and assessment of the five climate-related risks and opportunities, Bell will look to identify, develop, and implement new metrics and targets that will be used to measure and manage these going forward, ensuring we effectively monitor and enhance our climate-related performance and reporting over time. Furthermore, we are working towards setting GHG emission reduction goals and targets as part of our FY2024-25 sustainability priorities. Further details on this will be disclosed in next year's climate-related reporting.

Going concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that the group is able to meet all its liabilities as they fall due. The directors have produced a detailed going concern assessment for Bell group for which further detail is given within note 2.4 to the financial statements. Having completed this the directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements.

Financial key performance indicators

| | 2024 | 2023 |
|------------------|-------------------|------------------|
| | £ | £ |
| Sales | 1,048,737,607 | 873,671,746 |
| Gross margin | 61,350,433 | 45,929,242 |
| Gross margin % | 6% | 5% |
| Operating profit | <u>13,207,378</u> | <u>6,020,974</u> |

The directors use the above key performance indicators to assess the performance of the Group. The increase in revenue is attributable to the encouraging growth in sales to key accounts. The increase in gross margin percentage is due to a change in sales mix and the agent/principal volumes are the main factor in any % change.

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Group Strategic Report (continued)
For the Year Ended 31 March 2024

Future developments

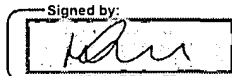
Bell group will continue to support organisations with their move to modern IT services. From assessing and advising on IT strategy; to architecting and implementing transformative projects, such as software defined IT and data centre optimisation; to consulting on concerns, such as compliance, green IT and risk management.

Bell group will ensure its customers can always make the best IT decisions. Bell group's ability to provide managed services or onsite resources as needed and manage the entire lifecycle of IT services and infrastructure from purchase to disposal, means businesses can get the very best value from their IT investments.

Bell group continues to develop a number of solutions to support customers in a fast-developing environment. Continued growth in revenues from our Technology Services offerings as well as our Services offerings demonstrate the value of providing innovative propositions that help customers improve the return on capital employed and to streamline operations.

The group is also exploring new revenue streams to support its continued focus on growth and customer acquisition. Bell group's strategy is simple using our proven approach and methodology, group gives pragmatic, real world advice that allows businesses to develop the workspace that suits their needs.

This report was approved by the board on 19 December 2024 and signed on its behalf.

Signed by:

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M K Gill
Director

Bell Microsystems Limited

Directors' Report For the Year Ended 31 March 2024

The directors present their report together with the audited financial statements for the year ended 31 March 2024.

Results and dividends

The profit for the year, after taxation, amounted to £11,717,773 (2023 - £5,049,903).

There were no dividends declared and paid in the year ended 31 March 2024 (2023 - £800,000).

Going concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that the group is able to meet all its liabilities as they fall due. The directors have produced a detailed going concern assessment for Bell group for which further detail is given within note 2.4 to the financial statements. Having completed this the directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements.

Directors

The directors who served during the year and up to the date of signing were:

A M Bell
M K Gill
N W Petheram

Section 172 Statement

From 1 January 2019 legislation was introduced requiring companies to include a statement pursuant to section 172 of the Companies Act 2006.

The board recognises the importance of the group's wider stakeholders when performing their duties under Section 172(1) of the Companies Act and their duties to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

The board considers that all their decisions are taken with the long-term in mind, understanding that these decisions need to regard the interests of the company's employees, its relationships with suppliers, customers, the communities and the environment in which it operates.

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance. The board believes that three decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders.

Bell Microsystems Limited

Directors' Report (continued) For the Year Ended 31 March 2024

Section 172 Statement (continued)

- Investments in AI Capability

During the year Bell acquired 300 new colleagues into the business strengthening our AI capability. This has taken Bell from being a UK Centric business to a multinational one, to support this growth Bell will be opening offices in the US, Slovakia, India and Spain.

- Align the Business by Practice

To continue its focus on its key offerings the Group will be restructuring its operating model to be more practice focussed. The business will have 5 practices, Technology, IOT, Cloud Infrastructure and Security, Modern Workplace and AI. These practices will be supported by shared service functions across the group, enabling greater clarity and focus.

- People

Bell's future success is dependent on our ability to attract, grow and retain the best talent. Bell is now a multinational business and recognises the need to ensure all our employees feel part. During the year the company further invested in their Talent team, HR teams and its employee engagement team.

Simplified Energy and Carbon Reporting

Environment

The group is aware of its environmental responsibilities arising from its activities and recognises that some of its activities affect the environment. Our Health, Safety and Environment Officer has received formal training in environmental management and is appropriately experienced in this field. Our policy is to promote and operate processes and procedures which, so far as is reasonably practicable, avoid or minimise the contamination of water, air or the ground.

Licences are obtained from the relevant authorities, where required, to operate certain elements of the group's business. Waste is disposed of by authorised contractors and is recycled where possible. Through the management of these activities, we seek to minimise any adverse effects of its activities on the environment.

Mandatory carbon reporting

This section includes our mandatory reporting of greenhouse gas emissions for the period 1 April 2023 to 31 March 2024, the latest annual period for which data is available, and is pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. We report our emissions data using an operational control approach taking data for which we deem ourselves responsible, including both energy consumption and vehicle usage for business use. In the 2024 financial year, our businesses emitted 406.4 (2023 - 417.4) tonnes of carbon dioxide ("CO₂").

Bell Microsystems Limited

Directors' Report (continued) For the Year Ended 31 March 2024

Mandatory carbon reporting (continued)

Our emissions are principally of CO₂ and are from the following sources:

| Greenhouse gas emissions data | Tonnes of CO ₂ 2024 | Tonnes of CO ₂ 2023 |
|---|-----------------------------------|-----------------------------------|
| Scope 1 | | |
| Gas consumption | 16.9 | 16.8 |
| Owned transport | 247.0 | 237.0 |
| Scope 2 | | |
| Purchased electricity | 98.7 | 97.5 |
| Scope 3 | | |
| Employee-owned transport(business) | 43.8 | 66.1 |
| Statutory total | 406.4 | 417.4 |
| Scope 3 | | |
| Emissions from employee business travel which the company does not own or control and where not responsible for purchasing the fuel | 333.6 | 211.0 |
| Emissions from employees commuting to and from work for which the company does not own or control | 72.4 | 53.5 |
| Emissions from employees working from home | 151.8 | 211.0 |
| Emissions from disposal of waste generated in operations for which the company does not own or control | 2.0 | 1.5 |
| Total gross Scope 3 emissions | 559.8 | 477.0 |

We have selected emissions £million of revenues per tonne as our intensity ratio as this, in our view, provides the best comparative measure over time.

2024 intensity ratio: 0.53 tonnes of CO₂ per £million of revenue.

2023 intensity ratio: 0.55 tonnes of CO₂ per £million of revenue.

The company's total energy consumption for the period 1 April 2023 to 31 March 2024 was 1.74 million kWh (2023 - 1.77 million kWh). The methodology for calculating this annual energy consumption figure was the same as that outlined above for producing the estimate of the company greenhouse gas emissions.

