

# Brainstorm Mobile Solutions Limited

Report and Financial Statements

Year Ended

31 May 2021

Company Number 01661467



# **Brainstorm Mobile Solutions Limited**

**Report and financial statements  
for the year ended 31 May 2021**

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## **Directors**

G Corbett  
S Leahy  
R Tierney

## **Secretary and registered office**

Jerrom Secretarial Services Limited  
Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL

## **Company number**

01661467

## **Auditors**

Jerrom, Lumaneri House, Blythe Gate, Blythe Valley Park, Solihull, B90 8AH

# Brainstorm Mobile Solutions Limited

## Strategic report for the year ended 31 May 2021

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The directors present their strategic report together with the audited financial statements for the year ended 31 May 2021.

### Business model

The company is a global technology provider of mobile, data-driven customer engagement solutions providing solutions for and working with mobile operators, retailers, financial institutions, marketing agencies and enterprise to drive positive engagement with consumers and corporates using highly targeted, relevant and contextual marketing and business content.

The company continues to build its business in the UK and Ireland and across international markets such as North and South America and Asia. The company continues to provide services to customers around the world.

The company's head office is based in the UK with operating subsidiaries in Ireland and Brazil and operates under the trade name Engage Hub.

### Strategy

During the year the company continued to build on its electronic and mobile messaging heritage. Engage Hub provides cross channel campaign management (CCCM) solutions for SMS, email, web, voice, push notifications, and Facebook Messenger. Its Synapse engine further addresses real-time interactive management (RTIM) requirements, with a range of Enterprise customers implementing the Engage Hub solution to better effect internal data orchestration and improve individual consumer engagement via a range of digital channels. B2C marketers can leverage Engage Hub's customer interaction capabilities — either as a standalone CCCM solution or to complement other enterprise marketing, services, or operational technologies.

The programme of migration of acquired customers onto the Synapse platform continues, allowing them full suite of engagement capabilities and further upsell opportunities for the group.

### Financial review

Turnover for the year to 31 May 2021 was £5,616,970 (2020: £5,775,136), the decrease being attributable to the full year impact of certain customer losses in the prior year. Despite this, the group had a productive year consolidating its revenue and customer base.

Gross profit decreased to £4,473,800 (2020: £4,754,311) while gross profit % increased to 80% (2020: 82%)

Administrative expenses reduced from £5,483,269 to £4,795,141 resulting in a reduction in operating losses from £728,958 in the prior year to £321,341 for the year to 31 May 2021.

# Brainstorm Mobile Solutions Limited

## Strategic report for the year ended 31 May 2021 (continued)

### Financial review (continued)

Cash balances decreased to £691,841 (2020: £2,524,389) following the payment of the dividend of £2,500,831 that had been provided in the prior year financial statements.

### Key performance indicators

	2021	2020
Revenue (£'000)	5,617	5,775
Gross Profit (£'000)	4,474	4,754
Gross Profit as a % of revenue	80%	82%
Average monthly number of employees	41	42
Staff costs as a % of revenue	59%	63%

The Gross Profit as a % of revenue decreased from 82% in 2020 to 80% in due to small changes to customer pricing and cost of sales during the year. Staff costs as a % of revenue has decreased from 63% in 2020 to 59% in 2021 due to the full year impact of prior year staff costs savings being greater than the decrease in revenue in the year.

### Principal risks and uncertainties

The company provides services and solutions to an internationally spread of customers which gives rise to commercial, credit, liquidity and foreign exchange risks.

The company looks to mitigate these risks by working closely in partnership with its key customers to ensure that the company delivers and exceeds the customers' expectations. The company attempts to limit its exposure to credit risk by carrying out credit checks on its customers and working with well established brands and well-established telecommunications companies. The company limits its exposure to foreign currency fluctuations where possible by aligning costs with its income and accepting that its foreign denominated income and bank balances are exposed to foreign exchanges fluctuations.

The company has a high proportion of recurring revenues from a contracted client base giving the directors confidence that short-term targets will be met and further investments in service improvement can be maintained.

The directors have assessed the impact of the COVID-19 outbreak on the business have concluded that there is no material effect on the supply and demand for the Company's services and therefore, its operating results have been not been materially impacted. The directors do not expect this position to change for the foreseeable future.

