

REGISTRAR OF COMPANIES

COMPANY NO. 5387218

THE7STARS UK LIMITED

FULL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



GOLDWYNS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
109 BAKER STREET
LONDON W1U 6RP

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	7
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Statement of Cash Flows	13
Notes to the Financial Statements	14

THE7STARS UK LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021

DIRECTORS: J E BIGGAM
G M JONES
R C MURPHY
L R MULLINS
N J MADDISON
H ROSE
R WILLIAMS

REGISTERED OFFICE: FLOORS 6-9 BUSH HOUSE
NORTH WEST WING
57 ALDWYCH
LONDON
WC2B 4PJ

REGISTERED NUMBER: 05387218 (England and Wales)

SENIOR STATUTORY AUDITOR: MARTIN MYERS FCA

AUDITORS: GOLDWYNS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
109 BAKER STREET
LONDON
W1U 6RP

BANKERS: BARCLAYS BANK PLC
27th FLOOR
1 CHURCHILL PLACE
LONDON
E14 5HP

SOLICITORS: LEWIS SILKIN LLP
5 CHANCERY LANE
CLIFFORD'S INN
LONDON
EC4A 1BL

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their strategic report for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a Media Agency.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

Overall the business has grown revenue and profit during a challenging year, and is in great shape for future growth in 2021/22.

At the start of the pandemic the UK advertising industry experienced its sharpest ever decline in revenues and billings at the7stars group fell dramatically. Our work for retailers, travel and transport advertisers and the hospitality sector was particularly impacted by lockdowns and for the first time in our sixteen-year history we experienced declining billings.

Fortunately, we were able to transition overnight to home-working as we already had many flexible working practices in place - including 100% laptops and a solid IT infrastructure. In addition, we undertook an immediate cost management programme, including the government job retention scheme as well as recruitment freezes and pay freezes.

Advertiser confidence and demand for our services increased during the late summer and by September we had returned to business as usual, no longer requiring any of the cost management measures described above.

Meanwhile, we have grown the business by expanding our core services embedding a creative team, building three in-house production studios and launching a digital and data consultancy division. These new additional services have attracted a strong client base and are generating revenue.

Like many businesses we experienced "the great resignation" including several of the senior leadership at subsidiary agency, Bountiful Cow. We have been fortunate to hire a new top calibre leadership team at the agency and in fact the business has grown substantially under new direction.

Our client list has remained stable, and our client retention rate is 93%. In addition, we have won new business including Vision Express and On Running.

We have continued to invest in people and culture across the group. We were listed in the Best Places to Work league table (no 17 in the UK) and the top performing media agency in Campaign Magazine's survey.

Finally, we have restructured our Senior Team creating new shareholders and new share options for our senior leadership team. We anticipate that this restructure will create a committed and ambitious group of shareholders for the future.

RISKS AND UNCERTAINTIES

The management team at the7stars UK Limited has identified the following factors as major potential risks normally associated with media agencies in dynamic and changing markets. Some, such as innovation, quality service, staffing, are specific risks that require specific, identified actions to mitigate their effects. Others, such as the impact of competition, are areas addressed through strategic planning and operational management processes.

Cost inflation and legislative change

The Company's operational costs are affected by underlying cost inflation and legislative and fiscal policy changes in relation to, for example wages, rates and rent.

Competition in media industry

The Company operates in a highly competitive market and its failure to compete effectively could have a material adverse effect on its results.

Attracting and retaining key employees

The failure to hire, retain and motivate executives and other key employees could have a significant impact on its operations.

Failure or unavailability of operational infrastructure

Failure to provide services to meet customer requirements for innovation and quality could have adverse effect on its results.

Key areas of strategic development and performance

Sales and marketing: new and repeat business is being secured, new markets have been developed in line with the company's strategy, and key customer relationships are monitored on a regular basis.

High value service: the company continues to invest in people and key partnership to offer the best possible service to the customers.

Health and Safety: the company continues to seek ways of ensuring that a safe and healthy working environment is progressive improved.

Environment: new methods of achieving greater environmental effectiveness are continually being examined.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Key financial performance indicators include the monitoring and management of profitability and monetary working capital.

