Company Registration No. SC161678 (Scotland)

Brightsolid Online Technology Limited

Annual report and financial statements

for the year ended 31 March 2023

Brightsolid Online Technology Limited

Company information

Directors	MF Thomson E Maddison BJH Gray	 (Appointed 1 February 2023)
Secretary	S Evans	
Company number	SC161678	
Registered office	Gateway House Luna Place Technology Park Dundee DD2 1TP	
Auditor	Henderson Loggie LLP The Vision Building 20 Greenmarket Dundee DD1 4QB	

Brightsolid Online Technology Limited

Contents

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

Turnover for the year to 31 March 2023 was unchanged at £10m. A small reduction in private cloud revenue (customers continuing to optimise their infrastructure in pursuit of cost savings) was offset by higher public cloud revenue and inaugural sales of cyber resilience products and services.

A significant up-front investment in the company's cyber resilience and hybrid cloud propositions increased administrative expenses for the year by 42%, resulting in an operating loss for the year of £576k. That investment, alongside capital expenditure of £2.0m, will facilitate the longer-term development and delivery of world-class products and services.

Principal risks and uncertainties

The Brightsolid Board has developed, and regularly reviews, a risk appetite statement and treatment strategies for all risks outside of appetite.

Risk appetite is lowest for information security risks, broadly the risk that a failure to address IT vulnerabilities in a timely manner leads to compromised company and customer systems and data.

Loss of key employees is also a risk focus for management. Digital skills continue to be in high demand and recruitment and retention of talented colleagues remains critical to the success of the business.

An inability to deliver leading products and services in rapidly changing markets could materially constrain growth and profitability, jeopardising longer term investment and innovation.

Key performance indicators

The Brightsolid Board monitors a range of KPIs measuring financial performance, customer satisfaction, investment in employees, technical capabilities and marketing execution.

On behalf of the board

E Maddison

Director

26 October 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company is to design, build and manage hybrid cloud services that securely and seamlessly maximise the benefits of complex cloud environments for customers.

The company also provides a range of cyber resilience products and services that monitor customer infrastructure for threats and vulnerabilities, providing a prompt and effective threat response 24x7x365.

Directors

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

MF Thomson	
C Jagusz	(Resigned 31 January 2023)
E Maddison	
BJH Gray	(Appointed 1 February 2023)

Results and dividends

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

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

No preference dividends were paid.

Statement of disclosure to auditor

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

On behalf of the board

E Maddison
Director

26 October 2023

Directors' responsibilities statement

for the year ended 31 March 2023

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Brightsolid Online Technology Limited

Independent auditor's report

to the members of Brightsolid Online Technology Limited

Opinion

We have audited the financial statements of Brightsolid Online Technology Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, The Data Protection Act 2018, Privacy Electronic Communications Regulations 2011, PCI/DSS (version 3.0); Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing feedback from recent third party compliance visits;
- Reviewing senior leadership team meeting minutes;
- Reading correspondence with regulators to determine the extent of compliance;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of tangible assets;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

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.

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

Gavin Black (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP

26 October 2023

Chartered Accountants
Statutory Auditor

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Brightsolid Online Technology Limited

Statement of comprehensive income

for the year ended 31 March 2023

	Notes	2023	2022
		£	£
Turnover	3	9,972,767	9,943,424
Cost of sales		(4,842,372)	(4,551,468)
Gross profit		5,130,395	5,391,956
Administrative expenses		(5,707,555)	(5,155,600)
Other operating income		717	2,707
Operating (loss)/profit	4	(576,443)	239,063
Interest receivable and similar income	7	823	-
Interest payable and similar expenses	8	(70,514)	(16,858)
(Loss)/profit before taxation		(646,134)	222,205
Tax on (loss)/profit	9	119,591	132,732
(Loss)/profit for the financial year		(526,543)	354,937

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Brightsolid Online Technology Limited

Balance sheet

as at 31 March 2023

		2023		2022	
	Notes	**£**	**£**	£	£
Fixed assets					
Tangible assets	**10**		**5,343,314**		4,225,549
Current assets					
Debtors	**11**	**2,414,016**		2,581,662	
Cash at bank and in hand		**712,228**		1,044,327	
		3,126,244		3,625,989	
Creditors: amounts falling due within one year	**12**	**(1,664,113)**		(1,513,828)	
Net current assets			**1,462,131**		2,112,161
Total assets less current liabilities			**6,805,445**		6,337,710
Creditors: amounts falling due after more than one year	**13**		**(1,762,334)**		(768,056)
Net assets			**5,043,111**		5,569,654
Capital and reserves					
Called up share capital	**16**		**19,040,000**		19,040,000
Profit and loss reserves	**17**		**(13,996,889)**		(13,470,346)
Total equity			**5,043,111**		5,569,654

The financial statements were approved by the board of directors and authorised for issue on 26 October 2023 and are signed on its behalf by:

