Annual Report and Consolidated Financial Statements

Brightwell, trading name of BT Pension Scheme Management Limited

For the year ended 30 June 2024

Brightwell

Registered No. 05154287

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About Brightwell

Brightwell's core services

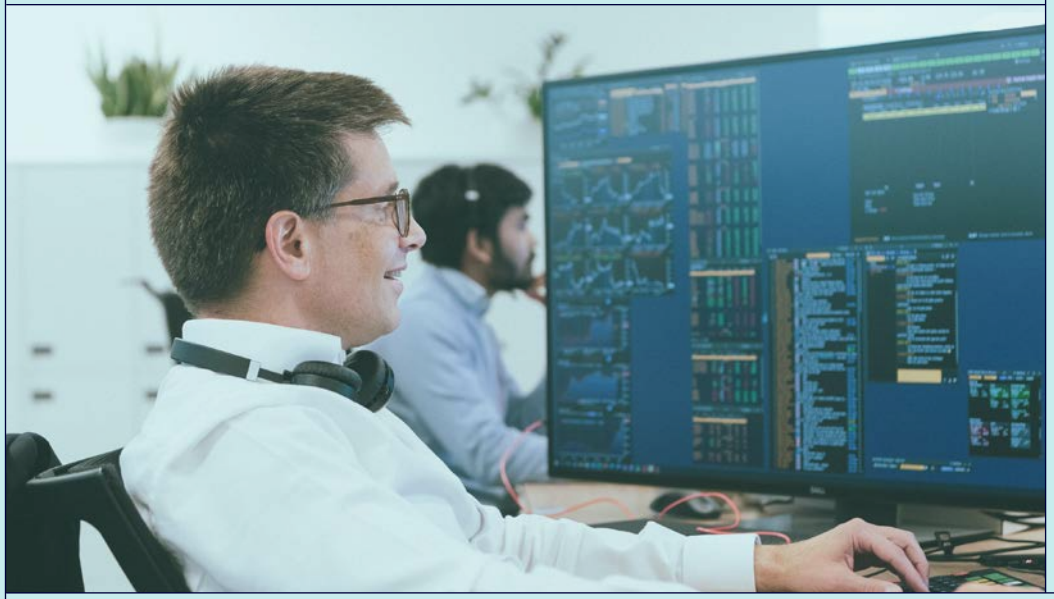
Fiduciary services

Tailored solutions perfectly aligned to clients' needs

Ensuring pension schemes can meet their annual cashflows to members and their beneficiaries involves careful management of scheme assets and in-depth understanding of the risk factors that can affect scheme funding outcomes.

Brightwell offer:

- Investment and funding advisory
- End-to-end fiduciary management
- Hedging and LDI provision
- Sponsor covenant monitoring
- Portfolio analytics and reporting



Member services

High-quality member services driven by insight

Brightwell has invested heavily in its member services building a fully in-house, Pension Management Institute (PMI) qualified team based in Chesterfield providing:

- Benefits payments and administration services
- Data cleansing
- Administration platform as a service
- Member outbound communications
- Inbound member contact centre
- Case management and technical casework

Member expectations for online services are increasing and, in partnership with Procentia, Brightwell offers a powerful solution. Clients can give scheme members access to personalised pension information at the touch of a button and a fully online end-to-end retirements process. Via an online portal, members can self-serve for all key tasks, such as retirement quotes and changes to personal details.

In addition to sophisticated member portals, Procentia's best-in-class platform incorporates automation of workflows, calculations, pensioner payroll and document imaging.

About Brightwell

Brightwell's core services

Scheme and Trustee services

Advisory services built from deeper understanding

While every defined benefit (DB) scheme is unique and at a different point in its journey, there are many challenges common to every scheme. These include determining how to reach their end-game safely and sustainably, the cost-effective provision of a high-quality service to their members, the integration of sustainability into the investment process, and the recruitment and retention of the talented people they need in an increasingly competitive market.

At Brightwell, we understand these challenges and offer:

- Scheme finance and tax
- Funding and covenant advice
- Scheme governance secretariat
- HR & people management
- Pensions legal and compliance
- IDRP and discretions
- Scheme PR and public affairs
- Risk management and data security
- Technology services

Procentia

Market-leading pensions administration software

Procentia Group (Procentia Limited and Procentia Inc) provide development, maintenance and support of software to the pensions and benefits industry.

The group has offices in Bristol and Chicago, and services clients across the globe. Procentia has an independent Board which includes representatives from Brightwell.

About Brightwell: corporate objectives

Brightwell's corporate objectives focus around 5 key pillars, which together guide us towards our ultimate North Star.

The partner of choice; creating new paths for UK pensions

Chair's statement

As I reflect on the past twelve months at Brightwell, I'm struck by just how far we've come in a short space of time.

We've won industry awards, secured major new contracts and launched ground-breaking new services for our clients. But, while what we've achieved is important, how we've achieved it is of equal importance. See the CEO's review for further details.

Evolving our approach to sustainability

I was particularly pleased to see Brightwell publish its first sustainability and Task Force on Climate-related Financial Disclosures (TCFD) report which can be read ***here***. The report outlines the progress we've made reducing the company's carbon footprint and operating more sustainably, but acknowledges there's much more we can do.

We recognise that our decisions, both as a company and a provider of services to pension schemes, impact our colleagues, our clients, their members and the wider society. The sustainability report goes into some depth on Brightwell's focus and priorities.

Sustainability is fast moving both with regards to understanding the issues but also as technology and best practices rapidly evolve. We continue to develop our approach to ensure we're leading the way for our clients with a focus on three areas: climate change, natural capital and inequality.

Nurturing talent

The report also covers the work Brightwell is doing to establish itself as an employer of choice. I'm particularly proud of the Brightwell Pensions Academy; an initiative which shows our commitment to developing and nurturing talent.

The idea was simple; to recruit people of any age and background, with little or no pensions knowledge, but who had strong potential, a great attitude and a willingness to learn, and take them on a year-long structured training programme. At the end of the programme they would graduate as qualified pensions administrators. So far, we've had 20 graduate from the Academy and we have another 25 currently undergoing training.

The Pensions Academy won both Training Scheme of the Year at the Professional Pensions Rising Star Awards, and the Development and Talent Retention Award at the Pensions Management Institute's Pinnacle Awards; a fantastic achievement.

Engaging on industry issues that matter

During the year we have proactively engaged with government and policymakers on issues of importance to our clients. In particular, this past year, the focus has been on the options for DB schemes consultation, which looks at use of scheme surplus and the wider productive finance agenda.

The new Labour government is undertaking a review of the pensions landscape to consider what further steps are needed to improve pension outcomes and increase investment in UK markets, and we look forward to continuing the constructive engagement we'd had with them to date.

Denise Le Gal

Board Chair, Brightwell

Chief Executive Officer's review

It's been just over a year since we launched Brightwell and began to offer the high-quality services that we provide to the BT Pension Scheme (BTPS) to other like-minded defined benefit (DB) schemes.

Our approach focuses on collectively owning problems, sharing solutions and collaborating for the long-term.

It's been encouraging to see this new approach gaining traction, with Brightwell's proposition being recognised by industry peers with a number of award wins. Our expertise in this area has resulted in us receiving new consulting revenue this year.

I was delighted when Brightwell won the Pensions Administration Award at the Pensions Age Awards in February 2024 and, as Denise has mentioned, our Pensions Academy has also received recognition.

Brightwell appointed as administrator for the Mineworkers' Pension Scheme

In August 2024, we announced that Mineworkers' Pension Scheme (MPS), one of the largest defined benefit pension schemes in the UK, had appointed Brightwell as its new administrator. Read the press release ***here***.

Brightwell will start providing administration services from January 2025 and winning this significant contract demonstrates that there's real appetite for a more differentiated approach.

We look forward to leveraging all of our experience to deliver a first-rate service to MPS members for the lifetime of the Scheme.

A strong year for Procentia

Brightwell's group company, Procentia, also had a very strong year winning a number of significant new contracts in the UK and US, including Universities Superannuation Scheme Limited (USS) — the UK's largest private defined benefit pension scheme by assets. Procentia also won the Pensions Technology Firm of the Year award at the Pensions Age Awards. Their growing reputation for delivering industry-leading pension platforms has led to Procentia having the best sales pipeline in its 22 year history.

Delivering for clients

This year, we have continued to deliver for BTPS during volatile financial markets and the Scheme remains on track to be fully funded by 2030.

We continue to prudently build up the Scheme's portfolio of cash-flow matching bond and bond-like assets. These provide resilient, contractual income that naturally offsets the regular pension payments the Scheme made to members.

We have also continued to develop innovative solutions with the implementation of corporate bond credit support annexes (CSAs) to manage the liquidity risk of derivative portfolios and longevity hedging.

Chief Executive Officer's review *continued*

Traditionally, gilts and cash have been used to meet collateral calls due to their high liquidity and quality. The challenge with this is that it can result in lower returns if pension schemes are forced to increase their liquidity position.

Using corporate bonds as an additional source of liquidity prevents the risk of diminished investment returns.

EE Pension Scheme (EEPS) has also performed well over the past year with its funding surplus growing as its growth assets have performed well. During the year, we took advantage of the elevated levels of real yield to increase their hedge ratio's, locking in some of the funding benefits and reducing future funding risk.

In addition, we were able to take advantage of secondary market opportunities to reduce EEPS's overweight allocation to UK property at attractive valuations, reducing concentration risk in the portfolio.

Delivering for our clients' members

BTPS member satisfaction has improved across all measures and is now at an all-time high with general satisfaction at 88.7%. This level of satisfaction is remarkable given that in 2018 member satisfaction was just 63%. This turnaround has been achieved through investment by Brightwell in our people, systems and processes.

As part of our commitment to continuous innovation, earlier this year we launched a fully online retirement service for BTPS.

In what we believe to be an industry first, we now have a fully automated on-line, end-to-end process, where members no longer have to send identity documents in the post.

We were also pleased to complete the required checks to ensure Guaranteed Minimum Pension (GMP) is 'equalised' for men and women within BTPS. We assessed over 200,000 Scheme members, both past and present, to establish which members were due equalisation adjustments. This resulted in making the necessary adjustments for 60,000 eligible members. BTPS was one of the first defined benefit schemes to complete this work.

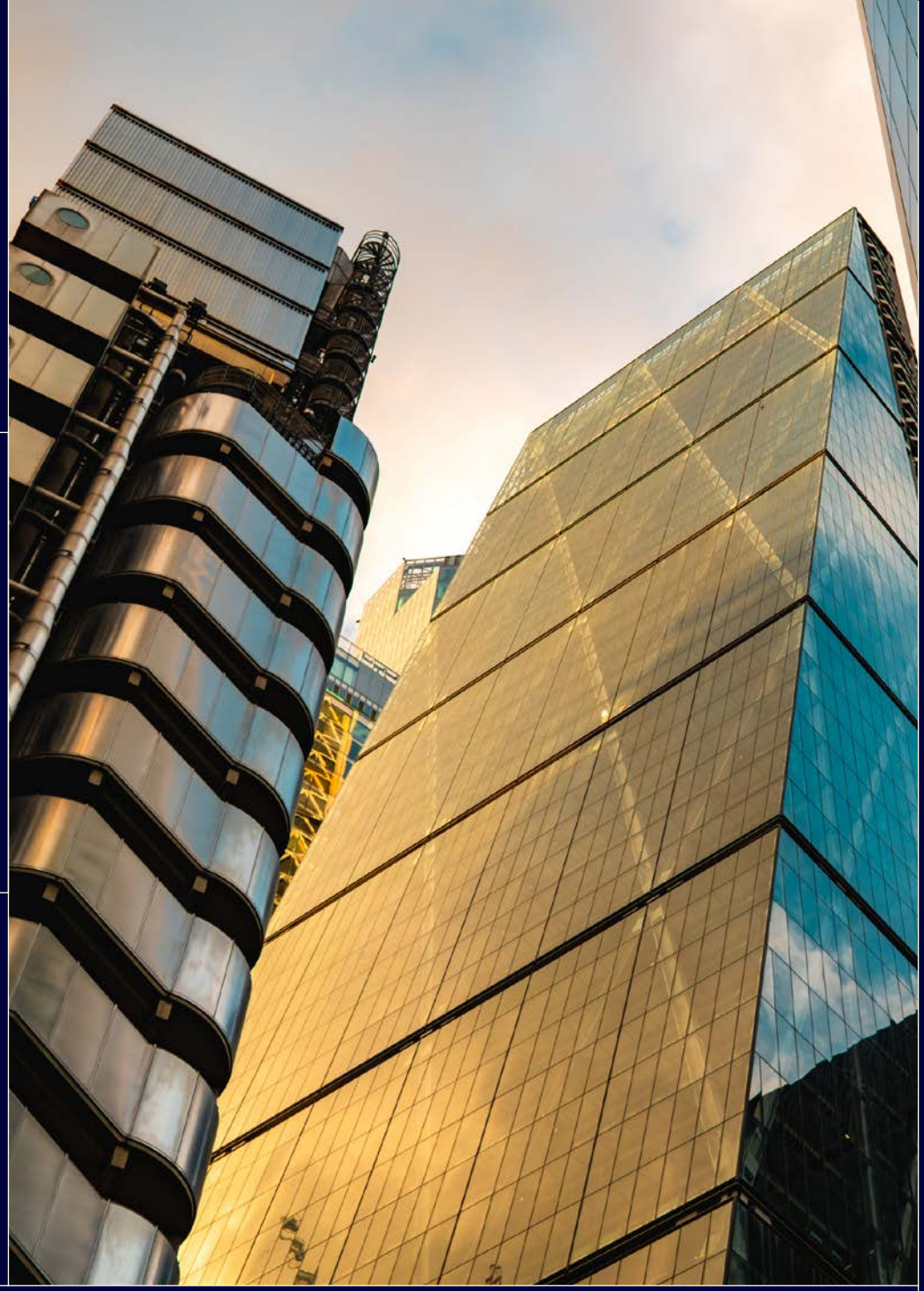
To help ensure clear, consistent communications to members of all DB schemes about GMP equalisation, Brightwell collaborated with BA Pensions, Coal Pension Trustees, Invensys Pension Scheme, M&S Pension Scheme, Royal Mail Pension Plan, Shell Contributory Pension Fund and Unilever UK Pension Fund to deliver a communications toolkit. The toolkit is free for schemes to use. Read more at ***gmpeasy.co.uk***