	2021	2020	Measure
Financial Data			
Return on capital	16.86%	16.42%	Profit after tax/total assets less current liabilities
Current ratio	1.22	1.26	Current assets: current liabilities

SECTION 172(1) STATEMENT

Director duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term,
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between shareholders of the company

As part of their induction, a Director is briefed on their duties so that they can fulfil their duties. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct.

As Directors we fulfil our duties as follows

Risk management

We effectively identify, evaluate, manage and mitigate the risk we face.

For details of our principal risks and uncertainties and how we manage our risk environment please see comments under Risks and Uncertainties.

Our People

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people. People are at the heart of our services. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business

Community and environment

Our plans take into account the impact of the company's operations on the community and environment and our wider social responsibilities. The Company's approach is to use its position of strength to create positive change for the people and communities with which it interacts

ON BEHALF OF THE BOARD:



.....
J E BIGGAM - Director

Date: 11/2/22
.....

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 2021 will be £71,874.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

J E BIGGAM
G M JONES
R C MURPHY
L R MULLINS
N J MADDISON

Other changes in directors holding office are as follows:

A D CLARKE - resigned 2 March 2021
H S DAGLISH - resigned 29 January 2021
H ROSE - appointed 2 March 2021
R WILLIAMS - appointed 2 March 2021

FINANCIAL INSTRUMENTS

Liquidity risk:

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Foreign currency risk:

The company's foreign currency exposure arises from trading with overseas companies. Company policy permits but does not demand that this exposure is hedged in order to fix the cost in Sterling. The Company takes advantage of natural trading hedges to minimise such foreign currency exposure.

Credit risk:

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. The company has a whole turnover credit insurance policy.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

CHARITABLE DONATIONS AND EXPENDITURE

During the year the Company made donations to charities registered in the UK amounting to £146,381.

ENGAGEMENT WITH EMPLOYEES

The Company is proud of its record of managing employee relations and believes that the structure of individual and collective consultation and negotiation is best developed at a local level. Over the years, the Company has been proactive in providing employees with information on matters of concern to them as employees and employee feedback is invited. There is the use of internal communications and presentations by senior management team to all employees in the company. These mechanisms ensure employees' views are considered in decision-making and that they have a common awareness of Company strategy, matters of concern to them and the financial and economic factors affecting the performance of the Company.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Our strategy encourages organic growth driven by selling services to our existing clients and winning new clients. To do this we develop and maintain strong client relationships. We value all of our suppliers and have year on year contracts with our key suppliers.

STREAMLINED ENERGY AND CARBON REPORTING

Following changes by Companies (Directors report and Limited Partnerships (Energy and Carbon Report Regulation 2018 SI2018/1155) we are now obliged to report eligible group companies UK energy use. The only eligible group company was the7Stars UK Limited. The following data however covers for the7stars Group for the period from 1 April 2020 to 31 March 2021.

In line with Government published guidance, from year 2 onward each year's report will include comparison to the previous year, along with commentary on notable changes to energy consumption and corresponding emissions from one year to the next.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021

Scopes	Total kWh2021	Total kWh2020	Total tCO2e2021	Total tCO2e2020
Scope 1	347,200	347,200	63.84	63.83
Scope 2	99,506	159,602	23.2	40.79
Scope 3 (Mandatory)	0	0	0	0
Gross Values	446,706	506,802	87.04	104.62
Exported renewable electricity reduction	0	0	0	0
Offsets	0	0	0	0
Woodland Carbon Units	0	0	0	0
Net Values	446,706	506,802	87.04	104.62

Explanatory Notes:

Reported emissions come from consumption of grid supplied electricity and grid supplied natural Gas. the7Stars Group are reporting based on their financial boundary

Direct CO2 emissions from Biogenic combustion (tCO2e) - None

Actions taken in reporting year

the7stars unique agency culture and working environment have always been a priority. Over the past year we have successfully demonstrated that we were able to respond to the impact of the pandemic and new ways of working. As we continue to adapt, we are committed to a future that is flexible for all. Having been voted as one of the best companies to work for in the UK, we are therefore evolving our working guidelines to ensure that people, culture and environment continue to be our priority.

