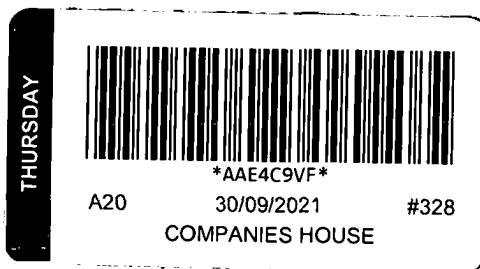


Company Registration No. 08804209 (England and Wales)

BRIGHTSTARR GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



BRIGHTSTARR GROUP LIMITED

COMPANY INFORMATION

Directors	P M Daffern T MacLean R Paterson J C Rosenberg W Saville
Company number	08804209
Registered office	First Floor, The Granary Abbey Mill Business Park Lower Eashing Godalming Surrey GU7 2QW
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

BRIGHTSTARR GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

2020 continued to be an exciting year for Brightstarr Group Limited (the 'company') and its subsidiaries (the 'group'), which incorporates the Unily brand. The group has seen continued growth, an engaged global customer base and further improvements to its industry leading product.

The Unily product has the potential to disrupt the global digital experience marketplace. It is recognised by global brands as providing answers to some of the toughest questions for multi-nationals around productivity, employee engagement and organisational culture.

2020 has seen turnover grow by 28.7% (2019: 29.6%) and our EBITDA including exceptional items increased to £1.6m (2019: £2.9m loss), as the group seeks to grow the business and control costs. The group continues to hold substantial cash balances at £14.9m (2019: £15.1m) that allow it to operate without any external lending facilities. The group has incurred a loss after tax of £0.5m (2019: £3.9m) which was anticipated as part of the the groups growth plans.

Principal risks and uncertainties

The group's activities expose it to a number of financial risks, including foreign exchange risk, and credit risk.

Foreign exchange risk

The foreign exchange risk arises because the group has operations in various parts of the world whose functional currency is not the same as the functional currency in which the group is operating.

The overseas subsidiaries operate separate bank accounts, which are used solely for that subsidiary, thus limiting the currency risk exposure. When currency is to be transferred between countries, this is planned in order to minimise the exposure to foreign exchange fluctuations. The group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. The group does not hedge its net investments in overseas operations as the cost of doing so is disproportionate to the exposure.

Credit risk

Credit risk is the risk of financial loss to the group if a customer to a financial asset fails to meet its contractual obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. The group actively manages its credit exposures by ensuring it engages with reputable and established customers, and through the utilisation of a functional credit control facility. When increased exposure is detected, action is taken to mitigate the risks. All outstanding receivables have been considered for credit risk and are considered to be recoverable.

Future developments

Despite the current global pandemic and resultant economic downturn, the directors consider the business to be in a strong position to negotiate the inevitably challenging times that lie ahead.

The group is re-investing retained profits to continue to progress its research and development work, its 'Go To Market' approach and its operational functions, to ensure the business is able to scale at the expected pace.

As winners of globally recognised industry awards, the group looks forward to continued growth in the coming years.

BRIGHTSTARR GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

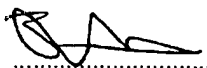
FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

The directors use a number of performance indicators, both financial and non-financial. Of primary importance to the successful management of the business is daily monitoring of sales and gross margins by customer.

	2020	2019
	£	£
Turnover	26,116,848	20,288,268
Gross profit	17,471,412	11,164,905
Gross profit %	66.9%	55.0%
EBITDA	1,607,517	(2,870,620)

On behalf of the board



W Saville
Director

Date: 28/9/21

BRIGHTSTARR GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of Brightstarr Group Limited (the 'company') and its subsidiaries (the 'group') continued to be software and applications development.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid (2019: £465,350). The directors do not recommend payment of a further dividend.

Going concern

Despite the loss for the year, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors do not consider that the company has been negatively impacted due to the COVID-19 outbreak, however the directors are continuing to considering appropriate measures to respond to the uncertain outlook and ensure that the company remains a going concern over a minimum period of at least the next 12 months from the date of approval of these financial statements.