Bell Microsystems Limited

Directors' Report (continued) For the Year Ended 31 March 2024

Methodology

This report and its supporting data have been compiled in accordance with the guidance contained in the Greenhouse Gas Protocol Corporate Standard (revised 2015).

The data used in these calculations have been collected from several different sources including direct meter readings, servicing reports, fleet fuel billing, employee fuel expense claims, flight booking data, and other business travel bookings (including hotel stays).

Employee commuting data is based upon a recent (2024) survey of the workforce. The survey response rate was approximately 35% of the total workforce. A significant number of employees are now under a fully remote or hybrid working contract.

We have again chosen to include the carbon impact of having a significant number of employees working from home during this reporting period. This has been based on the methodology and data outlined in the EcoAct Homeworking Whitepaper (2021) and the UK Government GHG Conversion Factors for Company Reporting (2023).

Intensity ratios are derived from the official financial accounts for the relevant year (sales turnover), and Human Resources records for full time equivalent employees.

The following recognised calculation tools have been used in the conversion of the data into relevant units:

- UK Government GHG Conversion Factors for Company Reporting (2023);
- Hotel Footprinting Tool (www.hotelfootprints.org/footprinting); and
- EcoAct Homeworking Whitepaper (2021).

Reducing carbon and waste

The business continues its focus on reducing its carbon footprint and waste, we are now adopting AI to assess where we can make further reductions. The business is continuing its journey to move to electric vehicles across its owned transport and looking to invest in another facility to help reduce travel requirements. As the business grows and more of our employees return to office locations we have seen an increase in scope 3 emissions, we have however reduced our intensity ratio year on year.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Post statement of financial position events

During the year the Group decided to focus on its core activities it would be simplifying its corporate structure.

On the 1st of April 2024 the Procurement Management Business and its Subsidiaries were spun out of the Group. The Group also agreed to an MBO of its Hamilton Rental business, the business left the Group on 30th June 2024.

To facilitate the MBO there was a share capital reduction of E Class shares.

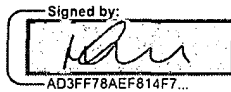
Bell Microsystems Limited

Directors' Report (continued)
For the Year Ended 31 March 2024

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 December 2024 and signed on its behalf.

Signed by:

AD3FF78AEF814F7...

M K Gill
Director

Bell Microsystems Limited

Directors' Responsibilities Statement For the Year Ended 31 March 2024

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 require 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bell Microsystems Limited

Independent Auditor's Report to the Members of Bell Microsystems Limited

Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Bell Microsystems Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent 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.

Bell Microsystems Limited

Independent Auditor's Report to the Members of Bell Microsystems Limited (continued)

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group and Parent company operations and financial statements included:

- Enquiries and challenge of management, and those charged with governance, to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group and Parent company operates and how climate change affects this particular sector; and
- Review of the minutes of Board and other papers related to climate change and performed a risk assessment as to how the impact of the Group and Parent company commitment as set out in page 2 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of managements disclosures included as 'Other Information' on page 1 with the financial statements and with our knowledge obtained from the audit.

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Bell Microsystems Limited

Independent Auditor's Report to the Members of Bell Microsystems Limited (continued)

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations is detailed below:

- Our understanding of the Group and Parent company and the industry in which it operates;
- Discussion with management and those charged with governance
- Obtaining and understanding of the Group and Parent company policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the Companies Act 2006, Corporate and VAT legislation.

The Group and Parent company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Employment Taxes, Health and Safety and the Bribery Act 2010.

Bell Microsystems Limited

Independent Auditor's Report to the Members of Bell Microsystems Limited (continued)

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Obtaining an understanding of the legal and regulatory framework in which the Company operates. The key laws considered are accounting standards and the Companies Act 2006.

Fraud

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group and Parent company policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be Management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, which included revenue stage of completion for consulting and managed services (as they are recognised over a period based on time/materials/milestones that requires estimation) and impairment of investments held in subsidiaries (as the Parent Company holds a number of investments in subsidiaries that management must periodically assess for impairment, which involves estimates and judgements around forecasting and creating a discounted cash flow to assess for impairment).

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

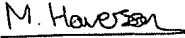
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Bell Microsystems Limited

Independent Auditor's Report to the Members of Bell Microsystems Limited (continued)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

038EB033AB07430...

Matthew Haverson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
20 December 2024

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

Bell Microsystems Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2024

| | Note | 2024 £ | 2023 £ |
|--|------|--------------------------|-------------------------|
| Turnover | 4 | 1,048,737,607 | 873,671,746 |
| Cost of sales | | (987,387,174) | (827,742,504) |
| Gross profit | | 61,350,433 | 45,929,242 |
| Administrative expenses | | (48,391,062) | (40,005,686) |
| Other operating income | 5 | 248,006 | 97,418 |
| Earnings before interest, taxation, depreciation and amortisation | | 19,179,486 | 11,041,930 |
| Depreciation and amortisation | | (5,972,108) | (5,020,956) |
| Operating profit | 6 | 13,207,378 | 6,020,974 |
| Interest receivable and similar income | 9 | 74,853 | 13,684 |
| Interest payable and similar expenses | 10 | (1,332,966) | (971,206) |
| Profit before taxation | | 11,949,264 | 5,063,452 |
| Tax on profit | 11 | (231,491) | (13,549) |
| Profit for the financial year | | <u>11,717,773</u> | <u>5,049,903</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u>11,717,773</u> | <u>5,049,903</u> |

The notes on pages 32 to 61 form part of these financial statements.

Bell Microsystems Limited

Registered number: 03102360

Consolidated Statement of Financial Position As at 31 March 2024

| | Note | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|------|---------------|--------------|---------------|--------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | 8,139,710 | | 8,073,027 |
| Tangible assets | 14 | | 3,701,825 | | 5,360,521 |
| | | | 11,841,535 | | 13,433,548 |
| Current assets | | | | | |
| Stocks | 16 | 44,497 | | - | |
| Debtors: amounts falling due within one year | 17 | 666,287,433 | | 401,764,775 | |
| Cash at bank and in hand | 18 | 11,685,283 | | 25,612,603 | |
| | | 678,017,212 | | 427,377,378 | |
| Creditors: amounts falling due within one year | 19 | (689,750,062) | | (452,515,312) | |
| Net current liabilities | | | (11,732,850) | | (25,137,934) |
| Total assets less current liabilities | | | 108,686 | | (11,704,386) |
| Creditors: amounts falling due after more than one year | 20 | | (205,231) | | - |
| Provisions for liabilities | | | | | |
| Deferred taxation | 22 | | 385,742 | | 275,753 |
| Net assets/(liabilities) | | | 289,196 | | (11,428,633) |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 7,967 | | 7,967 |
| Share premium account | 24 | | 356,320 | | 356,320 |
| Capital redemption reserve | 24 | | 1,000,000 | | 1,000,000 |
| Profit and loss account | 24 | | (1,075,091) | | (12,792,920) |
| Shareholders' funds/(deficit) | | | 289,196 | | (11,428,633) |

Bell Microsystems Limited
Registered number: 03102360

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2024

Signed by:

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M K Gill
Director

The notes on pages 32 to 61 form part of these financial statements.