My colleagues and I are very proud of everything we've delivered, and continue to deliver, for our stakeholders. Over the coming year, we look forward to further evolving Brightwell, welcoming MPS to the Brightwell family and further extending our services to other DB schemes who are seeking to deliver the very best for their members.

Morten Nilsson

CEO, Brightwell

Strategic report



Brightwell at a glance

Heritage

40 years' experience as the primary service provider to the BTPS

Assets under management

£37 billion *

*As at 30 June 2024

Locations

London / Bristol Chesterfield / Chicago

Group employees

350+

Procentia's system serves

4.2 million

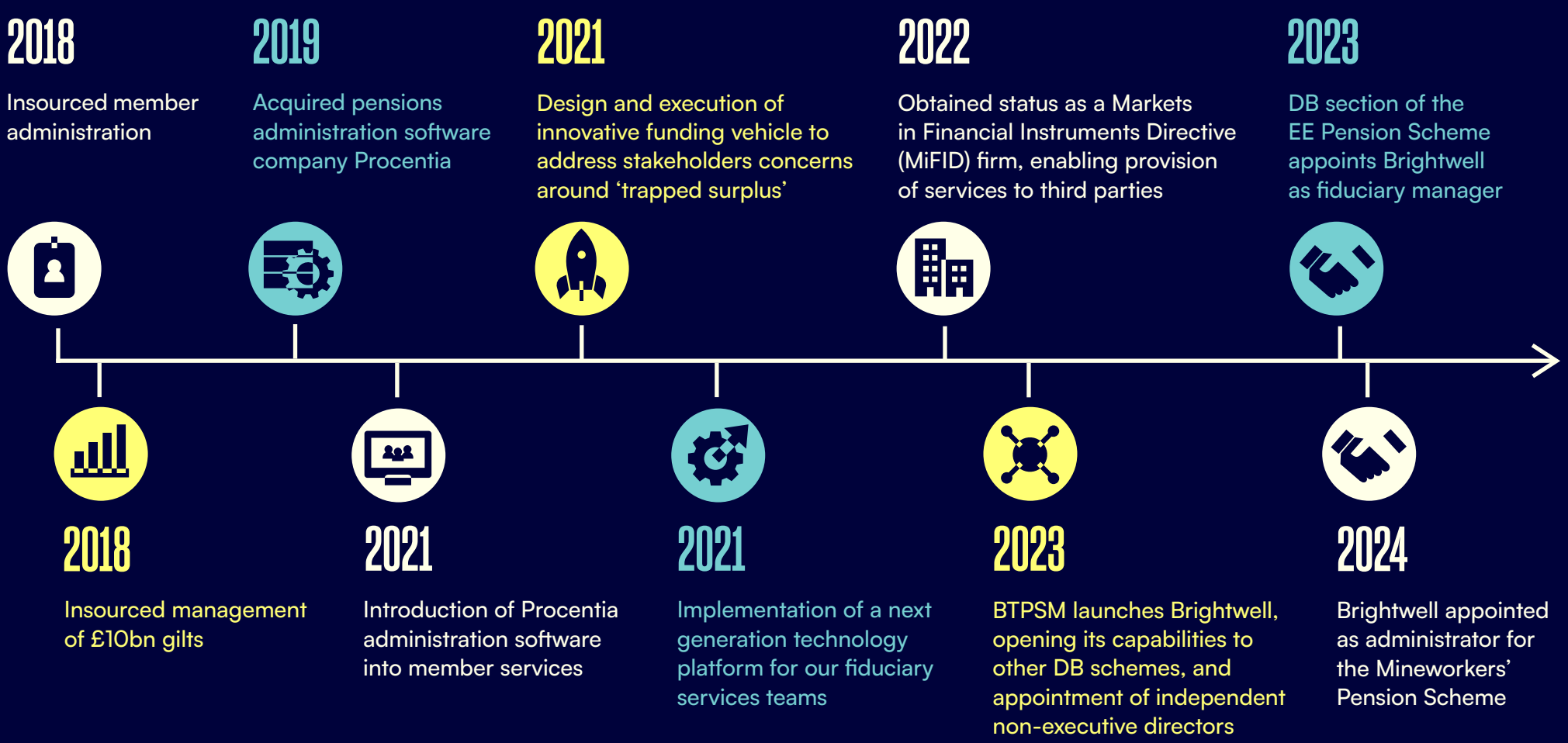
pension savers

Brightwell's pension admin team pays

£2.8 billion

in benefits annually for 260k members.

Brightwell journey



Strategic report *continued*

Our services

At Brightwell, we have developed a deep understanding of the challenges faced by defined benefit (DB) pension schemes from working closely with the BTPS Trustee Board and BT Group to solve the complex challenges facing BTPS over many years.

We understand every aspect of DB pension management, offering a comprehensive and customised approach across assets, liabilities, executive services, valuation support, funding solutions and member services.

Underpinned by leading technology, our approach is designed to deliver high-quality services to clients and their members, and sustainable funding and investment solutions to support schemes through to maturity.

Our ownership structure enables us to focus on long-term partnerships, understanding and prioritising the needs of our clients and their members.

Our focus on strong personal relationships with all stakeholders engenders high levels of satisfaction in our tailored solutions.

While we have a long heritage managing services to BTPS, the Brightwell proposition for other DB schemes is new.

Feedback from the sector has been positive and winning two new clients since launch demonstrates that there's strong appetite for a different and more partnership-led approach. Our focus is on the overall scheme priorities delivered by people with a deep understanding of scheme objectives and managing complex pension schemes.

We firmly believe that there's a need for a more partnership-led approach with a focus on the overall scheme priorities delivered by people with a deep understanding of managing complex pension schemes.

We know that building credibility and trust in a crowded market takes time, particularly when introducing something different. As such, over next 12 months, we will continue to build awareness of Brightwell and our services to provide greater choice to schemes faced with making big decisions.

Strategic report *continued*

Business review and principal activities

Brightwell, the trading name of BT Pension Scheme Management Limited (Brightwell, or the Company), provides fiduciary management services, member services, operational and secretariat services to BTPS. In addition, it has been appointed to provide fiduciary management services to the DB section of the EE Pension Scheme (EEPS). The Company is regulated by the Financial Conduct Authority (FCA) (reg. 486368). Brightwell has a wholly-owned subsidiary, also trading as Brightwell, BT Pension Scheme Administration Limited (BTPSA) and its principal activity is to provide pension administration services to clients.

The Company owns 100% of the voting shares in Procentia Limited (Procentia), a pensions applications service provider based in the UK (Bristol). Procentia's wholly-owned US subsidiary, Procentia Inc., is based in Chicago, and provides services to the pensions and benefits industry in North American markets.

High level group structure

Strategic report *continued*

Financial review

As shown in the consolidated statement of comprehensive income, BTPSM, BTPSA, Procentia and Procentia Inc. (together the Group) recorded an operating profit for the year ended 30 June 2024 of £9.6m (2023: £0.8m). The Company's balance sheet shows net assets of £58.4m at 30 June 2024 (2023: £50.5m). The Group has net assets of £49.7m (2023: £49.2m). No dividend has been proposed or paid during the year (2023: £nil).

As Brightwell develops its multi-client strategy, the directors believe the following financial key performance indicators (KPIs), which are disclosed on a consolidated basis for the year to 30 June 2024, are helpful for understanding the development, performance, and position of the business:

Turnover

£73.8m up £13.2m or 22%

This is driven by strategic growth in the group

Operating profit

£9.6m an increase of £8.8m

This is driven by the growth in revenue

Risk management

Brightwell manages risk in accordance with its risk management framework. This includes the identification and assessment of key risks; mitigation of risks through the control environment; and ongoing monitoring and reporting to the Board and its Risk, Audit and Compliance Committee (RACC). The framework is supported by Brightwell's policies, procedures, and governance structure.

The Board is ultimately responsible for the oversight of risk management and, as such, is responsible for setting and periodically reviewing the risk strategy in relation to its key areas of risk. It defines these as strategic, operational and financial risk.

Procentia's board of directors are responsible for the oversight of risk management for Procentia. Brightwell has appointed representatives on the Procentia Board, and monitors Procentia in relation to its risk monitoring and management through updates at Procentia's board meetings.

Brightwell risk management approach

Brightwell's approach to risk governance is underpinned by the Board and the RACC, as outlined on page 24. The Board sets out strategic, operational and financial risks that are managed at Brightwell and delegates day-to-day risk management to the Brightwell Chief Executive Officer (CEO). The CEO executes this responsibility via senior management and management meetings, such as the Executive Monthly meeting (the 'Exec').

Brightwell operates a three tier risk governance model — "the three lines of defence model"

1st Line — Business functions

The business functions and line managers are responsible and accountable for the identification, assessment and management of the individual risks and associated controls within their areas of responsibility.

2nd Line — Risk and compliance

The risk function is responsible for maintaining effective risk management in Brightwell and its clients in line with the Risk Management Framework. This includes establishing and implementing relevant policies; providing oversight of the control environment; and making recommendations for change based on risk and control, self-assessment, risk appetites and risk incidents.

The compliance function has the responsibility for monitoring and providing advice to Brightwell and, where applicable, clients, on compliance and the relevant regulatory requirements. This includes the development and oversight of compliance policies, and ongoing compliance monitoring activities including post-trade surveillance, and establishing and monitoring firmwide conduct of business requirements (such as personal account dealing and gifts and hospitality).

3rd Line — Internal Audit

The internal audit function, under an outsourcing agreement with BDO UK LLP, conducts a rolling programme of independent control reviews and investigations.

This approach provides a clear and succinct separation of duties, roles and responsibilities.

All of the above functions are supported by our Group Legal team.

The legal function offers a full suite of legal advice and support to both Brightwell and clients, where applicable, on all relevant laws and regulations including financial services, investment, pensions, corporate, employment and other matters as applicable. This includes monitoring of relevant changes and developments within the legal and regulatory environment, advising clients, where applicable, and the Board on the impact of these.

Strategic report *continued*

Risk management *continued*

Brightwell's general approach to risk management is to:

- Embed a strong and cohesive risk management culture across all operations to enable the effective management of risks
- Enable decisions taken to be informed by appropriate risk and reward considerations
- Enable business units to identify the main risk areas that they are exposed to and document controls contained within its control environment
- Ensure compliance with applicable laws, regulations and policies.