### Approval

This Strategic Report was approved by order of the Board on 13 August 2021

  
GJ Corbett  
Director

# Brainstorm Mobile Solutions Limited

## Directors' report for the year ended 31 May 2021

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The directors present their report together with the audited financial statements for the year ended 31 May 2021.

### Principal activities

The principal activity of the company is the development and provision of integrated mobile solutions providing businesses with solutions to communicate with their customers over a variety of channels such as web, MMS, SMS, voice, email, push notifications and social media. The company operates under the trade name Engage Hub.

Our technology platforms are designed to help our customer's interactive marketing and communication with their customers via the mobile phone and web and provide innovative ways for businesses to engage with their clients.

### Directors

The directors of the company during the year were:

G Corbett  
S Leahy  
R Tierney

### Dividends

The directors do not recommend a final ordinary dividend (2020 - £121.22 per 1p Ordinary Share).

### Financial instruments

#### *Credit risk*

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. The majority of credit sales are with large well established companies. Each new customer is analysed individually for creditworthiness before entering into business with the customer.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. This is mitigated by banking with "A" rated banking institutions.

#### *Liquidity risk*

The company has no borrowing and maintains appropriate cash balances. The Board regularly reviews its forward looking cash flow projections to ensure both working capital and investment capital are sufficient for the twelve months ahead.

#### *Foreign exchange risk*

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. The company is predominantly exposed to currency risk on sales in Euros, US dollars, Brazilian Reals and Singapore Dollars.

### Post balance sheet events

There have been no significant events since the balance sheet date which would require disclosure in the financial statements.

# Brainstorm Mobile Solutions Limited

Directors' report  
for the year ended 31 May 2021 (continued)

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## Impact of Covid-19

The directors have assessed the impact of the COVID-19 outbreak on the business and have concluded that there is no material effect on the supply and demand for the Company's services and therefore, its operating results have not been materially impacted. The directors do not expect this position to change for the foreseeable future.

## Qualifying third party indemnity provisions

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

## Auditors

We, the directors of the group who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the group's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

In preparing this directors' report advantage has been taken of the small companies' exemption.

## Approval

This Directors' Report was approved by order of the Board on 13 August 2021

  
G Corbett  
Director

# **Brainstorm Mobile Solutions Limited**

## **Directors' responsibilities statement for the year ended 31 May 2021**

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

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

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Brainstorm Mobile Solutions Limited

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRAINSTORM MOBILE SOLUTIONS LIMITED

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### Opinion

We have audited the financial statements of Brainstorm Mobile Solutions Limited (the 'company') for the year ended 31 May 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

# Brainstorm Mobile Solutions Limited

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRAINSTORM MOBILE SOLUTIONS LIMITED (continued)

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### Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party and transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

## **Brainstorm Mobile Solutions Limited**

### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRAINSTORM MOBILE SOLUTIONS LIMITED** *(continued)*

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#### **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.



**Mr Mark James Eden FCCA (Senior Statutory Auditor)**  
for and on behalf of Jerroms

**Chartered Certified Accountants**  
**Statutory Auditor**

13 August 2021

Lumaneri House  
Blythe Gate  
Blythe Valley Park  
Solihull  
West Midlands  
B90 8AH

# Brainstorm Mobile Solutions Limited

## Statement of comprehensive Income for the year ended 31 May 2021

	Note	2021 £	2020 £
Turnover	3	5,616,970	5,775,136
Cost of sales		(1,143,170)	(1,020,825)
<b>Gross profit</b>		<b>4,473,800</b>	<b>4,754,311</b>
Administrative expenses		(4,795,141)	(5,483,269)
<b>Operating loss</b>	4	<b>(321,341)</b>	<b>(728,958)</b>
Other interest receivable and similar income	6	293,219	1,184,777
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(28,122)</b>	<b>455,819</b>
Taxation on (loss)/profit from ordinary activities	7	177,468	522,575
<b>Profit for the financial year</b>		<b>149,346</b>	<b>978,394</b>
<b>Other comprehensive Income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive Income for year</b>		<b>149,346</b>	<b>978,394</b>

All amounts relate to continuing activities.