Bell Microsystems Limited
Registered number: 03102360


Company Statement of Financial Position
As at 31 March 2024

| | Note | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|--|------|--------------------|---------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | 2,384,793 | | 1,885,612 |
| Tangible assets | 14 | | 1,043,940 | | 1,145,908 |
| Investments | 15 | | 499,251 | | 2,899,516 |
| | | | <u>3,927,984</u> | | <u>5,931,036</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 17 | 496,297,793 | | 345,923,074 | |
| Cash at bank and in hand | 18 | 8,964,114 | | 24,770,887 | |
| | | <u>505,261,907</u> | | <u>370,693,961</u> | |
| Creditors: amounts falling due within one year | 19 | (517,472,067) | | (372,202,651) | |
| Net current liabilities | | | <u>(12,210,160)</u> | | <u>(1,508,690)</u> |
| Total assets less current liabilities | | | <u>(8,282,176)</u> | | <u>4,422,346</u> |
| Provisions for liabilities | | | | | |
| Deferred taxation | 22 | | (34,293) | | (34,293) |
| Net (liabilities)/assets | | | <u>(8,316,469)</u> | | <u>4,388,053</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 7,967 | | 7,967 |
| Share premium account | 24 | | 356,320 | | 356,320 |
| Capital redemption reserve | 24 | | 1,000,000 | | 1,000,000 |
| Profit and loss account | 24 | | (9,680,756) | | 3,023,766 |
| Shareholders' (deficit)/funds | | | <u>(8,316,469)</u> | | <u>4,388,053</u> |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent company for the year was £12,704,519 (2023 - profit of £3,430,686).

Bell Microsystems Limited
Registered number: 03102360

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2024

Signed by:


M K Gill
Director

The notes on pages 32 to 61 form part of these financial statements.

Bell Microsystems Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2024

| | Called up share capital | Share premium account | Capital contribution reserve | Profit and loss account | Shareholders' deficit |
|--|----------------------------|-----------------------------|------------------------------------|----------------------------|--------------------------|
| | £ | £ | £ | £ | £ |
| At 1 April 2023 | 7,967 | 356,320 | 1,000,000 | (12,792,920) | (11,428,633) |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 11,717,773 | 11,717,773 |
| Total comprehensive income for the year | - | - | - | 11,717,773 | 11,717,773 |
| At 31 March 2024 | <u>7,967</u> | <u>356,320</u> | <u>1,000,000</u> | <u>(1,075,091)</u> | <u>289,196</u> |

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2023

| | Called up share capital | Share premium account | Capital redemption reserve | Profit and loss account | Shareholders' deficit |
|---|----------------------------|-----------------------------|----------------------------------|-------------------------------|--------------------------|
| | £ | £ | £ | £ | £ |
| At 1 April 2022 | 7,967 | 356,320 | 1,000,000 | (17,042,823) | (15,678,536) |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 5,049,903 | 5,049,903 |
| Total comprehensive income for the year | - | - | - | 5,049,903 | 5,049,903 |
| Contributions by and distributions to owners | | | | | |
| Dividends paid (Note 12) | - | - | - | (800,000) | (800,000) |
| At 31 March 2023 | <u>7,967</u> | <u>356,320</u> | <u>1,000,000</u> | <u>(12,792,920)</u> | <u>(11,428,633)</u> |

The notes on pages 32 to 61 form part of these financial statements.

Bell Microsystems Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2024

| | Called up share capital | Share premium account | Capital redemption reserve | Profit and loss account | Shareholders' deficit |
|--|----------------------------|-----------------------------|----------------------------------|----------------------------|--------------------------|
| | £ | £ | £ | £ | £ |
| At 1 April 2023 | 7,967 | 356,320 | 1,000,000 | 3,023,766 | 4,388,053 |
| Comprehensive loss for the year | | | | | |
| Loss for the year | - | - | - | (12,704,519) | (12,704,519) |
| Total comprehensive loss for the year | - | - | - | (12,704,519) | (12,704,519) |
| At 31 March 2024 | <u>7,967</u> | <u>356,320</u> | <u>1,000,000</u> | <u>(9,680,756)</u> | <u>(8,316,469)</u> |

Company Statement of Changes in Equity For the Year Ended 31 March 2023

| | Called up share capital | Share premium account | Capital redemption reserve | Profit and loss account | Shareholders' deficit |
|---|-------------------------------|-----------------------------|----------------------------------|----------------------------|--------------------------|
| | £ | £ | £ | £ | £ |
| At 1 April 2022 | 7,967 | 356,320 | 1,000,000 | 393,080 | 1,757,367 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 3,430,686 | 3,430,686 |
| Total comprehensive income for the year | - | - | - | 3,430,686 | 3,430,686 |
| Contributions by and distributions to owners | | | | | |
| Dividends paid (Note 12) | - | - | - | (800,000) | (800,000) |
| At 31 March 2023 | <u>7,967</u> | <u>356,320</u> | <u>1,000,000</u> | <u>3,023,766</u> | <u>4,388,053</u> |

The notes on pages 32 to 61 form part of these financial statements.

Bell Microsystems Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2024

| | 2024 £ | 2023 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 11,717,773 | 5,049,903 |
| Adjustments for: | | |
| Amortisation of intangible assets | 2,683,120 | 3,026,627 |
| Depreciation of tangible assets | 3,389,895 | 1,994,389 |
| Net interest payable | 1,332,966 | 968,639 |
| Taxation charge | 231,491 | 13,549 |
| (Increase) in stocks | (44,497) | - |
| (Increase) in debtors | (263,973,146) | (178,490,636) |
| Increase in creditors | 237,772,595 | 202,510,671 |
| Corporation tax (paid)/received | (1,055,475) | - |
| Interest paid | (1,407,819) | (971,206) |
| Taxation credit | - | (49,431) |
| Net cash (used in)/generated from operating activities | (9,353,096) | 34,052,505 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (2,749,742) | (1,805,036) |
| Purchase of tangible fixed assets | (4,370,822) | (3,960,614) |
| Sale of tangible fixed assets | 2,639,622 | 2,148,479 |
| Interest received | 74,853 | 2,565 |
| Net cash used in investing activities | (4,406,089) | (3,614,606) |
| Cash flows from financing activities | | |
| Repayment of loans | - | (5,186,286) |
| Repayment of/new finance leases | (168,135) | (1,213,826) |
| Dividends paid | - | (160,000) |
| Net cash used in financing activities | (168,135) | (6,560,112) |

Bell Microsystems Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 March 2024

| | 2024 £ | 2023 £ |
|---|--------------------------|--------------------------|
| Net (decrease)/increase in cash and cash equivalents | <u>(13,927,320)</u> | <u>23,877,787</u> |
| Cash and cash equivalents at beginning of year | 25,612,603 | 1,734,816 |
| Cash and cash equivalents at the end of year | <u>11,685,283</u> | <u>25,612,603</u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | <u>11,685,283</u> | <u>25,612,603</u> |

The notes on pages 32 to 61 form part of these financial statements.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

1. General information

Bell Microsystems Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations, and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Parent company exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that the group is expected to be able to meet all its liabilities as they fall due.