Brightwell's policies, procedures and processes in relation to the clients' assets are designed to ensure that:

- Client assets are managed prudently, and in accordance with our clients' wishes, with respect to funding objectives, investment style and risk profile
- Client assets are adequately safeguarded
- All due benefits accrue to our clients, and
- Appropriate regulations are adhered to and best practice is followed.

Risk management *continued*

Principal risks

As a fully functioning investment manager and pensions' administrator, Brightwell is exposed to a wide variety of risks that could impact its ability to service its clients. The risks and mitigations outlined below represent the key risks faced by Brightwell.

Risk	Operational/Process	Outcome	People	Legal & regulatory
Description	The risk that transaction errors and other data processing failures could occur due to poor process design, inadequate operating procedures or execution mistakes.	The risk that Brightwell's services to its clients are not met, this includes outcome risk for investment and members.	The risk that Brightwell is not able to attract and retain staff with the necessary levels of competency and experience.	The risk that Brightwell fails to comply with UK law or breaches the regulatory obligations set by the Financial Conduct Authority.
Mitigation	Managed by ensuring that all critical processes are properly supported via a combination of clear documentation, ongoing training, and the application of controls and escalation procedures. The day-to-day activities are supplemented by the risk and compliance frameworks that are regularly reported to the Exec.	Managed by experienced professionals overseeing the services delivered to our clients. With regards to investment-related activities, Brightwell utilises technology to monitor trading activities versus investment guidelines and restrictions.	Managed by the Exec tracking attrition levels and open vacancies monthly, taking action where necessary. In addition, Brightwell surveys its colleagues periodically. Core to Brightwell is its Employee Value Proposition (EVP) which offers competitive compensation and benefits (which are benchmarked annually), as well as offering training and development opportunities. The EVP is continually evolving based on colleague feedback and market insight.	Managed by Brightwell employing experienced legal and compliance professionals and applying a structured compliance monitoring programme which includes extensive training for staff to ensure they are familiar with the prevailing regulatory requirements e.g. information security, market abuses, bribery and corruption etc.

Strategic report *continued*

Risk management *continued*

Risk	Supplier performance failure	Technology and Information security	Strategic	Market
Description	The risk that a third-party supplier appointed directly by Brightwell fails to deliver a business-critical service resulting in financial or reputational damage.	The risk that Brightwell is unable to deliver services to clients as a result of outages or disruptions to its technology and IT systems or that sensitive data relating to the firm, its employees or its clients (including their members' data) is compromised by a third party.	The risk that Brightwell fails to deliver on its long-term objectives and goals due to poor strategic decisions, significant implementation failures or external factors such as the geopolitical environment, technology advances and the impact of climate change.	Brightwell's direct market risk exposure is minimal, comprising mostly of the impact of cost inflation, and currency risks associated with non-sterling supplier contracts. Brightwell's investment clients may have significant market risk exposure, and Brightwell is exposed to the risks associated with failing to manage market risk appropriately on behalf of its clients.
Mitigation	Managed by having a rigorous supplier management framework in place which covers supplier selection, ongoing performance monitoring and taking remedial action where necessary. Business critical suppliers are also required to have business continuity plans in place that are aligned to the clients' expectations.	Managed through a rigorous approach to deploying IT solutions, data governance and by having an appropriate Business Continuity Plan (BCP) and Disaster Recovery Plan (DCP) in place. Brightwell has a comprehensive cybersecurity strategy. The strategy is compliant with the National Cyber Security Centre (NCSC) Cyber Assessment Framework and leverages the infrastructure and cloud technologies of the leading technology vendors to cover both end point and network security. In addition, we conduct regular audits, penetration testing, staff training and ongoing assessments of the information security practices of our key suppliers as part of our ISO27001 certification.	Managed by the Board and executive team regularly reviewing the strategic plan and assessing the opportunities and threats to it; active horizon scanning and consideration of emerging risks; and incorporating the management of sustainability into our risk framework, policies and actions. Brightwell recognises that there is a degree of concentration risk which Brightwell is managing through its growth strategy.	Managed via our risk management framework.

Strategic report *continued*

Colleagues

Brightwell takes colleague satisfaction and wellbeing very seriously, as demonstrated by how colleagues are supported and listened to. We have a range of initiatives in place to support this, including:

- An excellent range of colleague benefits including an employee assistance programme, access to private healthcare GP services, as well as generous pensions and insurance benefits in order to support colleagues at every stage of their working life
- In July 2023, we introduced a new parental leave policy with a range of enhanced benefits for new parents, including equalisation of maternity and paternity benefits with all eligible parents being offered 26 weeks' full pay
- A programme of constantly refreshed wellbeing resources available to all colleagues
- A regular colleague satisfaction survey enabling frequent leadership listening and corrective action
- Provide training support and opportunities to colleagues to enable them to grow as individuals and as professionals
- A colleague-led group who support in educational and social activities for colleagues.

Brightwell has put in place a comprehensive framework of policies and practices to keep colleagues informed on matters relevant to them. The Board is ultimately responsible for the oversight of policies and practices in respect of Brightwell colleagues, while Procentia's Board of Directors retains responsibility in respect of Procentia employees. In setting remuneration for Brightwell, the Board is conscious of the spirit and aims of the FCA's Remuneration Code as well as the retention and motivation of colleagues. The Board, therefore, aims to set remuneration policy, and the awards under that policy, within the following structures:

- the policy and awards are consistent with, and promote, sound and effective risk management
- the policy and awards are consistent with Brightwell's strategy, objectives and values, and the long-term interests of our beneficiaries
- the policy and awards are set to avoid conflicts of interest
- performance measures for awards are subject to appropriate adjustments for the risks taken to achieve that performance
- part of some colleagues' reward is deferred, due to their role or size of compensation, and
- no guaranteed variable remuneration is available.

Diversity, equality & inclusion

Brightwell is committed to developing and maintaining an inclusive culture, ensuring that behaviours, working practices and policies promote fair treatment, and access to development opportunities for every colleague. We value the benefits a diverse workforce can bring and want Brightwell to be a place where all colleagues can thrive, feel that they belong and are valued, and contribute to our success. This is underpinned by Brightwell's corporate values: responsible, impactful, supportive & expert. We also recognise the role we have to play in contributing to industry initiatives to drive broader change.

Over the past 12 months, we have been evolving our approach to diversity, equality and inclusion (DE&I), which is driven by the DE&I steering group. This is sponsored by the CEO and is comprised of a cross-section of colleagues across Brightwell.

Data collection

On a confidential and wholly voluntary basis, we invited colleagues to share information about themselves via the HR system. This enables us to build a more detailed profile of our colleagues and our organisation to establish our DE&I baseline, and to track and monitor our progress. In October 2023, we included a series of DE&I-related questions as part of our employee engagement survey for the first time. These questions will remain a core part of future employee engagement surveys so that we can track progress.

Inclusive recruitment

We work with a select group of recruitment agencies who are aware of our DE&I strategy and support us in ensuring diverse candidate pools (including protected characteristics, diversity of thought and skills).

Training

We have been rolling out inclusion-focused training to embed the importance of it in our culture, and support the retention and development of our diverse talent.

More information can be found in our *Sustainability Report*.

Stewardship Code

Brightwell is fully committed to complying with the requirements of the Financial Reporting Council's (FRC) Stewardship Code and further details can be found on its website *https://www.btps.co.uk/SustainableInvestment*

As an FCA-regulated entity, the company provides certain defined services, including overseeing BTPS's stewardship activities.

Modern Slavery Act

Brightwell is fully committed to complying with the requirements of the Modern Slavery Act and a statement is available on the website: *https://brightwellpensions.com/contact-us/modern-slavery-statement/*

Brightwell's carbon emissions

At Brightwell, we measure emissions from our offices, energy and transport. For the calendar year 2023, Brightwell offset 118 tonnes of carbon dioxide (calendar year 2022: 125 tonnes). The reduction in emissions is partially due to changing to a green tariff in October 2023, in the London and Chesterfield offices. A full year effect will be seen in 2024. To help mitigate the impact of our footprint, we work with ClimateCare, a specialist environmental and social impact company to invest in climate and development projects to offset emissions and deliver positive social outcomes in developing communities. Further details of our carbon emissions for the current year are included within the Directors' report on page 28. One of our corporate objectives is to 'embed sustainability into everything we do'. Further details of our approach to sustainability can be read ***here***.

Approved by the Board and signed on behalf of the Board.

M Nilsson, CEO Brightwell

Governance

Governance

Brightwell, trading name of BT Pensions Scheme Management Limited, is regulated and authorised by the Financial Conduct Authority (FCA). Our corporate governance structure, shown below, is designed to support the Board's oversight of the Company's purpose of being the partner of choice; creating new paths for UK pensions, which is integral to the business. **The framework demonstrates the Board's commitment to high standards of governance**.

Brightwell Board

The Board is collectively responsible for Brightwell's long-term sustainable success within a framework of prudent and effective controls. The Board's non-executive directors bring a level of independent challenge to the CEO and his management team. To support the Board in its oversight and leadership, there is an established committee framework as shown below:

Procentia Board

Brightwell retains oversight of Procentia via the Brightwell-appointed Procentia board NEDs, one of which is Brightwell's CEO who sits as the non-executive chair of the Procentia board. Procentia's Board has overall responsibility for the management of the Procentia group of companies, including monitoring the effectiveness of the Procentia group's operating, financial and other business plans, and the execution of its strategy and objectives. The Procentia Board of Directors are collectively responsible to Brightwell (in its capacity as shareholder) for the long-term success of the Procentia group companies.

Governance *continued*

Brightwell Board

- **Sets the appetite** for taking risk against Brightwell's strategy, whilst day-to-day management of risk sits within Brightwell's governance framework and promotes an effective risk culture.
- **Oversees and monitors** the efficiency and effectiveness of the Risk Management Framework and system of internal controls; the performance and objectivity of the internal and external auditors; and the completeness and integrity of the financial statements via the RACC.
- **Reviews and assesses** the effectiveness of Brightwell's risk management and compliance arrangements.
- **Escalates** material issues to the relevant Brightwell or client governance body.

Brightwell Risk, Audit and Compliance Committee (RACC)

- **Reviews, challenges and recommends** to the Board the nature and extent of the principal strategic and operational risks that will arise in Brightwell's pursuit of its strategic objectives.
- **Agrees and makes recommendations** to the Board on changes to the Risk Register.
- **Oversees and advises** the Board on the firm's risk management arrangements, compliance monitoring and advisory framework, and on the continued appropriateness of the firm's risk appetite statements, and on the identification, assessment, mitigation, and monitoring of current and emerging risks.
- **Monitors and oversees** reporting on all risk and compliance activities within Brightwell.
- **Supports** the business in managing risk and achieving compliance with relevant regulatory requirements to ensure that the business is well placed to deliver against its corporate objectives.
- **Reviews and assesses** external reporting, and the performance and independence of the firm's external auditors.
- **Approves** the annual review plans for the Internal Audit Compliance and Risk functions, and monitors performance against those plans, including oversight of progress and actions, providing feedback to the Board.

Brightwell Remuneration Committee (RemCo)

- **Oversees** the remuneration arrangements at Brightwell so that it is aligned with its long-term business strategy, its business objectives, its risk appetite, the values and the long-term interests of Brightwell and its relevant stakeholders.
- **Sets and agrees** remuneration policy.
- **Ensures** the remuneration approach promotes sound and effective risk management.
- **Escalates** any material issues to the relevant governance forum.
- **Independent oversight** of CEO and Executive remuneration was provided by the BTPS Remuneration and Nomination Committee during the period.

Brightwell Executive (Exec)

- **Monitors** financial reporting and Brightwell's performance.
- **Reviews** the operation of Brightwell's risk management framework, compliance arrangements, systems, processes, procedures and controls.
- **Escalates** any relevant material issues to the Board or the RACC, as appropriate. The Board has delegated day-to-day management of the firm to the CEO, who executes this responsibility via the Exec. Each member of the Exec has individual responsibility for business areas within Brightwell and collectively they provide challenge and oversight of Brightwell's operations and performance.

Governance *continued*

Brightwell Board members

Denise Le Gal,

Independent non-executive, appointed April 2023.

Denise is Board Chair and is chair of the Board's Remuneration Committee (RemCo). She is responsible for leading the Board and ensuring that the Board meets its collective responsibilities. Denise brings a wealth of experience to our team. She is currently the chair of the JPM Chase UK Retirement Plan and of the Brunel Pension Partnership. Denise previously served as a board member of the Local Government Authority's Local Government Pension Committee (Chair), the Local Government Pension Scheme Advisory Board and the Local Authority Pension Fund Forum (co-Chair). Denise left Canada in 1985 and, post-MBA, pursued a career in banking at Salomon Brothers, Chase Manhattan and IBJ.