E Maddison
Director

Company Registration No. SC161678

Brightsolid Online Technology Limited

Statement of changes in equity

for the year ended 31 March 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2021	19,040,000	(13,825,283)	5,214,717
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	354,937	354,937
Balance at 31 March 2022	19,040,000	(13,470,346)	5,569,654
Year ended 31 March 2023:			
Loss and total comprehensive income for the year	**-**	**(526,543)**	**(526,543)**
Balance at 31 March 2023	**19,040,000**	**(13,996,889)**	**5,043,111**

1 Accounting policies

Company information

Brightsolid Online Technology Limited is a private company limited by shares incorporated in Scotland. The registered office is Gateway House, Luna Place, Technology Park, Dundee, DD2 1TP.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

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

On the basis that the consolidated financial statements of the ultimate parent company, D.C. Thomson & Company Limited, provide disclosures which are equivalent to FRS 102, the financial statements of Brightsolid Online Technology Limited have adopted the following disclosure exemptions:
- the requirement to disclose the remuneration of key management personnel;
- the requirement to present a statement of cash flows and related notes; and
- related party transaction disclosures for transactions entered into between one or two members of the group on the basis that all parties are wholly owned within the group.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the financial projections, forecast future cash flows and the impact of subsequent events in making their assessment. The directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from rising input costs and general economic conditions. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.
Based on these assessments and having regard to the resources available to the company, including the ongoing financial support of its parent company D.C. Thomson & Company Limited, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Turnover

Turnover consists entirely of sales made in the United Kingdom, being the provision of online business services, managed hosting and associated technical services.

Revenue is recognised as the services are provided. Revenue receivable is accrued and revenue received in advance is deferred and released over the period of the contract.

1.4 Tangible fixed assets

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

1 Accounting policies (continued)

Fixed assets are stated at cost. Depreciation and amortisation is calculated so as to write off the cost of an asset less its estimated residual value over the useful economic life of that asset as follows:

Land and buildings Freehold	10-15 years
Plant & machinery	10 years
Furniture, fixtures & fittings	5 years
Computer equipment & office equipment	3-15 years

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

1.5 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

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

1.7 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

1 Accounting policies (continued)

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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

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

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

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

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

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies (continued)

1.8 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

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

1 Accounting policies (continued)

1.12 Government grants

Government grants receivable on capital expenditure are credited to a deferral account and are released over the expected useful life of the relevant asset in line with the depreciation charge.

Government grants receivable in compensation for operating costs are released on a basis that matches the costs incurred.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Carrying value of tangible assets

Directors and key management assess the useful lives of tangible assets, primarily data centres, using known information regarding key contracts and revenue and EBITDA generation. However, tangible assets can potentially generate revenue over a longer period.

3 Turnover and other revenue

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

	2023	2022
	£	£
Turnover analysed by class of business		
Principal activity	**9,972,767**	9,943,424

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	**9,972,767**	9,943,424

3 Turnover and other revenue (continued)

	2023	2022
	£	£
Other significant revenue		
Interest income	**823**	-
Grants received	**717**	2,707

4 Operating (loss)/profit

	2023	2022
Operating (loss)/profit for the year is stated after charging/(crediting):	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	**(17,793)**	(5,722)
Government grants	**(717)**	(2,707)
Fees payable to the company's auditor for the audit of the company's financial statements	**22,550**	19,605
Depreciation of owned tangible fixed assets	**918,287**	1,235,408

5 Employees

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

	2023	2022
	Number	Number
Average	**59**	55

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	**3,026,196**	2,751,339
Social security costs	**319,773**	285,635
	3,345,969	3,036,974

6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	**240,550**	241,000

6 Directors' remuneration (continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	**178,050**	166,000

Two directors were remunerated through the company totalling £240,550 (2022 - £241,000). Other directors are remunerated through D.C. Thomson & Company Limited.

7 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	**823**	-

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	**70,514**	14,317
Other interest	**-**	2,541
	70,514	16,858

9 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	**(520,769)**	70,159
Adjustments in respect of prior periods	**(3,859)**	(38,544)
Total current tax	**(524,628)**	31,615
Deferred tax		
Origination and reversal of timing differences	**401,259**	(19,404)
Changes in tax rates	**-**	(145,459)
Adjustment in respect of prior periods	**3,778**	516
Total deferred tax	**405,037**	(164,347)
Total tax credit	**(119,591)**	(132,732)

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

	2023	2022
	£	£
(Loss)/profit before taxation	**(646,134)**	222,205
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19% (2022: 19%)	**(122,765)**	42,219
Tax effect of expenses that are not deductible in determining taxable profit	**647**	147
Effect of change in corporation tax rate	**96,303**	(145,459)
Permanent capital allowances in excess of depreciation	**(87,309)**	8,389
Research and development tax credit	**(6,386)**	(38,544)
Under/(over) provided in prior years	**(3,859)**	-
Deferred tax adjustments in respect of prior years	**3,778**	516
Taxation credit for the year	**(119,591)**	(132,732)

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19% and this was effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of corporation tax, maintaining the current rate of 19%.