At year end the group reported a profit after tax of £11.7m and net cash reserves of £11.7m. The group's unaudited trading results in the period to 30 September 2024 are profitable and the cash position of the company at that date totals £9m. The group is financed through its current cash reserves. The group are in a net current liabilities position. However, by excluding deferred revenue (which doesn't drive a cash outflow) the group is in a net current asset position and so has the ability to meet its short-term debts.

The directors have produced a detailed going concern assessment for the group. The conclusion of the directors' assessment for Bell Microsystems Limited is that the business will be able to meet all its liabilities as they fall due.

The directors have prepared forecasts to 31 March 2024 which show continued profits and cash generation. The group continues to receive the support of its bankers and the invoice discounting provider. These forecasts are therefore prepared on the assumption that this facility will be extended and thus will remain in place throughout the forecast period. Even in the considered unlikely scenario whereby this facility is not extended, the directors are satisfied the business can continue to meet its liabilities as they fall due.

The forecasts prepared included reverse stress testing whereby different scenarios were modelled out based on a reduction of 25%, 50% and 75% of the revenue streams and the associated impact on the overheads of the company should these scenarios occur. After considering the potential cash flow impact and the ability to reduce costs if deemed necessary the directors believe the group has sufficient resources to continue trading for the foreseeable future and it is therefore appropriate to prepare the group financial statements on a going concern basis.

The company has not received any government support in respect of grants or claims under the job retention scheme. There has been no impact to their supply chain since the balance sheet date.

Based on the trading results achieved post year end, the directors conclude that the group will be able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.5 Turnover

Turnover comprises of revenues from third parties in respect of charges for IT services and consulting, exclusive of sales taxes.

Turnover is generated from the provision of consulting services, technology sales, managed services and lifecycle management, which is recognised for each turnover stream as follows:

- Consulting and other services - on fixed price contracts, turnover is measured with reference to the stage of completion of the contract. The stage of completion is determined by the level of services performed to date as a percentage of total services expected to be performed. On time and materials contracts, turnover is measured with reference to the amounts earned in respect of performance and recognised on delivery of the service.
- Technology sales - turnover relates to the re-sale of hardware and software licenses to third parties. Turnover is measured with reference to the total value of goods and services provided to the customer, as the group is acting as principal in the arrangement. In such transactions the group acts as principal on the basis of its ability to determine the selling price the value provided by the group to the customer and the fact that the group bears the credit risk. Turnover is recognised on delivery.
- Long term technology sales - turnover relates to the re-sale of software licenses to third parties. Turnover is measured with reference to the total value of the margin on the sale, as the group is acting as agent in the arrangement. In such transactions the group acts as agent on the basis of the fact that the group does not bear the credit risk in these transactions. Turnover is recognised on delivery. Turnover from product sales is recognised on delivery of the equipment.
- Turnover from equipment rental, software support and hardware maintenance is recognized over the term of the agreement on a straight line basis. Any unrecognised revenue element is shown separately in the statement of financial position notes as deferred income. For certain rental equipment arrangements, the company receives a discount against the purchase of products from the suppliers of this rental equipment. For these arrangements, turnover is recognised net of the discount received by the group which is recognised over the term of the rental agreement.
- Managed and maintenance services - turnover is measured on a straight line basis over the length of the contract.
- IT lifecycle management - turnover is measured with reference to the amounts earned in respect of performance and recognised on delivery of the service.
- Commission income - the group recognises the revenue to the extent of its commission in a transaction where group acts as an agent. The amounts collected on behalf of the principal are not recognised as revenue.

Where agreements involve multiple elements, the entire fee from such arrangements is allocated to each of the individual elements based on each element's fair value. The turnover in respect of each element is recognised in accordance with the above policies.

Where the company is contractually committed to future revenues from a third party, turnover will be accrued in accordance with the terms of the agreement.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

| | |
|---|------------------------------------|
| Long-term leasehold property | - 20.0% on reducing balance |
| Motor vehicles | - 20.0% on cost |
| Fixtures, fittings and computer equipment | - 10.0 - 50.0% on reducing balance |
| Leasehold improvements | - 20.0% on reducing balance |
| Rental equipment - other | - 33.3% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Long term debtors

Long term debtors relate to amounts owed to the company by group undertakings. Long term debtors are measured at transaction price, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.14 Financial instruments

The group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The group has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the group's statement of financial position when the group 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 receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the consolidated statement of comprehensive income. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss, then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the consolidated statement of comprehensive income.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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 group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the consolidated statement of comprehensive income. They are subsequently measured at fair value with changes in the consolidated statement of comprehensive income.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the consolidated statement of comprehensive income. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the group will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.15 Foreign currency translation

Transactions and balances

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling as the statement of financial position date. Any differences are taken to the statement of comprehensive income. The results of overseas operations are translated at the average rates of exchange during the year and the statement of financial position translated into sterling at the rates of exchange ruling on the statement of financial position date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

2.16 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated *capital instrument*.

2.17 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.18 Research and development

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.20 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.21 Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2.22 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

2. Accounting policies (continued)

2.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Revenue and cost of sales should be treated on a principal or agency basis. Certain transactions are treated on agency basis where the group is just providing a pass-through service for specific suppliers to end customers. Other customers are provided specific solutions which are considered to be principal in nature. Changes in the circumstances can change the recognition basis of such transactions resulting in a change to both revenue and cost of sales. The net margin would be unchanged.
- Determining whether leases entered into by the group and company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining whether there are indicators of impairment of the company's investments in subsidiaries and the company's intercompany receivables. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the subsidiary.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

| | 2024 £ | 2023 £ |
|-------------------|----------------------|--------------------|
| United Kingdom | 999,631,045 | 834,834,717 |
| Rest of Europe | 35,219,655 | 27,437,646 |
| Rest of the world | 13,891,824 | 11,399,383 |
| | <u>1,048,737,607</u> | <u>873,671,746</u> |

5. Other operating income

| | 2024 £ | 2023 £ |
|------------------------|----------------|---------------|
| Other operating income | <u>248,006</u> | <u>97,418</u> |