Directors

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

P M Daffern
T MacLean
R Paterson
J C Rosenberg
W Saville

(Appointed 19 January 2021)

Auditor

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

Statement of disclosure to auditor

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

Disclosure of information in the strategic report

The Group has chosen, in accordance with Section 414C (11) of the Companies Act 2006, to present information regarding its financial risk management and future developments in the strategic report.

Research and development

Research in connection with developing new, and enhancing existing, products is carried out continuously through the year.

BRIGHTSTARR GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board



W Saville
Director

Date: 28/9/21

BRIGHTSTARR GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHTSTARR GROUP LIMITED

Opinion

We have audited the financial statements of Brightstarr Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHTSTARR GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHTSTARR GROUP LIMITED (CONTINUED)

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

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

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

RSM UK Audit LLP

Jonathan Da Costa FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN
30/09/2021.....

BRIGHTSTARR GROUP LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	26,116,848	20,288,268
Cost of sales		(8,645,436)	(9,123,363)
Gross profit		17,471,412	11,164,905
Other administrative expenses		(18,804,037)	(9,107,505)
One off expenses	4	-	(6,731,230)
Total administrative expenses		(18,804,037)	(15,838,735)
Operating loss	8	(1,332,625)	(4,673,830)
Interest receivable and similar income	10	32,652	10,094
Interest payable and similar expenses	11	(2,695)	(22,963)
Loss before taxation		(1,302,668)	(4,686,699)
Tax on loss	12	785,938	798,164
Loss for the financial year		(516,730)	(3,888,535)

Loss for the financial year is all attributable to the owners of the parent company.

BRIGHTSTARR GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

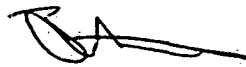
	2020 £	2019 £
Loss for the year	(516,730)	(3,888,535)
Other comprehensive income net of taxation		
Currency translation differences	15,174	41,778
Total comprehensive income for the year	<u>(501,556)</u>	<u>(3,846,757)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

BRIGHTSTARR GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	14	6,765,730		5,537,939	
Tangible assets	15	844,460		500,075	
		<u>7,610,190</u>		<u>6,038,014</u>	
Current assets					
Stocks	18	191,065		292,794	
Debtors	19	8,108,897		6,183,525	
Cash at bank and in hand		14,860,851		15,149,137	
		<u>23,160,813</u>		<u>21,625,456</u>	
Creditors: amounts falling due within one year	20	(16,461,563)		(12,948,724)	
Net current assets		<u>6,699,250</u>		<u>8,676,732</u>	
Total assets less current liabilities		<u>14,309,440</u>		<u>14,714,746</u>	
Creditors: amounts falling due after more than one year	21	(68,390)		(53,411)	
Provisions for liabilities	23	(81,271)		-	
Net assets		<u>14,159,779</u>		<u>14,661,335</u>	
Capital and reserves					
Called up share capital	25	1,210		1,210	
Share premium account	26	16,519,304		16,519,304	
Other reserves	26	105,683		90,509	
Profit and loss reserves	26	(2,466,418)		(1,949,688)	
Total equity		<u>14,159,779</u>		<u>14,661,335</u>	

The financial statements were approved by the board of directors and authorised for issue on 28/09/2021 and are signed on its behalf by:



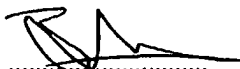
W Saville
Director

BRIGHTSTARR GROUP LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	14	6,765,730		5,537,939	
Tangible assets	15	490,935		298,643	
Investments	16	90,206		90,206	
			<u>7,346,871</u>		<u>5,926,788</u>
Current assets					
Debtors	19	2,289,665		1,691,711	
Cash at bank and in hand		6,802,012		10,278,828	
			<u>9,091,677</u>		<u>11,970,539</u>
Creditors: amounts falling due within one year	20	<u>(4,181,281)</u>		<u>(3,582,421)</u>	
Net current assets			<u>4,910,396</u>		<u>8,388,118</u>
Total assets less current liabilities			<u>12,257,267</u>		<u>14,314,906</u>
Creditors: amounts falling due after more than one year	21		(68,390)		(53,411)
Provisions for liabilities	23		(78,810)		-
Net assets			<u>12,110,067</u>		<u>14,261,495</u>
Capital and reserves					
Called up share capital	25		1,210		1,210
Share premium account	26		16,519,354		16,519,354
Profit and loss reserves	26		(4,410,497)		(2,259,069)
Total equity			<u>12,110,067</u>		<u>14,261,495</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £2,151,428 (2019 - £2,238,326 loss).