The notes on pages 13 to 26 form part of these financial statements.

## Brainstorm Mobile Solutions Limited

### Balance sheet at 31 May 2021

<i>Company number 01661467</i>	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Intangible assets	9		8,322		42,835
Tangible fixed assets	10		237,276		232,805
Investments	11		433,141		433,141
			<u>678,739</u>		<u>708,781</u>
<b>Current assets</b>					
Debtors	13	2,018,255		2,472,762	
Cash at bank and in hand		691,841		2,524,389	
			<u>2,710,096</u>		<u>4,997,151</u>
<b>Creditors: amounts falling due within one year</b>	14	<b>(1,442,162)</b>		<b>(3,908,605)</b>	
			<u>1,267,934</u>		<u>1,088,546</u>
<b>Net current assets</b>					<b>1,088,546</b>
<b>Provisions for liabilities</b>	15		-		-
<b>Total assets less current liabilities</b>			<u><b>1,946,673</b></u>		<u><b>1,797,327</b></u>
<b>Capital and reserves</b>					
Called up share capital	16		207		207
Share premium account	17		-		499,990
Profit and loss account	17		1,946,466		1,297,130
			<u>1,946,673</u>		<u>1,797,327</u>
<b>Shareholders' funds</b>					<b>1,797,327</b>

The financial statements were approved by the Board of Directors and authorised for issue on 13 August 2021

  
 G Corbett  
 Director

The notes on pages 13 to 26 form part of these financial statements.



# Brainstorm Mobile Solutions Limited

## Statement of cash flows for the year ended 31 May 2021

	Note	2021 £	2020 £
<b>Cash inflow from operating activities</b>	18	572,488	542,974
Taxation received	7	223,050	473,214
<b>Net cash inflow from operating activities</b>		795,538	1,016,188
<b>Investing activities</b>			
Purchase of tangible fixed assets	10	(127,255)	(52,100)
<b>Net cash outflow from Investing activities</b>		(127,255)	(52,100)
<b>Financing activities</b>			
Dividends paid to shareholders	8	(2,500,831)	-
<b>Net cash outflow from financing activities</b>		(2,500,831)	-
(Decrease)/increase in cash and cash equivalents		(1,832,548)	964,088
Cash and cash equivalents at beginning of year		2,524,389	1,560,300
<b>Cash and cash equivalents at end of year</b>		<b>691,841</b>	<b>2,524,389</b>

The notes on pages 13 to 26 form part of these financial statements.

# Brainstorm Mobile Solutions Limited

## Notes forming part of the financial statements for the year ended 31 May 2021

### 1 Accounting policies

Brainstorm Mobile Solutions Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### *Financial reporting standard 102 - reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Brainstorm Investments Limited as at 31 May 2021 and these financial statements may be obtained from Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL.

#### *Consolidated financial statements*

The financial statements contain information about Brainstorm Mobile Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by Section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA accounts of a larger group.

#### *Going concern*

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

#### *Turnover*

Turnover represents amounts receivable for services net of VAT and trade discounts. Revenue is recognised when the services have been delivered. Where services are contracted over a multi-year contract revenue is recognised as the services are delivered.

#### *Employee termination benefits*

Termination benefits provided as a result of terminating employment are recognised when the company has communicated its plan of termination to the affected employees and the plan meets specified criteria, unless the involuntary termination benefits are provided in exchange for employees' future services (i.e. in substance

# Brainstorm Mobile Solutions Limited

## Notes forming part of the financial statements for the year ended 31 May 2021 (continued)

### 1 Accounting policies (continued)

#### *Employee termination benefits (continued)*

they are a 'stay bonus'). In such cases, the liability for those benefits are recognised over the period of the future service. Termination benefits to encourage employees to leave service voluntarily are recognised when employees accept the company's offer of those benefits.

#### *Tangible fixed assets*

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

#### *Depreciation*

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold land and buildings	-	Straight line method over the lease term
Computer equipment	-	Straight line method over 5 years
Fixtures, fittings and equipment	-	Straight line method over 3 to 6 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

#### *Intangible assets*

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic life.