6. Operating profit

The operating profit is stated after charging:

| | 2024 £ | 2023 £ |
|--|---------------|---------------|
| Depreciation of tangible fixed assets | 3,389,893 | 1,994,388 |
| Amortisation of intangible fixed assets | 2,683,058 | 3,003,522 |
| Exchange differences | 310,130 | 1,195,705 |
| Operating leases - land and buildings | 2,098,760 | 611,924 |
| Fees payable to the group's auditor for the audit of the group's annual financial statements | 444,680 | 398,000 |
| Fees payable to the group's auditor in respect of other services | <u>68,175</u> | <u>46,598</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2024 £ | Group 2023 £ |
|-------------------------------------|--------------------|--------------------|
| Wages and salaries | 44,505,681 | 37,860,468 |
| Social security costs | 5,105,686 | 3,920,000 |
| Cost of defined contribution scheme | 1,412,475 | 615,873 |
| | <u>51,023,842</u> | <u>42,396,341</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | Group 2024 No. | Group 2023 No. | Company 2024 No. | Company 2023 No. |
|---|----------------------|----------------------|------------------------|------------------------|
| Management | 16 | 17 | 11 | 9 |
| Administration, sales and chargeable resource | 735 | 596 | 451 | 451 |
| | <u>751</u> | <u>613</u> | <u>462</u> | <u>460</u> |

8. Directors' remuneration

| | 2024 £ | 2023 £ |
|---|------------------|------------------|
| Directors' emoluments | 1,643,906 | 1,551,747 |
| Group contributions to defined contribution pension schemes | 49,797 | 50,286 |
| | <u>1,693,703</u> | <u>1,602,033</u> |

The highest paid director received remuneration of £783,087 (2023 - £816,148).

9. Interest receivable and similar income

| | 2024 £ | 2023 £ |
|---------------------------|---------------|---------------|
| Other interest receivable | <u>74,853</u> | <u>13,684</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

10. Interest payable and similar charges

| | 2024 £ | 2023 £ |
|--|------------------|----------------|
| Bank interest payable | 28,030 | 907,544 |
| Finance leases and hire purchase contracts | 250,205 | 63,662 |
| Other interest payable | 1,054,731 | - |
| | <u>1,332,966</u> | <u>971,206</u> |

11. Taxation

| | 2024 £ | 2023 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on profits for the year | 341,479 | - |
| | <u>341,479</u> | <u>-</u> |
| Foreign tax | | |
| Adjustments in respect of previous periods | - | 123,537 |
| Total current tax | <u>341,479</u> | <u>123,537</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (109,988) | (109,988) |
| Total deferred tax | <u>(109,988)</u> | <u>(109,988)</u> |
| Taxation on profit on ordinary activities | <u>231,491</u> | <u>13,549</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - higher than) the standard rate of corporation tax in the UK of 25% (2023 - 19%). The differences are explained below:

| | 2024 £ | 2023 £ |
|--|-------------------|------------------|
| Profit on ordinary activities before tax | <u>11,949,264</u> | <u>5,063,452</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 19%) | 2,987,316 | 962,056 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (161,599) | 33,729 |
| Capital allowances for year in excess of depreciation | 626,296 | 183,764 |
| Other tax adjustments | (995,810) | 285,981 |
| Deferred tax adjustment | (109,988) | (109,988) |
| Utilisation of losses b/fwd | (2,407,873) | (1,465,530) |
| Withholding tax | 293,148 | - |
| Foreign tax provision | - | 123,537 |
| Total tax charge for the year | <u>231,491</u> | <u>13,549</u> |

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

For further information on deferred tax balances see note 22.

12. Dividends

| | 2024 £ | 2023 £ |
|--|-----------|----------------|
| No dividends paid in the year (2023 – per share £122.13) | <u>-</u> | <u>800,000</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

13. Intangible assets

Group

| | Customer list £ | Development costs £ | Goodwill £ | Total £ |
|-----------------------|--------------------|---------------------------|------------------|-------------------|
| Cost | | | | |
| At 1 April 2023 | 3,879,265 | 11,432,660 | 7,980,234 | 23,292,159 |
| Additions | 35 | 1,741,962 | 1,007,744 | 2,749,741 |
| At 31 March 2024 | <u>3,879,300</u> | <u>13,174,622</u> | <u>8,987,978</u> | <u>26,041,900</u> |
| Amortisation | | | | |
| At 1 April 2023 | 1,989,419 | 8,254,207 | 4,975,506 | 15,219,132 |
| Charge for the year | 314,991 | 1,425,469 | 942,606 | 2,683,058 |
| At 31 March 2024 | <u>2,304,410</u> | <u>9,679,676</u> | <u>5,918,104</u> | <u>17,902,190</u> |
| Net book value | | | | |
| At 31 March 2024 | <u>1,574,890</u> | <u>3,494,946</u> | <u>3,069,874</u> | <u>8,139,710</u> |
| At 31 March 2023 | <u>1,889,846</u> | <u>3,178,453</u> | <u>3,004,728</u> | <u>8,073,027</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

13. Intangible assets (continued)

Company

| | Development costs £ | Goodwill £ | Total £ |
|-----------------------|---------------------------|---------------|------------|
| Cost | | | |
| At 1 April 2023 | 5,990,112 | 668,825 | 6,658,937 |
| Additions | 852,699 | 918,364 | 1,771,063 |
| At 31 March 2024 | 6,842,811 | 1,587,189 | 8,430,000 |
| Amortisation | | | |
| At 1 April 2023 | 4,248,946 | 524,379 | 4,773,325 |
| Charge for the year | 1,025,396 | 246,486 | 1,271,882 |
| At 31 March 2024 | 5,274,342 | 770,865 | 6,045,207 |
| Net book value | | | |
| At 31 March 2024 | 1,568,469 | 816,324 | 2,384,793 |
| At 31 March 2023 | 1,741,166 | 144,446 | 1,885,612 |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

14. Tangible fixed assets

Group

| | Motor vehicles £ | Furniture, fittings and computer equipment £ | Leasehold improvements £ | Rental Equipment £ | Total £ |
|--------------------------|------------------------|--|--------------------------------|--------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 April 2023 | 428,225 | 2,102,839 | 433,613 | 5,275,554 | 8,240,231 |
| Additions | - | 391,227 | 5,920 | 3,973,672 | 4,370,819 |
| Disposals | - | - | - | (3,891,410) | (3,891,410) |
| At 31 March 2024 | <u>428,225</u> | <u>2,494,066</u> | <u>439,533</u> | <u>5,357,816</u> | <u>8,719,640</u> |
| Depreciation | | | | | |
| At 1 April 2023 | 324,052 | 1,234,237 | 157,104 | 1,164,317 | 2,879,710 |
| Charge for the year | 39,284 | 318,964 | 80,728 | 2,950,917 | 3,389,893 |
| Disposals | - | - | - | (1,251,788) | (1,251,788) |
| At 31 March 2024 | <u>363,336</u> | <u>1,553,201</u> | <u>237,832</u> | <u>2,863,446</u> | <u>5,017,815</u> |
| Net book value | | | | | |
| At 31 March 2024 | <u>64,889</u> | <u>940,865</u> | <u>201,701</u> | <u>2,494,370</u> | <u>3,701,825</u> |
| At 31 March 2023 | <u>104,173</u> | <u>868,602</u> | <u>276,509</u> | <u>4,111,237</u> | <u>5,360,521</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2024 £ | 2023 £ |
|------------------|------------------|------------------|
| Rental equipment | <u>2,494,370</u> | <u>4,111,237</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