The financial statements were approved by the board of directors and authorised for issue on 28/09/2021..... and are signed on its behalf by:



W Saville
Director

BRIGHTSTARR GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2019		1,000	-	48,731	2,404,197	2,453,928
Year ended 31 December 2019:						
Loss for the year		-	-	-	(3,888,535)	(3,888,535)
Other comprehensive income net of taxation:						
Currency translation differences		-	-	41,778	-	41,778
Total comprehensive income for the year		-	-	41,778	(3,888,535)	(3,846,757)
Transactions with owners:						
Issue of share capital	25	210	16,519,304	-	-	16,519,514
Dividends	13	-	-	-	(465,350)	(465,350)
Balance at 31 December 2019		1,210	16,519,304	90,509	(1,949,688)	14,661,335
Year ended 31 December 2020:						
Loss for the year		-	-	-	(516,730)	(516,730)
Other comprehensive income net of taxation:						
Currency translation differences		-	-	15,174	-	15,174
Total comprehensive income for the year		-	-	15,174	(516,730)	(501,556)
Balance at 31 December 2020		1,210	16,519,304	105,683	(2,466,418)	14,159,779

BRIGHTSTARR GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2019		1,000	-	444,607	445,607
Year ended 31 December 2019:					
Loss and total comprehensive income for the year		-	-	(2,238,326)	(2,238,326)
Transaction with owners:					
Issue of share capital	25	210	16,519,354	-	16,519,564
Dividends	13	-	-	(465,350)	(465,350)
Balance at 31 December 2019		1,210	16,519,354	(2,259,069)	14,261,495
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(2,151,428)	(2,151,428)
Balance at 31 December 2020		1,210	16,519,354	(4,410,497)	12,110,067

BRIGHTSTARR GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	28	3,972,137		1,155,587	
Interest paid		(2,695)		(22,963)	
Income taxes refunded/(paid)		136,315		(306,494)	
Net cash inflow from operating activities		4,105,757		826,130	
Investing activities					
Purchase of intangible assets		(3,953,084)		(3,983,335)	
Purchase of tangible fixed assets		(484,526)		(276,874)	
Proceeds on disposal of tangible fixed assets		13,474		-	
Interest received		32,652		10,094	
Net cash used in investing activities		(4,391,484)		(4,250,115)	
Financing activities					
Proceeds from issue of shares		-		16,518,304	
Payment of finance leases obligations		(31,213)		(73,887)	
Dividends paid to equity shareholders		-		(465,350)	
Net cash (used in)/generated from financing activities		(31,213)		15,979,067	
Net (decrease)/increase in cash and cash equivalents		(316,940)		12,555,082	
Cash and cash equivalents at beginning of year		15,149,137		2,594,055	
Effect of foreign exchange rates		28,654		-	
Cash and cash equivalents at end of year		14,860,851		15,149,137	

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Brightstarr Group Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is First Floor, The Granary, Abbey Mill Business Park, Lower Eashing, Godalming, Surrey, GU7 2QW.

The group consists of Brightstarr Group Limited and all of its subsidiaries.

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

Accounting convention

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

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

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

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The results of the company are consolidated within these financial statements.

Company statement of comprehensive income

As permitted by Section 408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the consolidated statement of financial position shows the company's profit or loss for the financial year.

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Brightstarr Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

Despite the loss for the year, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors do not consider that the company has been negatively impacted due to the COVID-19 outbreak, however the directors are continuing to consider appropriate measures to respond to the uncertain outlook and ensure that the company remains a going concern over a minimum period of at least the next 12 months from the date of approval of these financial statements.