Customer database	-	20% straight line method
Intellectual property	-	20% straight line method

#### *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment.

#### *Impairment*

The carrying values of intangible and tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Leased assets: Lessee*

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

# Brainstorm Mobile Solutions Limited

## Notes forming part of the financial statements for the year ended 31 May 2021 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Current and deferred taxation*

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

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

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Foreign currency translation*

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

#### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

# Brainstorm Mobile Solutions Limited

## Notes forming part of the financial statements for the year ended 31 May 2021 (continued)

### 1 Accounting policies (continued)

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### *Reserves*

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account included the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represent cumulative profits or losses, net of dividends paid and other adjustments.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine a fair value when charging group companies for the use of the Company's internally developed software platform. These decisions are based on equivalent charges to external customers.

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets (see note 10)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

# Brainstorm Mobile Solutions Limited

## Notes forming part of the financial statements for the year ended 31 May 2021 (continued)

3 Turnover	2021	2020
<i>Turnover by Geographical market</i>	£	£
United Kingdom	4,013,208	3,592,254
Rest of the World	1,603,762	2,182,882
	5,616,970	5,775,136
	5,616,970	5,775,136

The Company's turnover is derived from the provision of telecommunications services.

4 Operating loss	2021	2020
	£	£
The operating loss has been arrived at after charging:		
Amortisation of intangible fixed assets	34,513	34,513
Depreciation of tangible fixed assets	122,784	162,544
Operating lease charges on property	129,315	130,315
Foreign exchange losses/(gains)	11,501	(16,823)
Exceptional costs:		
- Corporate restructuring and proposed management buyout costs	48,402	26,245
- Write-off of amounts due from group companies	35,468	80,114
	48,402	26,245
	35,468	80,114
Auditors' remuneration		
	2021	2020
Fees payable to the auditors:	£	£
The audit of the company	25,250	25,250
Tax compliance services	2,500	2,500
Other services	20,500	29,703
	48,250	57,453
	48,250	57,453

5 Staff costs	2021	2020
Staff costs consist of:	£	£
Wages and salaries	3,001,754	3,237,446
Social security costs	263,313	305,004
Other pension costs	73,034	84,342
	3,338,101	3,626,792
	3,338,101	3,626,792

# Brainstorm Mobile Solutions Limited

## Notes forming part of the financial statements for the year ended 31 May 2021 (continued)

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<b>5 Staff costs (continued)</b>	<b>2021</b>	<b>2020</b>
The average monthly number of employees (including directors) during the year was:	<b>Number</b>	<b>Number</b>
Sales and administration	<b>41</b>	<b>42</b>

Contributions payable to the fund at year end amounted to £14,665 (2020 - £14,895).

There were no directors remuneration costs during the year. The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to nil (2020 - nil).

<b>6 Other interest receivable and similar income</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank interest received	-	120
Dividend from Subsidiary	293,219	1,184,657
	<b>293,219</b>	<b>1,184,777</b>

## Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 (*continued*)

### 7 Taxation on profit from ordinary activities

	2021 £	2020 £
<i>UK corporation tax</i>		
Current tax on profits of the year	-	-
Adjustments in respect of prior periods	(223,050)	(473,214)
	(233,050)	(473,214)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(37,565)	(83,297)
Adjustments in respect of prior periods	83,147	33,936
	45,582	(49,361)
Total deferred tax charge/(credit)	45,582	(49,361)
	(177,468)	(522,575)

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	(28,122)	455,819
	(5,343)	86,606
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)		
Effects of:		
Expenses not deductible for tax purposes	16,933	21,000
Income not taxable for tax purposes	(55,712)	(197,460)
Adjustments to tax charge in respect of previous periods	(223,050)	(473,214)
Adjustments to tax charge in respect of previous periods – deferred tax	83,147	32,045
Adjust opening deferred tax to average rate of 19% (2020 - 19%)	-	1,891
Intangible amortisation on goodwill acquired after 8 July 2015	6,557	6,557
	(177,468)	(522,575)
Total tax charge/(credit) for period	(177,468)	(522,575)

For further information on deferred tax balances see note 14.