Other appointments:

- Brunel Pension Partnership, non-executive Chair (standing down in Q4 24)
- JPM Chase UK Retirement Plan, Chair

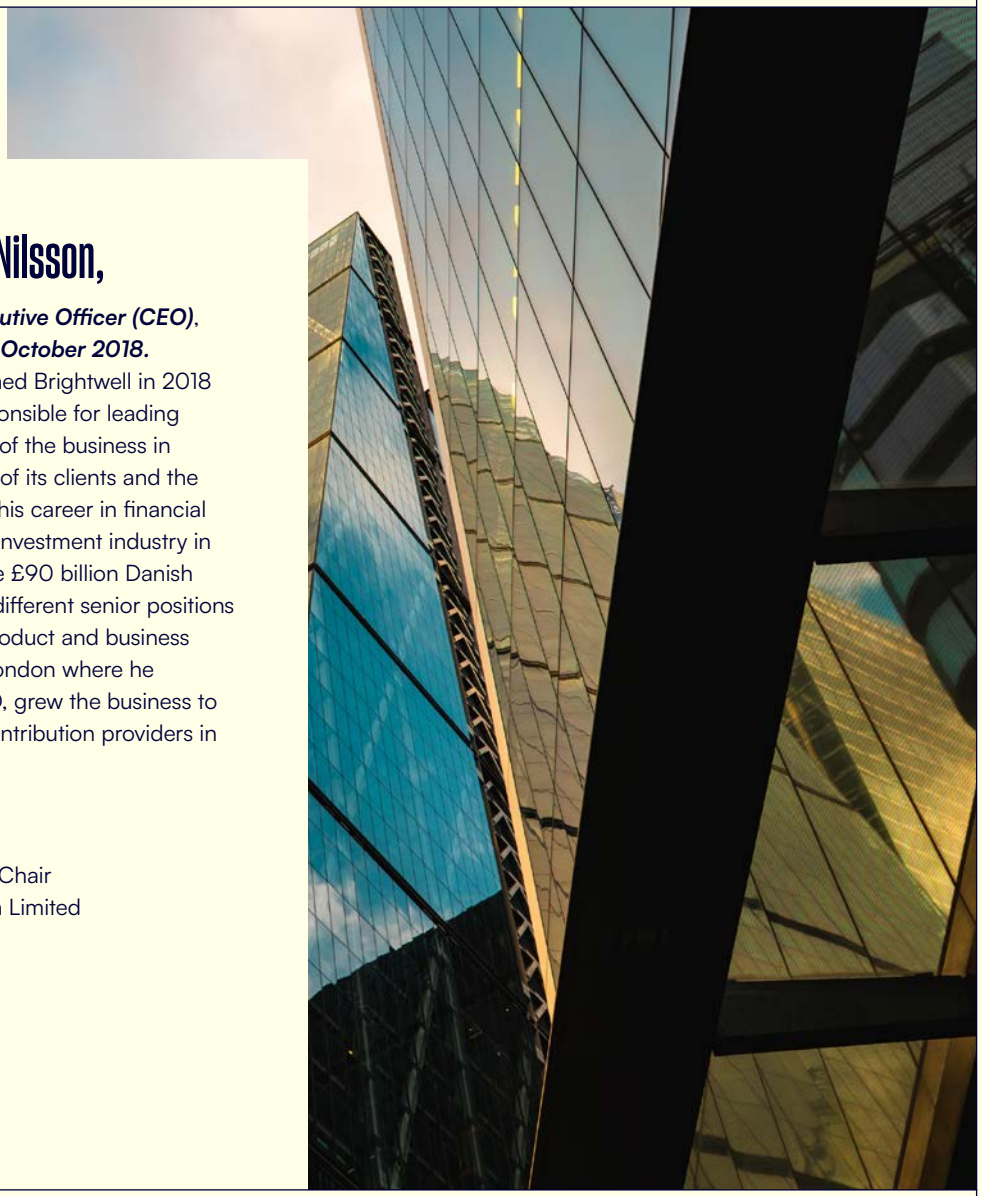
Morten Nilsson,

Chief Executive Officer (CEO), appointed October 2018.

Morten joined Brightwell in 2018 and is responsible for leading all aspects of the business in its support of its clients and the workforce. Morten has spent most of his career in financial services. He joined the pensions and investment industry in 2001 and spent over 10 years with the £90 billion Danish pension scheme ATP, where he held different senior positions across administration, investments, product and business development. In 2010 he moved to London where he founded NOW: Pensions and, as CEO, grew the business to become one of the largest defined contribution providers in the UK.

Other appointments:

- Procentia Limited - non-executive Chair
- BT Pension Scheme Administration Limited - Executive Director



Governance *continued*

Kevin Troup,

Independent non-executive*, *appointed April 2023.

Kevin is the RACC chair and is a member of the RemCo. He holds a number of non-executive roles including Chair of Audit at Baillie Gifford Shin Nippon Plc and also at European Assets Trust Plc. He is also a non-executive director of Baring Fund Managers Limited and Kintail Trustees Limited, the corporate trustee of The Robertson Trust charity. Kevin qualified as a Chartered Accountant in 1993 with Coopers & Lybrand. He started his investment career with Scottish Life before joining Martin Currie Investment Management where he helped launch two Japanese Funds, managing an Equities fund and co-managing an Absolute Return Fund. He joined Standard Life Investments in 2010, launching a new global equity income product which he managed.

Other appointments:

- Baillie Gifford Shin Nippon plc - non-executive Director & Chair of Audit Committee
- European Assets Trust Plc - non-executive Director & Chair of Audit Committee
- Baring Fund Managers Limited - non-executive Director
- Kintail Trustees Limited (Corporate Trustee of the Robertson Trust) - Director & Chair of Investment Committee

Wyn Francis,

Chief Investment Officer (CIO)*, *appointed February 2019.

Wyn joined Brightwell in 2008 and was confirmed as CIO in 2021. He is responsible for advising clients on investment strategy and implementing that strategy within an agreed delegated authority. Prior to joining Brightwell, Wyn was a Consulting Director at PwC where he managed teams responsible for providing market and trading risk management advice. He previously held roles in banks, structuring and trading interest rate derivatives and managing fixed income portfolios.

Other appointments:

- Britel Scotland GP Limited
- Britel Scotland GP II Limited

Gillian Haselden,

Chief Legal Officer (CLO)*, *appointed February 2019.

Gillian is a RACC member and acts as Legal Counsel to the Board. She joined Brightwell in 2014 and is responsible for leading and advising on all legal, compliance & governance matters. Gillian has over 30 years of qualified legal experience including roles of Deputy Global General Counsel at E&Y for 10 years and European Counsel at Deloitte for 5 years. She also spent over 7 years in investment banking at Nomura.

Other appointments:

- BT Pension Scheme Administration Limited - Executive Director

Governance *continued*

Simon Langworthy,

Chief Commercial Officer (CCO), appointed February 2011.

Simon joined Brightwell in 2010 as Chief Operating Officer. Since that time, he has changed roles, first to Chief Administration Officer (2018) and then to Chief Commercial Officer (2023). As CCO, Simon is responsible for leading Brightwell's business development and client relationship strategy-retaining oversight of member services. Simon was previously Managing Director and COO of Europe Business Operations at Blackrock, where he led the migration of the BGI products in Europe onto the Blackrock Aladdin Platform. Before that, Simon spent 6 years at Barclays Global Investors running global functions, including asset services, client order management, client take-on, business change and product development. He has over 30 years' experience in the banking, asset management and pensions sectors and is a qualified Chartered Accountant (Member, Institute of Chartered Accountants in England and Wales).

Other appointments:

- BT Pension Scheme Administration Limited - Executive Director

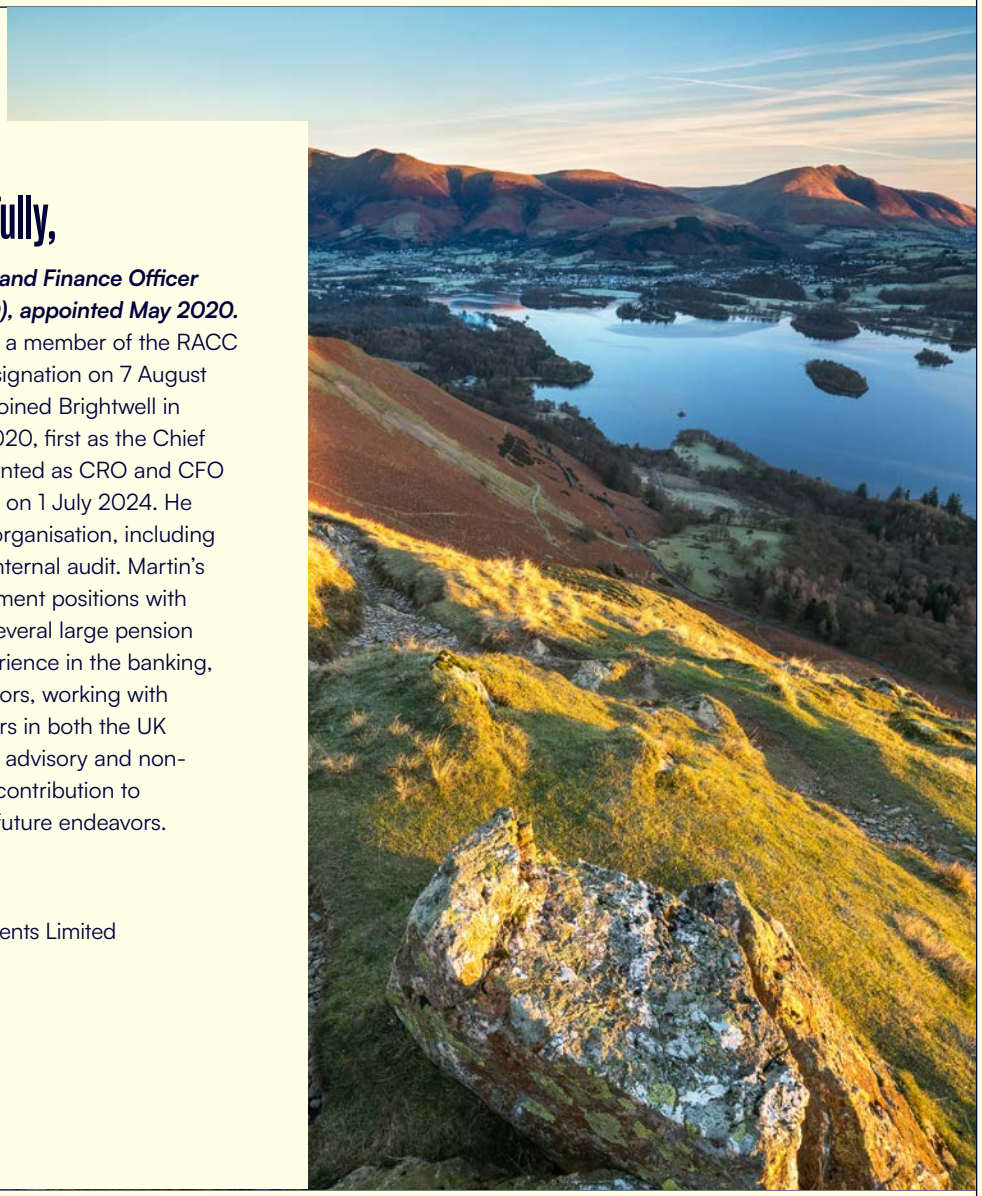
Martin Tully,

Chief Risk and Finance Officer (CRO/CFO), appointed May 2020.

Martin was a member of the RACC until his resignation on 7 August 2024. He joined Brightwell in January 2020, first as the Chief Operating Officer and was later appointed as CRO and CFO (2023). Martin's role changed to CRO on 1 July 2024. He led on all risk-related matters for the organisation, including operational risk, investment risk and internal audit. Martin's previous roles include senior management positions with Ashmore, Citigroup and HSBC, and several large pension funds. Martin has over 30 years' experience in the banking, asset management and pensions sectors, working with investment managers and asset owners in both the UK and overseas in a variety of executive, advisory and non-executive roles. We thank him for his contribution to Brightwell and wish him well with his future endeavors.