Turnover

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

Turnover from subscriptions to software services is normally invoiced a year in advance. The turnover is then deferred and recognised on a straight line monthly basis over the year. This recognition of software subscription turnover reflects the availability of the service to the customer and is recognised to the extent that receipt of payment is reasonably certain.

Turnover from consultancy services is generally invoiced 50% in advance and 50% during the service performance. Turnover is deferred and recognised over the period the consultancy service is performed. Turnover is recognised based on an estimate of the stage of completion. Where an estimate cannot be reliably made, turnover is recognised only to the extent that the related expenses are recoverable.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

Expenditure on the research phase of projects to develop new software is recognised as an expense as incurred. The Group has opted to recognise costs that are directly attributable to a project's development phase as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software
- the software will generate probable future economic benefits.

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Development costs not meeting these criteria for capitalisation are expensed as incurred. All intangible assets with finite useful economic lives, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

Software development costs	4 years straight line
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Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing. Amortisation has been included within administration expenses. Subsequent expenditures on the maintenance of computer software are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Tangible fixed assets

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

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

Leasehold improvements	over the term of the lease
Plant and equipment	25% straight line
Fixtures and fittings	25% straight line
Computer equipment	25% straight line
Motor vehicles	25% reducing balance method

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

Fixed asset investments

In the separate accounts of the company, 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 are recognised immediately in profit or loss.

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

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 asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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

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

Stocks

Stocks comprises unbilled work-in-progress being the direct costs associated with the provision of customisation options within our consultancy service offering to customers, and these are stated at the lower of cost and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, and deposits held at call.

Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

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

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

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

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

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Deferred tax

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

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

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Employee benefits

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

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

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

Retirement benefits

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

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Foreign exchange

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

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

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

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

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

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

Capitalised development costs

Key accounting estimates in preparing the financial statements include the capitalisation of and amortisation period for capitalised development costs. Management has to make judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. In determining the amortisation period the directors estimate the useful life of the developed asset by determining the period over which the group expects to consume the asset's future economic benefits, with reference to future revenues expected to be generated.

Consultancy revenue

Key accounting estimates are required for determining the stage of completion for consultancy projects that straddle the year end. In determining how much revenue should be recognised management assess the delivery of performance obligations and the estimated cost to complete. This is assessed for each open project at the year end.

Share Option

In June 2019, the company set up a new management incentive scheme and granted options on 8503 B Ordinary shares and 8,869 C Ordinary shares to key managers in the group (note 7). As at 31 December 2020, the directors considered that the value of the options was not material.

There were no other estimates and assumptions considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Software licences	23,583,202	17,767,249
Software consultancy	2,533,646	2,521,019
	<u>26,116,848</u>	<u>20,288,268</u>

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

	2020 £	2019 £
Turnover analysed by geographical market		
North America	15,423,050	11,750,674
West Europe	9,157,278	7,417,284
Middle East	309,381	305,620
Asia Pacific	1,156,145	814,690
Other	70,994	-
	<u>26,116,848</u>	<u>20,288,268</u>

4 One off expenses

	2020 £	2019 £
One off staff costs	-	6,731,230
	<u>-</u>	<u>6,731,230</u>

Certain key managers were paid bonuses in compensation for giving up their right to benefits under the then existing option scheme.

During the year, the directors have reclassified what expenses should be included as cost of sales. This has resulted in more expenses classified as such from administrative expenses, and so these figures are not comparable to the comparative amounts presented.