14. Tangible fixed assets (continued)

Company

| | Motor vehicles £ | Furniture, fittings and computer equipment £ | Leasehold improvements £ | Rental equipment £ | Total £ |
|--------------------------|------------------------|--|--------------------------------|--------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 April 2023 | 428,225 | 2,104,844 | 433,613 | 2,557,899 | 5,524,581 |
| Additions | - | 289,189 | 5,920 | - | 295,109 |
| At 31 March 2024 | <u>428,225</u> | <u>2,394,033</u> | <u>439,532</u> | <u>2,557,899</u> | <u>5,819,690</u> |
| Depreciation | | | | | |
| At 1 April 2023 | 324,052 | 1,339,618 | 157,104 | 2,557,899 | 4,378,673 |
| Charge for the year | 39,284 | 277,065 | 80,728 | - | 397,077 |
| At 31 March 2024 | <u>363,336</u> | <u>1,616,683</u> | <u>237,832</u> | <u>2,557,899</u> | <u>4,775,750</u> |
| Net book value | | | | | |
| At 31 March 2024 | <u>64,889</u> | <u>777,350</u> | <u>201,701</u> | <u>-</u> | <u>1,043,940</u> |
| At 31 March 2023 | <u>104,173</u> | <u>765,226</u> | <u>276,509</u> | <u>-</u> | <u>1,145,908</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

15. Investments

Company

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 April 2023 | 9,122,314 |
| Additions | 451,918 |
| At 31 March 2024 | <u>9,574,232</u> |
| Impairment | |
| At 1 April 2023 | 6,222,798 |
| Charge for the period | 2,852,183 |
| At 31 March 2024 | <u>9,074,981</u> |
| Net book value | |
| At 31 March 2024 | <u>499,251</u> |
| At 31 March 2023 | <u>2,899,516</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

15. Investments (continued)

Subsidiary undertakings

| Name | Country of incorporation | Holding | Nature of business |
|---|--------------------------|---------|---|
| The Portal Partnership Limited* | United Kingdom | 100% | Software |
| Choose Portal Pvt Limited | United Kingdom | 100% | Software |
| Hamilton Management (London) Limited* | United Kingdom | 100% | Rental of IT equipment and related services |
| Hamilton Rentals Limited | United Kingdom | 100% | Rental of IT equipment and related services |
| Bell Integrated India Pvt Limited* | India | 99% | Sale of IT equipment and related services |
| Bell Integration New Zealand Limited* | New Zealand | 100% | Sale of IT equipment and related services |
| Bell Procurement Management Limited (previously named Bell-TS Limited)* | United Kingdom | 100% | Sale of IT equipment and related services |
| Bell TSI Limited | United Kingdom | 100% | Sale of IT equipment and related services |
| Bell TSII Limited | United Kingdom | 100% | Sale of IT equipment and related services |
| Bell TSIII Limited | United Kingdom | 100% | Sale of IT equipment and related services |
| Bell Integration Inc.* | United States of America | 100% | Sale of IT equipment and related services |
| Bell Network Systems Limited* | United Kingdom | 100% | Sale of IT equipment and related services |
| Bell Integration Sp z.o.o.* | Poland | 100% | Sale of IT equipment and related services |
| Bell International Group Limited * | United Kingdom | 100% | Sale of IT equipment and related services |
| Bell Integration Hong Kong Limited* | Hong Kong | 100% | Sale of IT equipment and related services |
| Bell Integration Switzerland GmbH* | Switzerland | 100% | Sale of IT equipment and related services |
| Bell Group Asia Pte Limited* | Singapore | 100% | Sale of IT equipment and related services |
| Bell-TSII Limited Merkezi Ingiltere Istanbul Merkez Subesi | Turkey | 100% | Sale of IT equipment and related services |
| Bell TSIV Limited | United Kingdom | 100% | Sale of IT equipment and related services |
| Bell Integration Pty Ltd | Australia | 100% | Sale of IT equipment and related services |
| Bell Asia SI Pte Ltd* | Singapore | 100% | Sale of IT equipment and related services |
| Bell Integration GmbH | Germany | 100% | Sale of IT equipment and related services |
| Bell-TS Netherland B.V. | Netherlands | 100% | Sale of IT equipment and related services |
| Bell Integracao Ltda | Brazil | 100% | Sale of IT equipment and related services |
| Bell Integration S.A.R.L. | France | 100% | Sale of IT equipment and related services |
| System Integration Canada Inc. | Canada | 100% | Sale of IT equipment and related services |
| Bell Slovakia Limited | Slovakia | 100% | Sale of IT equipment and related services |

*Indicates investments directly owned by Bell Microsystems Ltd. Subsidiaries of these entities are listed below each investment.

The class of shares of the above subsidiary undertakings is ordinary.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

15. Investments (continued)

The registered address of The Portal Partnership Limited is New Hampshire Court, St Pauls Road, Southsea, England, P05 4AQ.

The registered address of Choose Portal Pvt Limited is No1-89/3/B/40 to 42/KSI107, SY#88, Krishe Sapphire MSR Block, 1st Floor, Madhapur, Serilingampally (M) Ranga Reddy TG 500081 India.

The registered address of Hamilton Management (London) Limited, Hamilton Rentals Limited, Bell Procurement Management Limited (previously named Bell TS Limited), Bell TSI Limited, Bell TSII Limited, Bell TSIII Limited, Bell TSIV Limited, Bell Network Systems Limited, Bell Network Systems Limited, and Bell International Group Limited is New Hampshire Court, St. Pauls Road, Southsea, Hampshire.

The registered address of Bell Integrated India Private is Office No 206, Plot No. H2, Apra North X Plaza, Netaji Subhash Place, New Delhi 110034.

The registered address of Bell Integration New Zealand Limited is Grant Thornton New Zealand Limited, L4 152 Fanshawe Street, Auckland, 1010, NZ.

The registered address of Bell-TSII Limited Merkezi Ingiltere Istanbul Merkez Subesi is Resitpasa Mah, Eski Buyukdere Cad, Park Plaza Blok No. 14 IC, Kapi No. 24 Sariyer Istanbul.

The registered address of Bell Integration Inc. is 555 E. Lookerman Street, Suite 120, Dover, Kent, Delaware, 19901.

The registered address of Bell Integration Sp Z.o.o is Belwederska St. 9A/5, 00 - 761, Warsaw.

The registered address of Bell Integration Hong Kong Limited is Unit 2403, Tung Wai Commercial Building 109-111, Gloucester Road, Wanchai, Hong Kong.

The registered address of Bell Integration Switzerland GmbH is Ecovis ws&p ag, Muhlebachstrasse 2, 8008 Zurich.

The registered address of Bell Group Asia Pte Limited and Bell Asia SI Pre Ltd is 109 North Bridge Road, #05-21 Funan, Singapore 179097.