At the time of approving the financial statements, Brainstorm Mobile Solutions Limited is in the process of preparing and submitting an R&D claim to HMRC. At this point in time, no practical estimate can be made regarding the potential economic inflow of this claim.

## Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 (*continued*)

### 8 Dividends payable

	2021 £	2020 £
Dividends payable	-	2,500,831
	-	2,500,831
	-	2,500,831

On 4 June 2020, the directors approved a dividend of £121.22 per Ordinary Shares of 1p each, totalling £2,500,831. These dividends were distributed on 7 July 2020.

### 9 Intangible assets

	Customer database £	Intellectual Property £	Total £
<i>Cost</i>			
At 1 June 2020	160,000	12,566	172,566
	160,000	12,566	172,566
<i>Amortisation</i>			
At 1 June 2020	125,333	4,398	129,731
Provision for year	32,000	2,513	34,513
	157,333	6,911	164,244
<i>Net book value</i>			
At 31 May 2021	2,667	5,655	8,322
	2,667	5,655	8,322
At 31 May 2020	34,667	8,168	42,835
	34,667	8,168	42,835

## Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 *(continued)*

10 Tangible assets	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 1 June 2020	28,903	1,614,949	135,100	1,778,952
Additions		110,185	17,070	127,255
	<u>28,903</u>	<u>1,725,134</u>	<u>152,170</u>	<u>1,906,207</u>
At 31 May 2021	<b>28,903</b>	<b>1,725,134</b>	<b>152,170</b>	<b>1,906,207</b>
<i>Depreciation</i>				
At 1 June 2020	25,521	1,456,505	64,121	1,546,147
Charge for the year	1,309	98,752	22,723	122,784
	<u>26,830</u>	<u>1,555,257</u>	<u>86,844</u>	<u>1,668,931</u>
At 31 May 2021	<b>26,830</b>	<b>1,555,257</b>	<b>86,844</b>	<b>1,668,931</b>
<i>Net book value</i>				
At 31 May 2021	<u>2,073</u>	<u>169,877</u>	<u>65,326</u>	<u>237,276</u>
At 31 May 2020	<u>3,382</u>	<u>158,444</u>	<u>70,979</u>	<u>232,805</u>

## 11 Fixed asset investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 June 2020	433,141
At 31 May 2021	<u>433,141</u>

# Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 (*continued*)

## 11 Fixed asset investments (continued)

### *Subsidiary undertakings*

The principal undertakings of the company at the year-end is as follows:

<b>Name</b>	<b>Country of incorporation and Registered office</b>	<b>Proportion of voting rights and ordinary share capital held</b>	<b>Nature of business</b>
Oxygen8 Communications Ireland Ltd	21-22 Grafton Street, Dublin 2, Ireland	100%	Trading
Brainstorm Brazil Solucoes EM Telefonica Movel EIRELI	Cidade de São Paulo, Estado de São Paulo, na Alameda Santos, número 200, conjunto 62, Edifício Victoria Plaza, CEP 014418-000, Brazil	100%	Trading
Brainstorm Marketing Solutions Ltd	Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL, England	100%	Dormant
Engage Hub Ltd	Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL, England	100%	Dormant

## 12 Financial instruments

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,303,167	3,840,955
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,197,641	1,164,910

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income and amounts owed by related parties. Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to related parties.

Information regarding the company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' Report.

# Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 (*continued*)

## 13 Debtors

	2021 £	2020 £
Trade debtors	1,274,022	1,026,139
Amounts owed by subsidiary undertakings	248,247	247,851
Amounts owed by related parties	76,566	22,721
Prepayments and accrued income	106,448	99,749
Dividends receivable	293,219	1,000,000
Other debtors	-	10,967
Deferred tax asset (note 15)	19,753	65,336
	<u>2,018,255</u>	<u>2,472,762</u>

All amounts shown under debtors fall due for payment within one year except deferred tax asset in respect of tax losses carried forward. Amounts owed by subsidiary undertakings are due 30 days from the date of invoice.

## 14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	93,435	88,477
Amounts owed to group companies	728,731	619,144
Taxation and social security	238,457	227,114
Corporation tax	-	-
Other creditors	19,166	132,358
Accruals and deferred income	362,373	340,681
Proposed dividends	-	2,500,831
	<u>1,442,162</u>	<u>3,908,605</u>

Amounts owed to group companies are payable 30 days from the date of invoice.

# Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 (*continued*)

## 15 Provisions for liabilities

	<b>£</b>
(Asset) at 1 June 2020	(65,336)
Credited to Profit and loss account (note 7)	45,582
	(19,753)
	(19,753)

The deferred tax (asset)/liability is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	24,678	19,349
Short term timing differences	(1,312)	(1,537)
Tax losses carried forward	(43,119)	(83,147)
	(19,753)	(65,336)
	(19,753)	(65,336)

## 16 Share capital

	Allotted, called up and fully paid			
	2021 Number	2020 Number	2021 £	2020 £
Ordinary shares of 1p each	20,630	20,630	207	207
	20,630	20,630	207	207

The ordinary shares have attached to them full voting, dividend and capital distribution rights.

On 14 May 2020, the Company issued 350,000,000 ordinary shares of 1p each by way of a bonus issue, capitalising £3,500,000 of the Company's 'Other reserves'.

On 15 May 2020, the Company reduced its share capital from £3,500,206 to £207 by cancelling and extinguishing 350,000,000 of the issued ordinary shares of £0.01 each in the Company. The amount by which the Company's capital was reduced was credited to the profit and loss reserve

## 17 Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of shares issued.
- Share Premium reserve represented amounts received by a company for shares issued that exceeds the nominal value
- Profit and loss reserve represents the cumulative profits or losses, net of any dividends paid and other adjustments.

On 4 June 2020, the Company reduced its capital by cancelling all of its share premium account and credited the full amount of £499,990 to the profit and loss reserve

# Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 (*continued*)

## 18 Reconciliation of operating profit to net cash Inflow from operating activities

	Note	2021 £	2020 £
Profit for the financial year		149,346	978,394
Taxation on (loss)/profit from ordinary activities	7	(177,468)	(522,575)
Amortisation of intangible fixed assets	9	34,513	34,513
Depreciation of tangible assets	10	122,784	162,544
Decrease/(increase) in debtors		408,925	(479,293)
Increase in creditors		34,389	369,391
		<u>572,488</u>	<u>542,974</u>

## 19 Commitments under operating leases

Total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2021 £	2020 £
Not later than 1 year	130,315	130,315
Later than 1 year and not later than 5 years	232,425	362,740
	<u>362,740</u>	<u>493,055</u>

## 20 Capital commitments

The Company had no capital commitments at 31 May 2021.

# Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements  
for the year ended 31 May 2021 (*continued*)

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## 21 Related party relationships and transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

During the year, Brainstorm Mobile Solutions Limited, traded with other companies, related due to common directorships / shareholdings as follows:

Dynamic Mobile Billing Limited  
Sales of £98,409 (2020 - £168,300)  
Purchases of £1,105,673 (2020 - £1,149,932)  
Trade debtor balance due from of £66,566 (2020 - £13,591)

Tola Mobile Limited  
Trade debtor balance due from of £Nil (2020 - £1,020)

Melodi Ltd  
Trade debtor balance due from of £Nil (2020 - £3,060)

Engage Australia Pty Ltd  
Sales of £54,937 (2020 - £70,000)  
Trade debtor balance due from of £10,000 (2020 - £5,050)

## 22 Post balance sheet events

There have been no significant events since the balance sheet date which would require disclosure in the financial statements.

The directors have assessed the impact of the COVID-19 outbreak on the business have concluded that there is no material effect on the supply and demand for the Company's services and therefore, its operating results have been not been materially impacted. The directors do not expect this position to change for the foreseeable future.

## 23 Ultimate Controlling Party

The parent company is Brainstorm Investments Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Brainstorm Investments Limited. The consolidated accounts are available to the public and may be obtained from the Registrar of Companies.

The company's ultimate controlling party is Mr G Corbett through his control of Brainstorm Investments Limited.

## 24 Auditor's liability limitation agreement

The company has, by resolution, waived the need for approval of the auditors' limitation liability, which has been set at £2,000,000, within the letter of engagement dated 21 September 2020. This has been confirmed in the letter of representation dated 13 August 2021.