5 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration	14	15	6	6
Development	41	33	39	33
Support and operations	89	57	41	24
Sales and marketing	48	21	16	6
Total	<u>192</u>	<u>126</u>	<u>102</u>	<u>69</u>

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees (Continued)

Their aggregate remuneration comprised:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Wages and salaries	13,805,611	9,397,631	7,375,524	5,026,643
Social security costs	1,383,543	807,933	776,521	508,501
Pension costs	423,183	245,763	258,945	146,248
	<u>15,612,337</u>	<u>10,451,327</u>	<u>8,410,990</u>	<u>5,681,392</u>

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	917,598	430,333
Company pension contributions to defined contribution schemes	14,000	12,000
	<u>931,598</u>	<u>442,333</u>

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

	2020	2019
	£	£
Remuneration for qualifying services	512,521	232,833
Company pension contributions to defined contribution schemes	14,000	-
	<u>526,521</u>	<u>232,833</u>

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Share-based payment transactions

In June 2019, the company set up a new management incentive scheme and granted options on 8,503 B Ordinary shares and 8,869 C Ordinary shares to key managers in the group. The options will vest and become exercisable in the event of a sale of shares or assets of the group leading to a change of control (a 'capital event') or, at the discretion of the Board, on such a date shortly before a capital event. The Board, with investor consent can also determine when share options vest and the period that they subsequently can be exercised. Options are forfeited if the employee leaves as a bad leaver, but may be retained by a good leaver. Where a listing takes place, the options shall remain exercisable for a period of one month and shall then lapse.

During the year, no options were exercised or forfeited and at the year end there were 8,503 B share options outstanding, and 8,869 C share options outstanding. The company also has established an RSU awards scheme over 6,158 B shares. The RSU awards will vest under the same terms as the B and C share options discussed above.

The B share options have an exercise price of £814.57 and the C share options have an exercise price of £0.01.

The value of the B and C Ordinary shares over which the options and RSU awards were granted depends on the valuation of the company at the time ownership changes with significant upside potential to the option holders if the company is valued in excess of \$170 million. As at 31 December 2020, the directors considered that the value of the options over the B and C shares were not of a material value (2019: Not material).

8 Operating loss

	2020	2019
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	146,127	168,382
Non capitalised research and development	1,551,583	2,594,456
Depreciation of owned tangible fixed assets	193,622	109,211
Depreciation of tangible fixed assets held under finance leases	21,227	28,669
Profit on disposal of tangible fixed assets	-	(13,481)
Amortisation of intangible assets	2,725,293	1,665,330
(Profit)/loss on disposal of intangible assets	-	14,935
Operating lease charges	150,000	150,301
	<u> </u>	<u> </u>

9 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	40,000	28,000
Audit of the financial statements of the company's subsidiaries	15,000	7,040
	<u> </u>	<u> </u>
	55,000	35,040
	<u> </u>	<u> </u>

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	32,652	10,094

11 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	-	2,754
Other interest on financial liabilities	183	20,209
Interest on finance leases and hire purchase contracts	2,512	-
Total finance costs	2,695	22,963

12 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	(744,076)	(759,728)
Adjustments in respect of prior periods	(239,616)	-
Total UK current tax	(983,692)	(759,728)
Foreign current tax on profits for the current period	116,483	13,307
Total current tax	(867,209)	(746,421)
Deferred tax		
Origination and reversal of timing differences	81,271	(51,743)
Total tax credit	(785,938)	(798,164)

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Taxation (Continued)

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

	2020 £	2019 £
Loss before taxation	(1,302,668)	(4,686,699)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(247,507)	(890,473)
Tax effect of expenses that are not deductible in determining taxable profit	100,767	55,098
Tax effect of income not taxable in determining taxable profit	(136,315)	(14,402)
Adjustments in respect of prior years	(239,616)	(87,155)
Effect of change in corporation tax rate	11,619	-
Permanent capital allowances in excess of depreciation	1,151	10,641
Depreciation on assets not qualifying for tax allowances	-	(12,507)
Research and development tax credit	(700,000)	(498,129)
Other permanent differences	(20,067)	-
Surrender of tax losses for R&D tax credit refund	-	208,730
Deferred tax not recognised	444,030	390,675
Adjustment to deferred tax to average rate	-	39,358
Taxation credit	(785,938)	(798,164)

13 Dividends

	2020 £	2019 £
Recognised as distributions to equity holders:		
Final paid	-	465,350

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Intangible fixed assets

Group and company	Software development costs £
Cost	
At 1 January 2020	10,656,270
Additions - internally developed	3,953,084
At 31 December 2020	<u>14,609,354</u>
Amortisation and Impairment	
At 1 January 2020	5,118,331
Amortisation charged for the year	2,725,293
At 31 December 2020	<u>7,843,624</u>
Carrying amount	
At 31 December 2020	<u>6,765,730</u>
At 31 December 2019	<u>5,537,939</u>

The amortisation of software development costs is recognised within administrative expenses.