The registered address of Bell Integration Pty Ltd is c/o Grant Thornton, L 17 383 Kent St, Sydney, NSW 2000.

The registered address of Bell Integration GmbH is Eindhovener StraBe 37, 41751 Viersen.

The registered address of Bell-TS Netherlands B.V. is St Jacobsstraat 123, 3511BP, Utrecht.

The registered address of Bell Integracao Ltda is 528 Rua Conselheiro Brotero, Barra Funda, Sao Paulo, SP-01154-000.

The registered address of Bell Integration S.A.R.L. is 2 Rue Barye, 75017, Paris.

The registered address of Systems Integration Canada Inc. is 0/0 GC SE LLP Chartered Professional Accountants, The Madison Centre, 4950 Younge Street, Suite 1900, Toronto, Ontario, MZN 6K1.

The registered address of Bell Slovakia Limited is Paliády 32 81106 Bratislava – mestská časť Staré Mesto Slovensko

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

15. Investments (continued)

The following subsidiaries have been granted an exemption from audit of their individual accounts under section 479A of the Companies Act 2006 following a guarantee given by the parent entity, Bell Microsystems Limited:

Bell Procurement Management Limited (previously named Bell TS Limited) (Company number: 09989553) Bell-TS Limited (Company number: 13692699)
 Bell-TSI Limited (Company number: 09989646)
 Bell-TSII Limited (Company number: 09989718)
 Bell-TSIII Limited (Company number: 10812958)
 Bell Network Systems Limited (Company number: 03994603)
 Bell International Group Limited (Company number: 10002017)

16. Stocks

| | Group 2024 £ | Group 2023 £ |
|-------------------------------------|--------------------|--------------------|
| Finished goods and goods for resale | <u>44,497</u> | <u>-</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors: amounts falling due within one year

| | Group 2024 £ | Group 2023 £ | Company 2024 £ | Company 2023 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 648,743,438 | 365,873,830 | 476,906,008 | 271,036,897 |
| Amounts owed by group undertakings | - | - | 9,389,241 | 28,317,744 |
| Other debtors | 863,087 | 1,960,225 | 730,074 | 1,456,685 |
| Prepayments and accrued income | 15,720,388 | 33,418,281 | 8,030,325 | 44,338,589 |
| Tax recoverable | 549,511 | - | 831,137 | 260,720 |
| Directors' loan | 411,008 | 512,439 | 411,008 | 512,439 |
| | <u>666,287,433</u> | <u>401,764,775</u> | <u>496,297,793</u> | <u>345,923,074</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

17. Debtors: amounts falling due within one year (continued)

The amounts owed by group undertakings of £9,389,241 (2023 - £28,317,743) relates to amounts due from Bell Slovakia £910,354 (2023 - £Nil), Bell Integrated India Private £27,767 (2023 - £22,239), Bell Group Asia Pte Limited £298,396 (2023 - £6,759,916), Bell Asia SI £202,370 (2023 - £Nil), Hamilton Managed Services £Nil (2023 - £8,250,040), Hamilton Rentals Limited £2,242,250 (2023 - £Nil), Bell Switzerland £104,715 (2023 - £103,421), and Bell Inc. £2,819,558 (2023 - £Nil), Bell Integration Sp z.o.o. £Nil (2023 - £29,036), Bell TSI Limited £2,407,497 (2023 - £2,762,885), Bell TS Limited £Nil (2023 - £9,545,222), Bell SI Africa £35,031 (2023 - £Nil), Bell TS Netherlands B.V. £Nil (2023 - £159,726), Bell TSII Limited £2,878 (2023 - £Nil), Bell New Zealand £Nil (2023 - £19,764), Bell Integration GmbH £86,055 (2023 - £86,231), Bell TSIV Limited £20,568 (2023 - £149,261), Bell Integration Hong Kong Limited £7,527 (2023 - £3,754), Bell Integration SARL £Nil (2023 - £15,107), Bell Integration PTY Limited £Nil (2023 - £67,458), Bell System Integration £Nil (2023 - £7,162), Bell TSii Turkey £218,374 (2023 - £336,521), Bell Integration Ltd £Nil (2023 - £36,609), Bell Mexico £860 (2023 - £Nil) and Bell Dubai £5,042 (2023 - £Nil). These entities do not have sufficient resources to repay the balance within one year, however the directors are confident the balance will be recovered over the longer term.

The impairment loss recognised in the group profit or loss for the year in respect of bad and doubtful trade debtors was £Nil (2023 - £Nil). The impairment loss recognised in the company profit or loss for the year in respect of bad and doubtful trade debtors was £11,038,233 (2023 - £6,210,150).

18. Cash and cash equivalents

| | Group 2024 £ | Group 2023 £ | Company 2024 £ | Company 2023 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>11,685,283</u> | <u>25,612,603</u> | <u>8,964,114</u> | <u>24,770,887</u> |

19. Creditors: amounts falling due within one year

| | Group 2024 £ | Group 2023 £ | Company 2024 £ | Company 2023 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Finance facility | 406,794 | - | - | - |
| Trade creditors | 560,199,929 | 312,310,138 | 483,436,795 | 222,521,442 |
| Amounts owed to group undertakings | - | - | 3,011,314 | 4,818,321 |
| Corporation tax | - | 164,485 | - | - |
| Other taxation and social security | 4,561,007 | 17,583,076 | 3,672,978 | 16,801,233 |
| Obligations under finance lease and hire purchase contracts | 102,282 | 475,648 | - | - |
| Other creditors | 6,402,475 | 3,669,245 | 5,611,038 | 1,472,950 |
| Accruals and deferred income | 118,077,576 | 118,312,720 | 21,739,942 | 126,588,705 |
| | <u>689,750,062</u> | <u>452,515,312</u> | <u>517,472,067</u> | <u>372,202,651</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

19. Creditors: amounts falling due within one year (continued)

The amounts owed to group undertakings of £3,011,314 (2023 - £4,818,321) relates to amounts due from Bell TSIII Limited £Nil (2023 - £5,549) and Bell TSII Limited £Nil (2023 - £1,244,663), Bell TSI Limited £2,472,016 (2023 - £1,899,243), Bell Integration GmbH £262,562 (2023 - £220,992), Bell Inc. £Nil (2023 - £1,447,874) and Bell Slovakia £276,737 (2023 - £Nil).