Other appointments:

- Local Pensions Partnership Investments Limited - non-executive Director



Directors' report

Directors:

D Le Gal (non-executive)
M Nilsson
K Troup (non-executive)
W Francis
G Haselden
S Langworthy
M Tully (resigned 7 August 2024)

Secretary:

Britel Fund Trustees Limited

Registered office:

One America Square 17 Crosswall London EC3N 2LB

Registered number:

05154287

The Directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2024.

Energy and carbon report

In 2024, BTPSM and BTPSA offset their carbon emissions from business travel and scope 2 activities of 118 tonnes relating to the calendar 2023. (2022 calendar year: 125 tonnes offset).

Total group emissions	2024 tCO2	2024 kWh	2023 tCO2	2023 kWh
Direct emissions				
Combustion of gas and use of fuel for transport	-	-	-	-
Scope 1	-	-	-	-
Indirect emissions (for own use)				
Purchase of electricity	72.06	281,615	85.35	265,858
Scope 2	**72.06**	**281,615**	**85.35**	**265,858**

No fuel usage is reported for the year as all business-related transport is operated by a third party (rail, taxi, air) of which the Group is not responsible for the fuel usage. For electricity usage, the kWh amount is obtained from utility bills throughout the year, and the tonnes CO2 amount is calculated using a conversion factor based on the Department for Energy Security and Net Zero (DESNZ) July 2024 greenhouse gas (GHG) Conversion factors for company reporting.

As a reference, the total emission level is equivalent to 0.20 (2023: 0.26) tonnes of CO2 per employee.

In the financial year 2024, the Company's scope 2 emissions decreased, in part due to the change in energy provider for the London and Chesterfield offices. More information in relation to our activities to reduce the carbon impact of the Company is included in the Strategic report and in our *Sustainability report*.

Directors' report *continued*

Going concern

The Group has sufficient financial resources and, as a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. BTPSM and BTPSA's major provider of income is BTPS, therefore the Directors have considered the BTPS's Scheme's ability to continue as a going concern.

In reaching the going concern conclusion, the Directors considered the resources available to the Group, forecast expenses and income, post-year end events, and reviewed severe but plausible scenarios whereby Brightwell could suffer a material revenue reduction, incurs significant unbudgeted costs, or experiences significant business disruption impacting its service delivery. This scenario analysis included financial stress testing over multiple years to model the impact of these scenarios on revenues, costs, cashflows, and reserves. The Group has also considered cashflow forecasts for at least 12 months from the date the financial statements are approved.

With this in mind, and having made all reasonable enquiries and having respect to the nature of the Group and its activities, the Directors are satisfied at the time of approving the financial statements, that there is a reasonable expectation that the Group can meet its liabilities for the next 12 months from the date of approval of these financial statements.

Dividend

No dividend has been proposed or paid during the year (2023: £nil).

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2023: £nil)

Charity donations

During the year, the Company donated £nil (2023: £nil) and subsidiaries donated £2,642 (2023: £3,060 to various charities voted by their employees) for their 20th anniversary.

Directors' indemnities

Qualifying third party indemnity provisions, which were made during the year for the benefit of the Directors, remain in force at the date of this report.

Matters requiring disclosure in the Director's report

The following disclosures have been included in the strategic report as they are considered to be of strategic importance to the business:

Future developments within the Company and Group are discussed on page 12

Research and development activities of the Company and Group are discussed on page 12.

Statement on disclosure of information to the auditor

The Directors' confirm that:

- so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and
- they have taken all reasonable steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information, and to establish that the Group's auditor is aware of that information.

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

Auditor

The auditor was reappointed in accordance with Part 16 of the Companies Act 2006 and KPMG LLP will, therefore, continue in office.

Approved by the Board and signed on behalf of the Board.

Denise Le Gal
Board Chair

14 October 2024

Section 172 statement

This statement outlines the Board Directors' performance in relation to Section 172(1) of the Company's Act 2006. The Act requires that each company director acts in a way that they, in good faith, consider would be most likely to promote the success of the company for the benefit of its members as a whole.

In doing this, s172 requires that directors consider, amongst other matters:

- the likely long-term consequences of any decision
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between members of the Company.

The Board is supported in the discharging of its duties by the Governance and Secretariat function. For the year ending 30 June 2024, the Board considers that, individually and collectively, it acted in accordance with s172.

The Board acknowledges that decisions are not made in isolation and there are often competing interests amongst our stakeholders. This could result in a more favourable outcome for one stakeholder group over another. By framing our decisions within the parameters of our purpose, values and strategic priorities, our aim is to ensure that our outcomes remain consistent. The Board understands the value of stakeholder engagement beyond statutory obligations. Therefore, the examples illustrate a broad view of how we pay regard to, and interacted with, some of our key stakeholders during the year.

Section 172 statement *continued*

Stakeholder	Area of focus / outcomes

Clients

The Board tasks management with upholding the highest standards of risk management for our clients. Below are two examples where the Board considered, challenged and ultimately approved items in this regard.

Mandatory block leave

Whilst it was not an FCA requirement to impose block leave, the Board's view is that it is best practice to have an agreed approach in place to ensure its clients are protected against any form of fraud. The Board approved the proposal for a mandatory consecutive 5-day annual leave requirement during which system access would be revoked (including email) for certain key teams and individuals across Brightwell.

Modern Slavery Statement

The Board recognises the importance of managing reputational risk for its clients. The Modern Slavery Statement underwent a comprehensive annual review, resulting in strengthening in some areas. In particular, the Board approved a new narrative making it clear that Brightwell does not engage in business with any organisation, whether UK or international, that knowingly condones or participates in practices associated with slavery, servitude and forced or compulsory labour.

Colleagues

The Board is firmly behind the Brightwell Executive's drive to become an employer of choice. As part of this plan, the Board approved changes and enhancements to policies in support of our colleagues, including:

Equal opportunities and diversity policy

The policy was updated to ensure that no applicant or employee receives less favourable treatment and that, wherever possible, they are given the help needed to attain full potential to the benefit of Brightwell and themselves. The policy was designed to achieve a merit-based workforce that reflects the diversity of the labour market from which they are selected.

Remuneration policy

A new policy was adopted which aligned compensation across Brightwell with FCA guidelines and the new TPR code requirements. The policy was created to support the delivery of the strategy whilst ensuring adherence to its risk appetite. Further, it was designed to ensure fair outcomes for our people and clients, and aligned incentive schemes to drive behaviours consistent with Brightwell's purpose, culture and values.

Environment

Task Force on Climate-Related Financial Disclosures (TCFD)

As referenced in the Chair's statement, the Board approved Brightwell's first sustainability and TCFD report. The Board is fully aware that no organisation exists in isolation. Brightwell's actions, both as a corporate and for its clients, impacts the wider environment within which we operate. The Board is committed to being fully transparent in reporting Brightwell's focus and priorities in this regard.

Statement of Directors' responsibilities

in respect of the annual report, strategic report, the Directors' report and the financial statements.

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

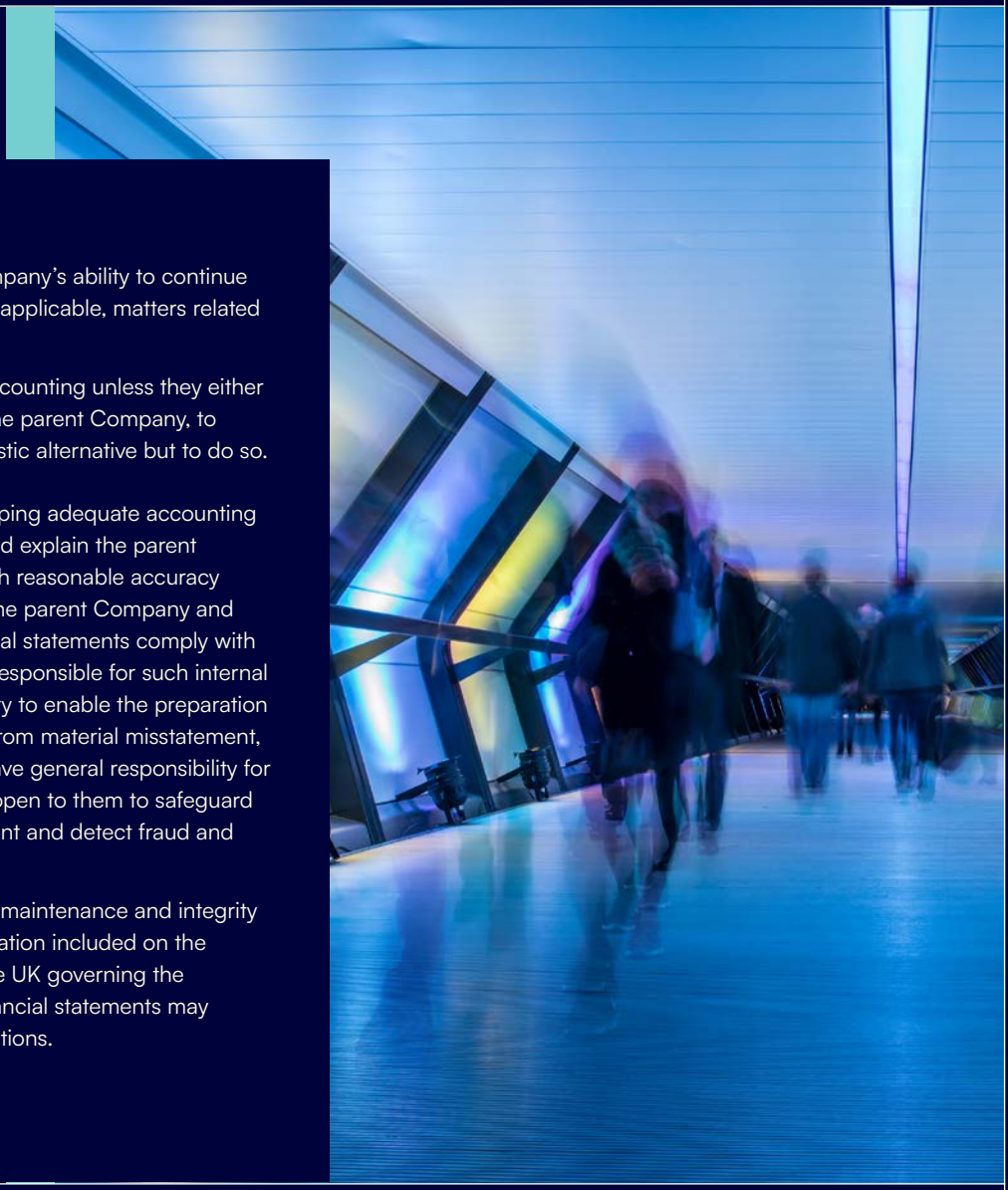
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under UK 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 Group and parent Company, and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed, and explained in the financial statements
- assess the Group and parent Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern, and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company, to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions, disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Independent auditor's report to the members of Brightwell, trading name of BT Pension Scheme Management Limited

Opinion

We have audited the financial statements of Brightwell, trading name of BT Pension Scheme Management Limited (the Company) for the year ended 30 June 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

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 30 June 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Parent Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Independent auditor's report *continued*

Fraud and breaches of laws and regulations — ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, limited judgements necessary, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included material post year end closing journals.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the parent Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, anti-money laundering, market abuse regulations and financial services regulations, and specific areas of regulatory capital and liquidity and certain aspects of Parent Company's legislation recognising the financial and regulatory nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report *continued*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 32, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