The development costs relate to the development of a group's software applications. Once the software application has been completed and is ready for sale, the development costs are amortised from that point. The directors regularly review development costs for any impairment. The development costs capitalised above are amortised over a period of 4 years which represents the period over which the directors expect the group to consume the asset's future economic benefits.

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2020	193,487	11,975	90,207	394,257	101,173	791,099
Additions	163,953	4,478	72,252	243,843	101,662	586,188
Disposals	-	(1,964)	(4,631)	(39,685)	-	(46,280)
Exchange adjustments	(5,150)	-	512	(11,711)	-	(16,349)
At 31 December 2020	352,290	14,489	158,340	586,704	202,835	1,314,658
Depreciation and impairment						
At 1 January 2020	74,047	9,388	14,824	150,945	41,820	291,024
Depreciation charged in the year	42,801	3,786	29,698	117,337	21,227	214,849
Eliminated in respect of disposals	-	(1,964)	(564)	(30,278)	-	(32,806)
Exchange adjustments	(272)	-	(377)	(2,220)	-	(2,869)
At 31 December 2020	116,576	11,210	43,581	235,784	63,047	470,198
Carrying amount						
At 31 December 2020	235,714	3,279	114,759	350,920	139,788	844,460
At 31 December 2019	119,440	2,587	75,383	243,312	59,353	500,075
Company						
	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £	
Cost						
At 1 January 2020		62,252	23,509	213,627	101,173	400,561
Additions		18,648	2,005	182,293	101,662	304,608
Disposals		-	-	(5,483)	-	(5,483)
At 31 December 2020		80,900	25,514	390,437	202,835	699,686
Depreciation and impairment						
At 1 January 2020		-	901	59,197	41,820	101,918
Depreciation charged in the year		9,635	6,371	75,083	21,227	112,316
Eliminated in respect of disposals		-	-	(5,483)	-	(5,483)
At 31 December 2020		9,635	7,272	128,797	63,047	208,751
Carrying amount						
At 31 December 2020		71,265	18,242	261,640	139,788	490,935
At 31 December 2019		62,252	22,608	154,430	59,353	298,643

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Motor vehicles	139,788	59,353	139,788	59,353

16 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	17	-	-	90,206	90,206

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 and 31 December 2020	90,206
Carrying amount	
At 31 December 2020	90,206
At 31 December 2019	90,206

17 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Bright Starr Ltd	United Kingdom	Software development	Ordinary	100.00
Bright Starr Inc	United States of America	Software development	Ordinary	100.00
Brightstarr Australia PTY Ltd	Australia	Software development	Ordinary	100.00
Unily Ltd	United Kingdom	Dormant	Ordinary	100.00

18 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Work in progress	191,065	292,794	-	-

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Debtors

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,297,318	4,281,267	-	-
Corporation tax recoverable	1,780,641	1,049,747	1,656,267	781,780
Amounts owed by group undertakings	-	-	-	349,185
Other debtors	323,780	197,198	50,140	21,220
Prepayments and accrued income	707,158	655,313	583,258	539,526
	<u>8,108,897</u>	<u>6,183,525</u>	<u>2,289,665</u>	<u>1,691,711</u>

Amounts owed by group undertakings are interest free and repayable on demand.

20 Creditors: amounts falling due within one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Obligations under finance leases	22	66,818	11,348	66,818	11,348
Trade creditors		878,909	879,065	806,210	784,267
Amounts owed to group undertakings		-	-	1,877,565	1,488,464
Other taxation and social security		938,081	574,104	630,554	385,180
Other creditors		80,894	34,296	2,344	2,274
Accruals and deferred income		14,496,861	11,449,911	797,790	910,888
		<u>16,461,563</u>	<u>12,948,724</u>	<u>4,181,281</u>	<u>3,582,421</u>

Amounts owed to group undertakings are interest free and repayable on demand.