On 3 March 2021, the UK Budget 2021 announcements included measures to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is effective from 1 April 2023. The 25% rate was granted Royal Assent on 10 June 2021 and so was substantively enacted at the balance sheet date. As a result the closing deferred tax balances as at 31 March 2023 are recognised at 25% (2022 - 25%).

10 Tangible fixed assets

	Land and buildings Freehold	Assets under construction	Plant & machinery	Furniture, fixtures & fittings	Computer equipment & office equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	**11,506,965**	**211,078**	**51,850**	**793,278**	**7,120,929**	**19,684,100**
Additions	**326,055**	**672,000**	**-**	**-**	**1,037,997**	**2,036,052**
Transfers	**131,876**	**(211,078)**	**(51,850)**	**-**	**131,052**	**-**
At 31 March 2023	**11,964,896**	**672,000**	**-**	**793,278**	**8,289,978**	**21,720,152**
Depreciation and impairment						
At 1 April 2022	**7,902,984**	**-**	**51,850**	**700,835**	**6,802,882**	**15,458,551**
Depreciation charged in the year	**684,435**	**-**	**-**	**58,071**	**175,781**	**918,287**
Transfers	**51,850**	**-**	**(51,850)**	**-**	**-**	**-**
At 31 March 2023	**8,639,269**	**-**	**-**	**758,906**	**6,978,663**	**16,376,838**
Carrying amount						
At 31 March 2023	**3,325,627**	**672,000**	**-**	**34,372**	**1,311,315**	**5,343,314**
At 31 March 2022	3,603,981	211,078	-	92,443	318,047	4,225,549

11 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	**888,619**	979,648
Corporation tax recoverable	**454,466**	-
Other debtors	**137,426**	5,745
Prepayments and accrued income	**732,466**	990,193
	2,212,977	1,975,586
Deferred tax asset (note 15)	**201,039**	606,076
	2,414,016	2,581,662

12 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loan	14	**35,378**	58,333
Trade creditors		**380,543**	173,855
Corporation tax		**-**	250,875
Other taxation and social security		**274,757**	20,969
Government grants		**8,600**	-
Accruals and deferred income		**964,835**	1,009,796
		1,664,113	1,513,828

13 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loan	14	**773,399**	768,056
Amounts due to group undertakings	14	**869,257**	-
Government grants		**119,678**	-
		1,762,334	768,056

Amounts included above which fall due after five years are as follows:

	2023 £	2022 £
Payable by instalments	**601,144**	534,722

14 Loans and overdrafts

	2023 £	2022 £
Bank loans	**808,777**	826,389
Loans from group undertakings	**869,257**	-
	1,678,034	826,389
Payable within one year	**35,378**	58,333
Payable after one year	**1,642,656**	768,056

15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2023 £	Assets 2022 £
Balances:		
Accelerated capital allowances	**201,039**	606,076

	2023 £
Movements in the year:	
Asset at 1 April 2022	**(606,076)**
Charge to profit or loss	**405,037**
Asset at 31 March 2023	**(201,039)**

16 Share capital

	2023 Number	2022 Number	**2023 £**	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	**13,154,000**	13,154,000	**13,154,000**	13,154,000

	2023 Number	2022 Number	**2023 £**	2022 £
Preference share capital				
Issued and fully paid				
Preference shares of £1 each	**5,886,000**	5,886,000	**5,886,000**	5,886,000
Preference shares classified as equity			**5,886,000**	5,886,000
Total equity share capital			**19,040,000**	19,040,000

16 Share capital (continued)

Each ordinary share carries one vote and is entitled to participate pari passu with other ordinary shares in any dividend or capital distribution.

The preference shareholders are not entitled to receive any dividend. The company alone has the right at any time to redeem the whole or any number of the preference shares on giving to the holders of the preference shares to be redeemed not less than one month's notice in writing. On this basis they are treated as equity.

On a return of capital on liquidation or otherwise, the surplus assets of the company remaining after payment of its liabilities shall be applied first in repaying to the preference shareholders the paid up amount on each preference share held.

Preference shareholders are entitled to receive notice of and attend all general or other meetings of the company, they shall not be entitled to vote at such meetings.

17 Profit and loss reserves

Profit and loss reserves include all current and prior period retained profits and losses.

18 Financial commitments, guarantees and contingent liabilities

The bank holds a standard security over the property and a floating charge over all the assets of the company.

19 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023	2022
	£	£
Acquisition of tangible fixed assets	-	807,926

20 Ultimate controlling party

The company is a wholly owned subsidiary of Brightsolid Online Innovation Limited, a company incorporated in Great Britain and registered in Scotland.

The ultimate parent company is D.C. Thomson & Company Limited, a company incorporated in Great Britain and registered in Scotland.

There is no individual controlling party of D.C. Thomson & Company Limited.