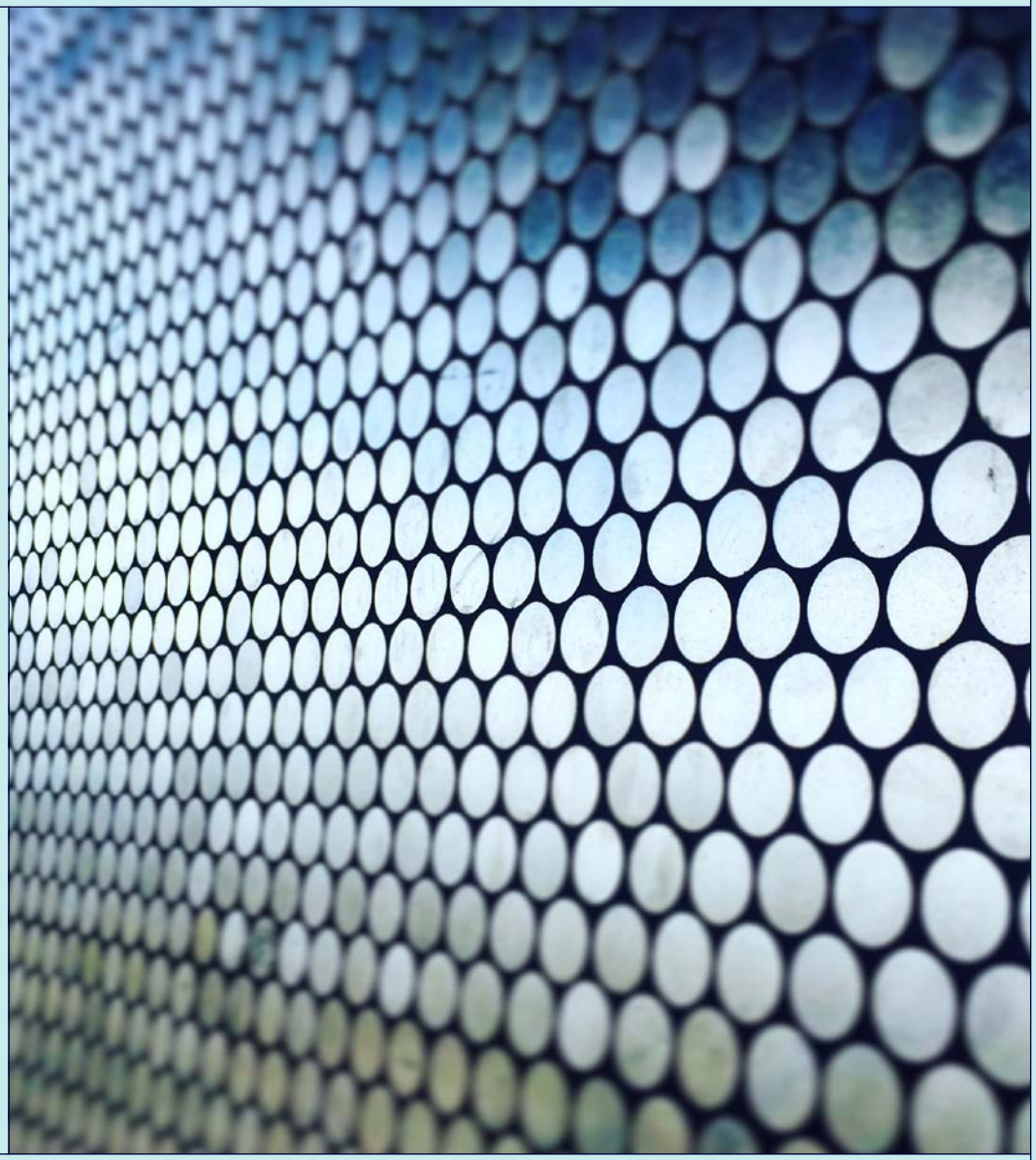
A fuller description of our responsibilities is provided on the FRC's website at *www.frc.org.uk/auditorsresponsibilities*.

Independent auditor's report *continued*

The purpose of our audit work and to whom we owe our responsibilities

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 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.

Grant Archer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS
15 October 2024



Consolidated statement of comprehensive income

As at 30 June 2024

	Notes	30 June 2024 £	30 June 2023 £
Turnover	3	**73,824,272**	**60,647,061**
Administrative expenses		(64,823,514)	(60,202,837)
Other income		577,695	363,866
Operating profit		**9,578,453**	**808,090**
Interest receivable	4	1,915,743	923,145
Interest payable	4	(2,481)	-
Profit on ordinary activities before taxation	5	**11,491,715**	**1,731,235**
Tax charge on profit on ordinary activities	8	**(2,973,527)**	(1,030,637)
Profit for the financial year		**8,518,188**	**700,598**
Other comprehensive income:			
Foreign currency translation adjustment		8,006	3,939
Total comprehensive income for the financial year		**8,526,194**	**704,537**
Profit for the financial year attributable to:			
Owners of the parent		8,492,391	829,959
Non-controlling interests		25,797	(129,361)
Total profit		**8,518,188**	**700,598**
Total comprehensive income for the financial year attributable to:			
Owners of the parent		8,499,568	832,528
Non-controlling interests		26,626	(127,991)
Total comprehensive income		**8,526,194**	**704,537**

There are no recognised gains or losses other than the profit on ordinary activities for the year disclosed above. Accordingly, no statement of other comprehensive income is presented.

All of the results are derived from continuing operations.

The notes on pages 44 to 73 form part of these financial statements.

Consolidated balance sheet

As at 30 June 2024

	Notes	30 June 2024 £	30 June 2023 £
Non-Current assets			
Goodwill	11	7,235,044	8,550,506
Intangible assets	11	6,537,722	7,230,796
Tangible assets	12	1,092,185	1,463,047
Long-term debtors	13	165,568	-
		15,030,519	**17,244,349**
Current assets			
Debtors	13	16,250,409	23,163,497
Cash at bank		44,341,259	37,702,187
		60,591,668	**60,865,684**
Current liabilities			
Creditors - amounts falling due within one year	14	(20,695,122)	(20,673,257)
Net current assets		**39,896,546**	**40,192,427**
Total assets less current liabilities		**54,927,065**	**57,436,776**
Creditors - amounts falling due after one year	14	(4,819,585)	(7,677,777)
Provisions for liabilities and charges	16	(445,141)	(536,475)
Net assets		**49,662,339**	**49,222,524**
Capital and reserves			
Called up share capital	17	37,800,000	37,800,000
Profit and loss account		11,314,566	9,562,871
		49,114,566	47,362,871
Non-controlling interests		547,773	1,859,653
		49,662,339	**49,222,524**

These financial statements were approved by the Board and authorised for issue on 14 October 2024.

Signed on behalf of the Board

M Nilsson
CEO Brightwell

The notes on pages 44 to 73 form part of these financial statements.

Company balance sheet

As at 30 June 2024

	Notes	30 June 2024 £	30 June 2023 £
Fixed assets			
Investment in subsidiaries	9	30,813,053	22,594,016
Intangible assets	11	2,057,547	2,992,764
Tangible assets	12	780,632	1,037,047
		33,651,232	**26,623,827**
Current assets			
Debtors	13	10,476,042	12,865,921
Cash at bank		30,202,894	29,401,348
		40,678,936	**42,267,269**
Current liabilities			
Creditors - amounts falling due within one year	14	(12,281,429)	(13,861,588)
Net current assets		**28,397,507**	**28,405,681**
Total assets less current liabilities		**62,048,739**	**55,029,508**
Creditors - amounts falling due after one year	14	(3,306,594)	(4,193,452)
Provisions for liabilities and charges	16	(339,210)	(339,210)
Net assets		**58,402,935**	**50,496,846**
Capital and reserves			
Called up share capital	17	37,800,000	37,800,000
Profit and loss account		20,602,935	12,696,846
Shareholder's funds		**58,402,935**	**50,496,846**

These financial statements were approved by the Board and authorised for issue on 14 October 2024

Signed on behalf of the Board of Directors

M Nilsson
CEO Brightwell
Registered No. 05154287

The notes on pages 44 to 73 form part of these financial statements.

Consolidated statement of changes in equity

As at 30 June 2024

	Called up share capital £	Profit and loss account £	Amount attributable to owners of the parent £	Non-controlling interest £	Total £
At the beginning of the year 1 July 2022 as restated	**37,800,000**	**8,730,343**	**46,530,343**	**1,987,644**	**48,517,987**
Profit for the year	-	829,959	829,959	(129,361)	700,598
Foreign exchange movements	-	2,569	2,569	1,370	3,939
At the beginning of year 1 July 2023	**37,800,000**	**9,562,871**	**47,362,871**	**1,859,653**	**49,222,524**
Profit for the year	-	8,492,391	8,492,391	25,797	8,518,188
Foreign exchange movements	-	7,178	7,178	829	8,007
Change in ownership	-	(6,747,874)	(6,747,874)	(1,308,732)	(8,056,606)
Other changes	-	-	-	(29,774)	(29,774)
At the end of the year 30 June 2024	**37,800,000**	**11,314,566**	**49,114,566**	**547,773**	**49,662,339**

The notes on pages 44 to 73 form part of these financial statements.

Company statement of changes in equity

As at 30 June 2024

	Called up share capital £	Profit and loss account £	Total £
At the beginning of the year 1 July 2022	**37,800,000**	**11,180,587**	**48,980,587**
Profit for the year	-	1,516,259	1,516,259
At the beginning of the year 1 July 2023	**37,800,000**	**12,696,846**	**50,496,846**
Profit for the year	-	7,906,089	7,906,089
At the end of the year 30 June 2024	**37,800,000**	**20,602,935**	**58,402,935**

The notes on pages 44 to 73 form part of these financial statements.

Consolidated cashflow statement

As at 30 June 2024

	Notes	30 June 2024 £	30 June 2023 £
Net cash inflow from operating activities	**20**	**15,011,136**	**4,008,821**
Cashflows from investing activities:			
Payments made to acquire intangible assets		(1,713,738)	(659,992)
Payments made to acquire tangible fixed assets		(343,987)	(224,083)
Cashflows from financing activities:			
Interest received		1,915,743	923,145
Interest paid		(2,481)	-
Consideration for purchase of shares		(8,219,037)	-
Effects of exchange rates on cash		(8,564)	4,600
Increase / (decrease) in cash and cash equivalents in the year		**6,639,072**	**4,052,491**

The notes on pages 44 to 73 form part of these financial statements.

Reconciliation of net cash flow to movement in net funds

As at 30 June 2024

	30 June 2024 £	30 June 2023 £
Increase in cash and cash equivalents in the year	6,639,072	4,052,491
Movement in net funds in the year	**6,639,072**	**4,052,491**
Net funds at 1 July	37,702,187	33,649,696
Net funds at 30 June	**44,341,259**	**37,702,187**

Net funds at 30 June 2024 comprised cash and cash equivalents of £44,341,259 (2023: £37,702,187).

The notes on pages 44 to 73 form part of these financial statements.

Notes to the accounts

Notes to the accounts

Year ended 30 June 2024

01. Accounting policies

a Accounting convention

The Company is a private company incorporated, domiciled and registered in England in the UK. The registered number is 05154287 and the registered address is One America Square, 17 Crosswall, London EC3N 2LB.

The Group (including BTPSA, Procentia Limited and Procentia Inc) and parent Company financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102).

The principal accounting policies, which have been applied consistently in both the current and preceding year, are set out below.

b Going concern

The Group has sufficient financial resources and, as a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The majority of Brightwell's income is from the BTPS, therefore the Directors have considered the BTPS's ability to continue as a going concern.

In reaching the going concern conclusion, the Directors considered the resources available to the Group, forecast expenses and income, post-year end events, and reviewed severe but plausible scenarios whereby Brightwell could suffer a material revenue reduction, incurs significant unbudgeted costs, or experiences significant business disruption impacting its service delivery. This scenario analysis included financial stress testing over multiple years to model the impact of these scenarios on revenues, costs, cashflows and reserves. The Group has also considered cashflow forecasts for at least 12 months from the date of approval of these financial statements.

With this in mind, and having made all reasonable enquiries and, having respect to the nature of the Group and its activities, the Directors are satisfied, at the time of approving the financial statements, that there is a reasonable expectation that the Group can meet its liabilities for the next 12 months from the date of approval of these financial statements.

c Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to the 30 June 2024. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertaking, Procentia group are included in the consolidated statement of comprehensive income. Control is established when the Company has the power to govern the operating and financial polices of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group has taken exemption from preparing a Company-only profit and loss account in line with Section 408 of the Companies Act 2006.

d Turnover

Turnover is recognised on an accruals basis. To the extent that fees are recognised in advance of billing they are classified as work in progress and included as accrued income, and when fees are recognised in advance of the period they relate to, they are included as deferred income.

Service fees are charged to the ultimate parent undertaking, BTPS, on a fixed fee ascertained on an arm's length basis.

Year ended 30 June 2024

e Other income

Other income relates to income received from sub-letting office space.

f Taxation

UK and US corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure, in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

g Bonus costs

Provision is made for bonuses attributable to performance up to the year end. Deferred bonuses are accrued evenly over the period to vesting.

h Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end rate. Translation differences are dealt with in the statement of comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date.

i Operating leases

Rental expenses in respect of operating leases are charged to the income statement on a straight-line basis over the period of the lease.

j Employee benefits

Long-term incentive plans (LTIP)

Long-term incentive plans are made to certain employees by the issue of shares to be exchanged at a later date for cash, provided the conditions for the exchange have been met. The fair value of the shares is calculated using the Monte Carlo Model and this is re-calculated at each reporting date. The expense is recognised on a straight-line basis over the period from the date of award to the date of vesting, based on the best estimate of shares that will eventually vest.

k Pension benefits

For the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year.