21 Creditors: amounts falling due after more than one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Obligations under finance leases	22	68,390	53,411	68,390	53,411

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Less than one year	66,818	11,348	66,818	11,348
Between one and five years	68,390	53,411	68,390	53,411
	<u>135,208</u>	<u>64,759</u>	<u>135,208</u>	<u>64,759</u>

Finance lease payments represent rentals payable by the company and group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Net obligations under finance lease agreements are secured against their corresponding assets.

23 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	81,271	-
	<u>81,271</u>	<u>-</u>
	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	78,810	-
	<u>78,810</u>	<u>-</u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Asset at 1 January 2020	-	-
Charge to profit or loss	81,271	78,810
	<u>81,271</u>	<u>78,810</u>
Liability at 31 December 2020	<u>81,271</u>	<u>78,810</u>

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

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	423,183	245,763

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and Company			
	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Series A Convertible preferred shares of 1p each	45,935	45,935	459	459
B Ordinary shares of 1p each	68,906	68,906	689	689
C Ordinary shares of 1p each	6,158	6,158	62	62
	<u>120,999</u>	<u>120,999</u>	<u>1,210</u>	<u>1,210</u>

Series A convertible preferred shares

Each A share carries voting rights equal to the higher of: a) one vote per share on a converted basis; or b) the A shares proportion of the votes eligible per the written resolution or general meeting. A shares receive dividends in priority to other share classes. The A shares attract a fixed preferred dividend of 8% per annum which would only become payable in the event of a winding up of the company. The A shares have a right to receive a capital distribution in priority to other share classes.

B Ordinary shares

Each B share carries the right to vote, to receive dividends subject to A shares and, on winding up, a capital distribution following satisfaction of the A shares.

C Ordinary shares

Each C share does not carry a right to vote, but can receive dividends subject to A shares and, on winding up, a capital distribution following satisfaction of the A shares.

26 Reserves

Share capital

Share capital represents the par value of ordinary shares issued by the company.

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Other reserves

Other reserves consist of the translation reserve and represents foreign exchange gains and losses on the retranslation of the group's results and net assets.

Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	632,336	550,490	132,465	210,475
Between one and five years	2,316,790	1,728,941	317,305	631,425
In over five years	455,799	911,781	105,831	789,281
	<u>3,404,925</u>	<u>3,191,212</u>	<u>555,601</u>	<u>1,631,181</u>

28 Cash generated from group operations

	2020 £	2019 £
Loss for the year after tax	(516,730)	(3,888,535)
Adjustments for:		
Taxation credited	(785,938)	(798,164)
Finance costs	2,695	22,963
Investment income	(32,652)	-
Amortisation and impairment of intangible assets	2,725,293	1,665,330
Depreciation and impairment of tangible fixed assets	214,849	137,880
Foreign exchange gains on cash equivalents	-	41,778
Movements in working capital:		
Decrease in stocks	101,729	155,443
(Increase) in debtors	(1,194,478)	(311,436)
Increase in creditors	3,457,369	4,130,328
Cash generated from operations	<u>3,972,137</u>	<u>1,155,587</u>

29 Analysis of changes in net funds - group

	1 January 2020 £	Cash flows £	New finance leases £	Exchange rate movements £	31 December 2020 £
Cash at bank and in hand	15,149,137	(316,940)	-	28,654	14,860,851
Obligations under finance leases	(64,759)	31,213	(101,662)	-	(135,208)
	<u>15,084,378</u>	<u>(285,727)</u>	<u>(101,662)</u>	<u>28,654</u>	<u>14,725,643</u>

BRIGHTSTARR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 under FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaken which is party to the transaction is wholly owned by a member of that group.

During the year, dividends of £nil (2019: £465,350) were paid to the shareholders.

31 Controlling party

The directors consider there to be no ultimate controlling party.