20. Creditors: amounts falling due after more than one year

| | Group 2024 £ | Group 2023 £ |
|--|--------------------|--------------------|
| Net obligations under finance leases and hire purchase contracts | 206,201 | - |
| Other long term liabilities | (970) | - |
| | <u>205,231</u> | <u>-</u> |

21. Financial instruments

| | Group 2024 £ | Group 2023 £ |
|---|--------------------|--------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | <u>661,702,816</u> | <u>393,959,095</u> |

Financial liabilities

| | | |
|--|----------------------|----------------------|
| Financial liabilities measured at amortised cost | <u>(678,137,655)</u> | <u>(316,455,033)</u> |
|--|----------------------|----------------------|

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, other debtors and director's loan accounts.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

22. Deferred taxation

Group

| | |
|---------------------------|-----------------------|
| | 2024 £ |
| At beginning of year | 275,753 |
| Charged to profit or loss | 109,989 |
| At end of year | <u>385,742</u> |

Company

| | |
|-----------------------|------------------------|
| | 2024 £ |
| At beginning of year | (34,293) |
| At end of year | <u>(34,293)</u> |

The deferred tax balance is made up as follows:

| | Group 2024 £ | Group 2023 £ | Company 2024 £ | Company 2023 £ |
|--------------------------|-----------------------|-----------------------|------------------------|------------------------|
| Accelerated depreciation | (34,293) | (34,293) | (34,293) | (34,293) |
| Business combinations | (329,965) | (439,954) | - | - |
| Losses | 750,000 | 750,000 | - | - |
| | <u>385,742</u> | <u>275,753</u> | <u>(34,293)</u> | <u>(34,293)</u> |
| Comprising: | | | | |
| Liability | <u>385,742</u> | <u>275,753</u> | <u>(34,293)</u> | <u>(34,293)</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

23. Share capital

| | 2024 £ | 2023 £ |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 6,550- - 'A' ordinary shares shares of £1.00 each | 6,550 | 6,550 |
| 1,360- - 'B' ordinary shares shares of £1.00 each | 1,360 | 1,360 |
| 5,300- - 'C' ordinary shares shares of £0.01 each | 53 | 53 |
| 300 - - 'D2' shares shares of £0.01 each | 3 | 3 |
| 100- - 'E' shares shares of £0.01 each | 1 | 1 |
| | <u>7,967</u> | <u>7,967</u> |

The rights attached to each class of share is as follows:

Ordinary 'A' £1.00 each, hold voting rights and are entitled to a dividend on a pari passu basis.

Ordinary 'B' £1.00 each, hold voting rights and are not entitled to a dividend.

Ordinary 'C' £0.01 each, only have the right to vote on any resolution to remove a director appointed by the shareholder and are not entitled to a dividend.

Ordinary "D2 £0.01 each, hold no voting right and are not entitled to any dividends. Holders are entitled to any capital on a reduction of capital or winding up.

Ordinary 'E' £0.01 each, hold no voting right and are not entitled to any dividends. Holders are entitled to any capital on a winding up basis or on a reduction of capital involving the return of capital to a share of any distribution, after the repayment of any debt.

24. Reserves

The group's capital and reserves are as follows:

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

25. Analysis of net debt

| | At 1 April 2023 £ | Cash flows £ | At 31 March 2024 £ |
|--------------------------|-------------------------|---------------------|--------------------------|
| Cash at bank and in hand | 25,612,603 | (13,927,320) | 11,685,283 |
| Finance leases | (475,648) | 475,648 | - |
| | <u>25,136,955</u> | <u>(13,451,672)</u> | <u>11,685,283</u> |

26. Business combinations

On 1 March 2024, the company acquired the share capital of Bell Slovakia Limited and certain properties connected with the business. Consideration of £451,918 plus expenses of £174,940. In calculating the goodwill arising on acquisition, the fair value of the net assets acquired have been assessed and adjustments from book value have been made where necessary.

Acquisition of Bell Slovakia Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

| | Book value £ | Fair value adjustments £ | Fair value £ |
|---|-----------------|--------------------------------|-----------------|
| Current Assets | | | |
| Fixed assets | 3,816 | | 3,816 |
| Debtors | 388,584 | - | 388,584 |
| Cash at bank and in hand | 436,425 | - | 436,425 |
| Total Assets | <u>828,825</u> | <u>-</u> | <u>828,825</u> |
| Creditors | | | |
| Due within one year | (466,323) | - | (466,323) |
| Total Identifiable net liabilities | <u>362,503</u> | <u>-</u> | <u>362,503</u> |
| Goodwill | | | 89,416 |
| Total purchase consideration | | | <u>451,918</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

26. Business combinations (continued)

Cash outflow on acquisition

| | £ |
|--|----------------|
| Purchase consideration settled in cash, as above | 451,918 |
| | <u>451,918</u> |
| Less: Cash and cash equivalents acquired | (436,425) |
| | <u>15,493</u> |

The results of Bell Slovakia Limited since acquisition are as follows:

| | Current period since acquisition £ |
|---|---|
| Profit for the period since acquisition | <u>1</u> |

27. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £1,412,475 (2023 - £644,802). Contributions totalling £225,630 (2023 - £442,119) were payable to the fund at the statement of financial position date.

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

28. Commitments under operating leases

As Lessee

At 31 March 2024 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group Land and buildings 2024 £ | Group Land and buildings 2023 £ | Company Land and buildings 2024 £ | Company Land and buildings 2023 £ |
|--|---|---|---|---|
| Not later than 1 year | 875,343 | 808,282 | 875,343 | 603,187 |
| Later than 1 year and not later than 5 years | 1,223,417 | 777,843 | 1,223,417 | 8,737 |
| | <u>2,098,760</u> | <u>1,586,125</u> | <u>2,098,760</u> | <u>611,924</u> |

As Lessor

| | Group 2024 £ | Group 2023 £ |
|--|--------------------|--------------------|
| Not later than 1 year | 74,711 | 345,650 |
| Later than 1 year and not later than 5 years | 245,745 | 130,168 |
| | <u>320,456</u> | <u>475,818</u> |

Bell Microsystems Limited

Notes to the Financial Statements For the Year Ended 31 March 2024

29. Related party transactions

The company has taken advantage of the exemption available under FRS 102 Section 33.1A not to disclose, transactions with other members of the group where both such members are wholly owned subsidiaries.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

The following transactions were entered into with directors of the group:

| | 2024 £ | 2023 £ |
|---|----------------|----------------|
| A M Bell | | |
| Balance outstanding at start of the year | 410,329 | 1,047,994 |
| Amounts advanced | 679 | 2,335 |
| Amounts adjusted from dividend declared | - | (640,000) |
| | <u>411,008</u> | <u>410,329</u> |
| Balance outstanding at the end of the year | | |
| | 2024 £ | 2023 £ |
| N Petheram | | |
| Balance outstanding at start of the year | 102,110 | 102,110 |
| Amounts advanced | - | - |
| Amounts repaid | (102,110) | - |
| | <u>-</u> | <u>102,110</u> |
| Balance outstanding at the end of the year | | |

The amounts due from the directors is included within directors' loan accounts in note 17.

30. Ultimate controlling party

The controlling party is A M Bell.

31. Post balance sheet events

During the year the Group decided to focus on its core activities it would be simplifying its corporate structure.

On the 1st of April 2024 the Procurement Management Business and its Subsidiaries were spun out of the Group. The Group also agreed to an MBO of its Hamilton Rental business, the business left the Group on 30th June 2024.

To facilitate the MBO there was a share capital reduction of E Class shares.