Differences between contributions payable in the year and contributions actually paid are shown either as creditors or debtors in the balance sheet.

l Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity. At acquisition date, the cost is measured as the aggregate of fair value of assets and liabilities, plus costs attributable to the business combination. The excess of the cost of the business combination over the acquirer's interest in the net assets of the business is recognised as goodwill. Goodwill is amortised over ten years.

Notes to the accounts *continued*

Year ended 30 June 2024

m Intangible assets

Purchased intangible assets

Intangible assets acquired separately are capitalised at cost at the date of acquisition. Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life of the asset as follows:

Intellectual property, software and licences: 5 years
Goodwill: 10 years.

Internally generated intangible assets

Internally generated intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life of the asset as follows:

Intellectual property, internal software and licenses: 5 years.

Amortisation is charged on assets with finite lives and this expense is taken to the statement of comprehensive income through the administrative expenses line item. Intangible assets with finite lives are only tested for impairment, either individually or at the cash-generating unit level, where there is an indicator of impairment. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the income statement when the asset is derecognised.

n Tangible fixed assets

Fixed assets are stated at cost less any accumulated depreciation and any accumulated impairment losses. Fixed assets are depreciated on a straight-line basis over the useful economic lives of the assets as follows:

Computer hardware: 3 years
Fixtures and fittings, office equipment and furniture: 3.5 to 4 years
Leasehold improvements: period of lease.

Assets under construction commence depreciation once the assets become available for use.

o Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses recognised immediately in the income statement.

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

p Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the net asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

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 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 in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

q Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash-in-hand and deposits held at call with banks.

Year ended 30 June 2024

r Financial instruments

Financial instruments are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors, 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 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 cashflows of the asset have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cashflows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities which include trade payables and other short-term monetary liabilities, are initially recognised at fair value net of transaction costs directly attributable to the issuance of the financial liability 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. They are subsequently measured at amortised cost using the effective interest method. Financial liabilities classified as payable within one year are not amortised.

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

Derecognition of financial liabilities

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

s Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

t Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event. It is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Notes to the accounts *continued*

Year ended 30 June 2024

u Acquisitions and disposals of businesses

Fair value

There was no adjustment needed to fair value the assets on acquisition. The expected useful life of goodwill stemming from this acquisition is 10 years.

Goodwill

On acquisition of Procentia Limited, BTPSM, trading as Brightwell, Brightwell also acquired the software code for the proprietary pension administration solution. However, owing to the complex nature and embedded knowledge within the Procentia business, the software code is inextricably linked to the business and after adjusting for the costs associated with transition of that knowledge, it is deemed to have nil value. As a result, excess proceeds over the fair value of assets acquired have been classified as goodwill and depreciated over the 10-year useful economic life.

Goodwill in respect of Procentia Limited's 100% subsidiary Procentia Inc, which was acquired by Procentia Limited immediately prior to BTPSM's acquisition of Procentia Limited, is recognised on the balance sheet and depreciated over the 10-year useful economic life.

Notes to the accounts *continued*

02. Critical judgements and key estimates

The preparation of the financial statements in conformity with FRS 102 requires the use of accounting estimates and assumptions that affect the reported assets and liabilities at the date of financial statements, and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The prime area involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements are as follows:

Long-term incentive plans (LTIP)

The Group measures the cost of cash-settled transactions with employees by reference to the fair value of the equity instruments at each year end. The fair value is determined using the Monte Carlo Model, and the determination of the fair value using this methodology is based on the input parameters chosen. It will therefore contain an element of judgement and uncertainty. Details of the LTIP are included in note 15.

03. Turnover

Turnover, exclusive of value-added tax, is analysed geographically between markets as follows:

	30 June 2024 £	30 June 2023 £
UK	69,033,015	56,262,955
USA	3,699,740	2,525,105
Rest of the world	1,091,517	1,859,001
	73,824,272	**60,647,061**

Turnover, exclusive of value-added tax, is analysed by turnover as follows:

	30 June 2024 £	30 June 2023 £
Executive advisory, pension administration and investment management services	58,564,815	49,146,507
Development, maintenance and support of software	15,259,457	11,500,554
	73,824,272	**60,647,061**

Notes to the accounts *continued*

04. Interest receivable and payable

Interest receivable, mainly derived from short-term cash investments, is analysed as follows:

	30 June 2024 £	30 June 2023 £
Short-term deposit interest receivable	1,915,743	923,145
Interest payable	(2,481)	-
	1,913,262	**923,145**

05. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:

	30 June 2024 £	30 June 2023 £
Amortisation of intangible fixed assets (note 11)	3,722,274	3,536,213
Depreciation of tangible fixed assets (note 12)	705,079	717,852
Rentals under operating leases	1,289,205	1,168,784
Fees payable to the Group's auditor in respect of:		
Audit services	158,240	152,154
Other assurance services	15,310	14,581

Notes to the accounts *continued*

06. Directors' emoluments

The total emoluments granted and paid to the Directors in respect of the year were £3,814,608 (year ended 30 June 2023: £3,426,911). The Group provides a co-investment/bonus deferral scheme whereby a portion of bonuses awarded in respect of the year are deferred. The full value of deferred awards granted to Directors in respect of the year has been included in the figure above, although they will only become payable after the Directors satisfy future service conditions.

The highest paid Director received emoluments in the year in respect of services to the Group, amounting to £1,092,227, which includes £20,000 pension contributions (year ended 30 June 2023: £963,945, including £19,667 pension contributions).

07. Staff costs

Staff costs for the year in respect of Directors and employees were as follows:

	30 June 2024 £	30 June 2023 £
Wages and salaries	31,575,697	28,320,581
Social security costs	4,026,632	3,597,449
Other pension costs	2,731,478	2,301,332
	38,333,807	**34,219,362**

Other pension costs are in respect of the defined contribution pension scheme.

The average number of employees, including Directors and non-executive Directors, for the year ended 30 June 2024 was 358 (2023: 327).

08. Tax charge on profit on ordinary activities for group

On 24 May 2024, Finance (No. 2) Act 2024 received Royal Assent, which maintains the main rate of corporation tax at 25% for the financial year to 31 March 2026. Deferred tax balances as at 30 June 2024 have therefore been fully recognised at the closing rate of 25%.

a) Analysis of tax charged in the year:

	30 June 2024 £	30 June 2023 £
Current tax:		
UK corporation tax	2,937,713	866,245
Adjustment in respect of prior periods	(378,661)	18,217
Overseas taxation	340,418	53,426
Total current tax charge	**2,899,470**	**937,888**
Deferred tax:		
Origination and reversal of timing differences	(150,907)	(301,295)
Adjustments in respect of prior period	224,964	516,865
Effect of tax rate change on opening balance	-	(122,821)
Total deferred tax charge	**74,057**	**92,749**
Total tax charge on profit on ordinary activities	**2,973,527**	**1,030,637**

b) The tax charge in the period differs from that resulting from applying the standard rate of corporation tax in the UK of 25% (2023: 20.5%). The differences are explained below:

	30 June 2024 £	30 June 2023 £
Profit on ordinary activities before tax	**11,491,715**	**1,731,235**
Profit on ordinary activities at the standard rate of corporation tax in the UK of 25% (2023: 20.5%)	2,872,929	354,832
Expenses not deductible for tax purposes	318,794	310,092
Effect of tax rates in foreign jurisdictions	41,352	22,154
Enhanced capital allowances / income not taxable	(79,389)	(68,703)
Adjustments in respect of prior periods - current tax	(153,696)	535,082
Income not taxable	(26,463)	-
Tax rate changes	-	(122,820)
Total tax charge on profit on ordinary activities	**2,973,527**	**1,030,637**

Year ended 30 June 2024

c) Deferred tax:

	Provided June 2024 £	Provided June 2023 £
Deferred tax assets:		
Accelerated capital allowances	(431,630)	(377,850)
Short-term timing differences	982,328	1,028,063
Losses and other deductions	25,456	-
Total deferred tax assets	**576,154**	**650,213**

	30 June 2024 £	30 June 2023 £
Net deferred tax assets at 1 July	650,213	734,010
Amounts charged to income statement arising from:		
Fixed asset timing differences	(53,780)	(301,687)
Short-term timing differences	(45,735)	308,397
Losses and other deductions	25,456	(90,507)
Net deferred tax assets at 30 June	**576,154**	**650,213**

Year ended 30 June 2024

09. Fixed asset investments

Consolidated	Notes	30 June 2024 £	30 June 2023 £
Investment in subsidiaries		-	-
		-	**-**

Company	Notes	30 June 2024 £	30 June 2023 £
Investment in subsidiaries	10	30,813,053	22,594,016
		30,813,053	**22,594,016**

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 July 2023	**22,594,016**
Additions	8,219,037
At 30 June 2024	**30,813,053**
Carrying amount	
At 30 June 2023	22,594,016
At 30 June 2024	**30,813,053**

During the year, the company bought the remaining founder shares in Procentia.

Year ended 30 June 2024

10. Subsidiaries

Details of the Company's subsidiaries at 30 June 2024 are as follows:

Name of undertaking	Country of incorporation	Class of shares held	Nature of business	Direct % held	Indirect % held
BT Pension Scheme Administration Limited	England and Wales	Ordinary	Provision of administration services to the BT Pension Scheme	100	
Brightwell Pensions Limited	England and Wales	Ordinary	Dormant	100	
Brightwell Pensions Holdings Limited	England and Wales	Ordinary	Dormant	100	
Brightwell Administration Limited	England and Wales	Ordinary	Dormant	100	
Brightwell Administration Holdings Limited	England and Wales	Ordinary	Dormant	100	
Brightwell Pension Administration Limited	England and Wales	Ordinary	Dormant	100	
Brightwell Pension Management Limited	England and Wales	Ordinary	Dormant	100	
Brightwell Management Holdings Limited	England and Wales	Ordinary	Dormant	100	
Brightwell Member Services Limited	England and Wales	Ordinary	Dormant	100	
Procentia Limited	England and Wales	Ordinary and Preference	Development, maintenance and support of software to the pensions and benefits industry	94.82	
Procentia Inc	United States of America	Ordinary	Development, maintenance and support of software to the pensions and benefits industry		94.82

The registered address of BT Pension Scheme Administration Limited and the Brightwell dormant entities is One America Square, 17 Crosswall, London EC3N 2LB.

The registered address of Procentia Limited and Procentia Inc is 8 Brook Office Park, Emersons Green, Bristol, England, BS16 7FL.

Year ended 30 June 2024

11. Consolidated intangible fixed assets

	Goodwill £	Intellectual property £	Software development £	Total £
Cost:				
At 1 July	**13,154,626**	**200,000**	**11,411,023**	**24,765,649**
Additions	-	-	1,713,738	1,713,738
At 30 June	**13,154,626**	**200,000**	**13,124,761**	**26,479,387**
Accumulated amortisation:				
At 1 July	**(4,604,120)**	**(115,000)**	**(4,265,227)**	**(8,984,347)**
Charge for the year	(1,315,462)	(20,000)	(2,386,812)	(3,722,274)
At 30 June	**(5,919,582)**	**(135,000)**	**(6,652,039)**	**(12,706,621)**
Net book value:				
At 30 June 2024	**7,235,044**	**65,000**	**6,472,722**	**13,772,766**
At 30 June 2023	**8,550,506**	**85,000**	**7,145,796**	**15,781,302**

Year ended 30 June 2024

Company intangible fixed assets

	Software development costs £
Cost:	
At 1 July	**4,676,086**
Additions	-
At 30 June	**4,676,086**
Amortisation:	
At 1 July	**(1,683,322)**
Charge for the year	(935,217)
At 30 June	**(2,618,539)**
Net book value:	
At 30 June 2024	**2,057,547**
At 30 June 2023	**2,992,764**

To be amortised over 5 years on completion of the project.

Year ended 30 June 2024

12. Consolidated tangible fixed assets

	Leasehold improvements £	Assets under construction £	Office equipment and furniture £	Computer hardware £	Total £
Cost:					
At 1 July	**2,513,994**	**60,802**	**662,223**	**1,140,080**	**4,377,099**
Additions	117,618	11,725	63,042	151,602	343,987
Transfers	60,802	(60,802)	-	-	-
Disposals	-	-	-	(27,610)	(27,610)
FX	-	-	443	(8,515)	(8,072)
At 30 June	**2,692,414**	**11,725**	**725,708**	**1,255,557**	**4,685,404**
Accumulated depreciation:					
At 1 July	**(1,529,865)**	**-**	**(513,991)**	**(870,196)**	**(2,914,052)**
Charge for the year	(467,355)	-	(62,702)	(175,022)	(705,079)
Disposals	-	-	-	27,610	27,610
FX	-	-	(450)	(1,248)	(1,698)
At 30 June	**(1,997,220)**	**-**	**(577,143)**	**(1,018,856)**	**(3,593,219)**
Net book value:					
At 30 June 2024	**695,194**	**11,725**	**148,565**	**236,701**	**1,092,185**
At 30 June 2023	**984,129**	**60,802**	**148,232**	**269,884**	**1,463,047**

Notes to the accounts *continued*

Year ended 30 June 2024

Company tangible fixed assets

	Leasehold improvements £	Assets under construction £	Office equipment and furniture £	Computer hardware £	Total £
Cost:					
At 1 July	**1,591,697**	**60,801**	**289,510**	**230,421**	**2,172,429**
Additions	111,713	11,725	-	16,072	139,510
Transfers	60,801	(60,801)	-	-	-
Disposals	-	-	-	(27,610)	(27,610)
At 30 June	**1,764,211**	**11,725**	**289,510**	**218,883**	**2,284,329**
Accumulated depreciation:					
At 1 July	**(805,408)**	**-**	**(171,847)**	**(158,127)**	**(1,135,382)**
Charge for the year	(275,137)	-	(52,294)	(68,494)	(395,925)
Transfers	-	-	-	-	-
Disposals	-	-	-	27,610	27,610
At 30 June	**(1,080,545)**	**-**	**(224,141)**	**(199,011)**	**(1,503,697)**
Net book value:					
At 30 June 2024	**683,666**	**11,725**	**65,369**	**19,872**	**780,632**
At 30 June 2023	**786,289**	**60,801**	**117,663**	**72,294**	**1,037,047**

Notes to the accounts *continued*

13. Consolidated long-term debtors

	30 June 2024 £	30 June 2023 £
Term loans	165,568	-
	165,568	**-**

Company long-term debtors

	30 June 2024 £	30 June 2023 £
Term loans	-	-
	-	**-**

	Max outstanding during the year £	At 30 June 2024 £	Amount Repaid £	Amount Advanced £	At 1 July 2023 £
Director 1	43,232	43,232	-	43,232	-
Director 2	57,949	57,949	-	57,949	-
Total	**101,181**	**101,181**	**-**	**101,181**	**-**

Included within term loans are loans advanced from Procentia Limited to two of their Directors. The loans carry an interest rate of 4.66%.

Consolidated current debtors

	30 June 2024 £	30 June 2023 £
Prepayments and accrued income	6,870,970	3,917,752
Other debtors	3,784,939	5,985,862
Amounts due from ultimate parent undertaking	4,876,707	12,609,670
Corporation tax	141,639	-
Deferred tax	576,154	650,213
	16,250,409	**23,163,497**

Prepayments and accrued income include a provision for one contract that is presented on a net basis. The provision is £410,672 and the net accrued income is £243,638.

Notes to the accounts *continued*

Year ended 30 June 2024

Company current debtors

	30 June 2024 £	30 June 2023 £
Prepayments and accrued income	2,268,765	1,512,917
Other debtors	441,463	1,505,383
Amounts due from group companies	2,169,823	2,940,177
Amounts due from ultimate parent undertaking	4,857,208	6,527,435
Corporation tax	213,293	-
Deferred tax	525,490	380,009
Total	**10,476,042**	**12,865,921**

Year ended 30 June 2024

14. Consolidated creditors

	30 June 2024 £	30 June 2023 £
Amounts falling due within one year:		
Trade creditors	1,375,322	1,090,915
Deferred income	3,773,853	3,828,851
Other creditors	41,794	36,977
Corporation tax	-	651,241
Other taxes	2,146,786	4,237,030
Accruals	13,357,367	10,828,242
	20,695,122	**20,673,257**
Amounts falling due after one year:		
Accruals and deferred income, less than five years	**4,819,585**	**7,677,777**

Year ended 30 June 2024

Company creditors

	30 June 2024 £	30 June 2023 £
Amounts falling due within one year:		
Trade creditors	222,461	546,110
Corporation tax	-	529,690
Other taxes	1,681,416	3,827,120
Accruals and deferred income	10,377,552	8,958,668
	12,281,429	**13,861,588**
Amounts falling due after one year:		
Accruals and deferred income, less than five years	**3,306,594**	**4,193,452**

Year ended 30 June 2024

15. Long-term incentive plans

Procentia Limited implemented a cash-settled long-term incentive plan (LTIP) during the period. The LTIP has a 5-year vesting schedule (to reach full vesting), with a 2-year cliff and linear quarterly vesting thereafter. The key vesting condition is for participants to be rewarded in respect of a 10% uplift in enterprise value from the grant of the growth shares to the exercise of the shares.

The total expenses recognised for the year within wages and salaries, and the total liabilities recognised at the end of the year arising from LTIP, are as follows:

	30 June 2024 £	30 June 2023 £
Total share-based payment expense	125,102	56,379
Total carrying amount of liabilities	181,481	56,379

Details of the share options outstanding at 30 June 2024 are as follows:

	30 June 2024		30 June 2023	
	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
Outstanding at the beginning of the period	-	158	-	-
Granted during the year	-	180	-	181
Forfeited in the year	-	-	-	(23)
Outstanding at the end of the year	-	338	-	158
Exercisable at 30 June 2024	-	-	-	-

The growth share options (G shares) in the LTIP do not have an 'exercise price'; holders of the shares only participate in any value if the hurdle value has been met on a future exit event or on exercise of the put options. The weighted average contractual life of the growth shares as at 30 June 2024 is 4.8 years.

Year ended 30 June 2024

Valuation assumptions

Calculating the fair value of the growth shares in the LTIP requires estimates and significant judgment. The Monte Carlo option pricing model has been utilised to estimate the fair value of the LTIP, consistent with commonly used models under FRS 102.

	30 June 2024	30 June 2023
Expected term in years	3.3 - 6.3	4.3 - 6.3
Risk-free interest rate	4.1%	4.7%
Expected volatility	35.0%	35.0%
Dividend yield	0.0%	0.0%

Expected Term

The G Shareholders may exercise the First G Share Put Option following the approval of the audited financial statements for the year ending on the first accounting reference date of the company to occur following the fourth anniversary of the Issue Date of that G Share, with the Second Put Option Date being the fifth anniversary and the Third Put Option Date being the sixth anniversary. It is assumed that 33.33% of G Shareholdings will be sold at each G Share Put Option.

The assumption is that 33.33% of G Shareholdings will be sold at each G Share Put Option and will be exercised three months following the years ending 30 June 2027, 30 June 2028, 30 June 2029 and 30 June 2030, which is the typical timeframe of the approval of the accounts. Thus, the expected term inputs used to value the G Shares in issue as at 30 June 2024 ranges from 3.3 years to 6.3 years.

Risk-free interest rate

The risk-free rate of return for the options is taken from zero-coupon UK Government bonds at the valuation date with a remaining term equal to the expected life of the awards.

The risk-free rate input of 4.1% is broadly equal to the average risk-free rate over the different time periods. It is noted that relatively small changes to the risk-free rate have a minimal impact on the fair value of the awards.

Expected volatility

In order to estimate an appropriate volatility over the expected term, we have assessed the historical volatility of a number of quoted comparators over the relevant expected term inputs. As there is no external debt, we have ungeared the equity volatilities of the quoted comparators to arrive at the enterprise value volatilities.

Dividend yield

No dividends are expected to be paid prior to a future exit event. Therefore, a dividend yield input of 0.0% has been used to value the G shares.

Notes to the accounts *continued*

16. Consolidated provisions for liabilities and charges

	Dilapidations provision £	Total £
At 30 June 2023	536,475	536,475
Changes in the year	(91,334)	-
At 30 June 2024	445,141	536,475

The dilapidations charge has been capitalised within leaseholds' improvements and is being depreciated over the period of the lease.

Company provisions for liabilities and charges

	Dilapidations provision £	Total £
At 30 June 2023	339,210	339,210
Changes in the year	-	-
At 30 June 2024	339,210	339,210

The dilapidations charge has been capitalised within leaseholds improvements and is being depreciated over the period of the lease.

Notes to the accounts *continued*

17. Share capital

	30 June 2024 £	30 June 2023 £
Authorised:		
39,800,000 (2023: 39,800,000) ordinary shares of £1 each	**39,800,000**	**39,800,000**
Allotted and fully paid:		
37,800,000 (2023: 37,800,000) ordinary shares of £1 each	**37,800,000**	**37,800,000**

18. Reserves

Reserves within equity are as follows:

Share capital
Amounts subscribed for share capital at nominal value.

Profit and loss account
Cumulative gains and losses recognised in the statement of comprehensive income.

The Company, Brightwell, trading name of BT Pension Scheme Management Limited, is a private company limited by shares and is incorporated in England.

19. Consolidated financial commitments

The Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	2024 Other £	2024 Land and buildings £	2023 Other £	2023 Land and buildings £
Within 1 year	214,418	724,549	103,680	1,208,916
Between 2 - 5 years	67,505	663,641	-	1,390,964
After 5 years	-	-	-	-
	281,923	**1,388,220**	**103,680**	**2,599,880**

Company financial commitments

The Company's total future minimum lease payments under non-cancellable operating leases are as follows:

	2024 Other £	2024 Land and buildings £	2023 Other £	2023 Land and buildings £
Within 1 year	137,897	605,856	81,112	658,620
Between 2 - 5 years	-	541,558	-	1,147,414
After 5 years	-	-	-	-
	137,897	**1,147,414**	**81,112**	**1,806,034**

Notes to the accounts *continued*

20. Net cashflow from operating activities

	30 June 2024 £	30 June 2023 £
Profit for the year after tax	8,518,188	700,598
Adjustments for:		
Tax charge	2,973,527	1,030,637
Amortization of intangible assets	3,722,274	3,536,213
Depreciation of tangible fixed assets	705,079	717,852
Share-based payments	125,102	56,379
Interest paid	2,481	-
Interest income	(1,915,743)	(923,145)
Other changes	(29,774)	-
(Decrease)/increase in provisions and liabilities	(91,334)	5,952,976
Movements in working capital:		
Increase in debtors	(749,814)	(4,330,188)
Decrease/(increase) in amounts due from ultimate parent	7,732,963	(8,793,176)
(Decrease)/ increase in creditors	(2,310,188)	6,142,919
Tax paid	(3,671,625)	(82,224)
Net cash inflow from operating activities	**15,011,136**	**4,008,821**

Notes to the accounts *continued*

Year ended 30 June 2024

21. Related parties

Group companies

The Company has taken advantage of the exemption available in FRS 102 section 33.1a whereby it has not disclosed transactions with the wholly owned subsidiary undertakings of the group.

During the year, the Company provided business services to Procentia, valued and charged at £210,000 (2023: £150,000). At the year end, £460,468 (2023: £266,662) was outstanding for Group VAT and business service fees.

During the year, BTPSA made purchases of £972,497 (2023: £1,165,790) from Procentia and of this balance, £286,052 (2023: £52,205) was outstanding at the year end.

Key management personnel

The key management personnel of Brightwell are the non-executive Directors, Directors and members of the Exec. The total remuneration of key management personnel for the year ended 30 June 2024 was £4,866,773 (2023: £4,464,780), including pension contributions of £3,814,608 (2023: £3,426,911) as disclosure in note 6, and remuneration provided to other key management personnel of £1,052,165 (2023: £1,037,868).

22. Ultimate parent undertaking

The ultimate parent of the Group throughout the year was the BT Pension Scheme.

The financial statements of BT Pension Scheme can be obtained at the registered office: One America Square, 17 Crosswall, London EC3N 2LB or on the website at ***btps.co.uk***

23. Capital commitments

As of 30 June 2024, the company had committed to the purchase of computer hardware amounting to £93,660.

24. Subsequent events

There are no notable post-balance sheet events to report.

Brightwell

https://brightwellpensions.com/