Indirect actions:

- Leadership team to organise an environmental awareness day with sustainability and energy efficiency recommendations for employees as well as engaging with consultants to improve our energy efficiency and reduce our carbon footprint,
- We use a carbon calculator to share with clients the environmental impact of the advertising activity,
- Asking employees to see if a site meeting can be completed via a zoom call as an alternative to reduce transport emissions.

Direct actions:

- Video calls with clients instead of travelling to the client offices in UK and abroad. Using ESOS reporting to highlight areas we can improve our energy efficiency.

Qualification and Reporting Methodology

The report follows the March 2019 published HM Government 'Environmental Reporting Guidelines', including streamlined energy and carbon reporting guidance, and uses the UK Government GHG Conversion Factors for Company Reporting (Full Set 2020 version 1.0).

Scope Breakdown

This section is for energy and emissions, broken down by scope in a simple table format.

kWh:	Scope 1		Scope 2		Scope 3	
	2021	2020	2021	2020	2021	2020
Electricity	0	0	99,506	159,602	0	0
Natural Gas	347,200	347,200	0	0	0	0
Transport	0	0	0	0	0	0
Gross Values	347,200	347,200	99,506	159,602	0	0

tCO2e	Scope 1		Scope 2		Scope 3	
	2021	2020	2021	2020	2021	2020
Electricity	0	0	23.2	40.79	0	0
Natural Gas	63.84	63.83	0	0	0	0
Transport	0	0	0	0	0	0
Gross Values	63.84	63.83	23.2	40.79	0	0

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021

Intensity Ratio

Choice 1	m2	2020/2021		m2	2019/2020	
		kWh/m2	tCO2e/m2		kWh/m2	tCO2e/m2
	3373	132.43	0.0258	3373	150.25	0.0310

the7Stars Group have chosen floor area as their intensity metric.

Targets and Goals for the coming year

Follow up actions:

- Look to install sub metering for gas consumption on the floors we the7stars occupy at current office locations,
- Record all business travel and journey destination to evaluate the impact of our Scope 3 travel emissions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

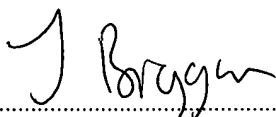
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, GOLDWYNS, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
J E BIGGAM - Director

Date: 11/2/2022
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE7STARS UK LIMITED

Opinion

We have audited the financial statements of THE7STARS UK LIMITED (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of 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 March 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE7STARS UK LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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.

Auditors' 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 a Report of the Auditors 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:

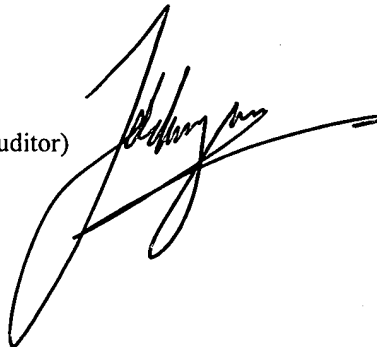
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

MARTIN MYERS FCA (Senior Statutory Auditor)
FOR AND BEHALF OF GOLDWYNS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
109 BAKER STREET
LONDON
W1U 6RP



Date: 15/02/2022

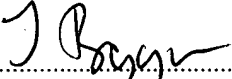
**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
REVENUE	3		315,759,150		379,386,705
Cost of sales			<u>293,496,026</u>		<u>356,318,434</u>
GROSS PROFIT			22,263,124		23,068,271
Distribution costs		13,104,067		12,004,229	
Administrative expenses		<u>7,985,862</u>		<u>8,525,867</u>	
			<u>21,089,929</u>		<u>20,530,096</u>
			1,173,195		2,538,175
Other operating income			<u>1,828,211</u>		<u>-</u>
OPERATING PROFIT	5		3,001,406		2,538,175
Interest receivable and similar income			<u>315</u>		<u>141,580</u>
PROFIT BEFORE TAXATION			3,001,721		2,679,755
Tax on profit	7		<u>419,352</u>		<u>577,445</u>
PROFIT FOR THE FINANCIAL YEAR			2,582,369		2,102,310
OTHER COMPREHENSIVE INCOME			<u>-</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u><u>2,582,369</u></u>		<u><u>2,102,310</u></u>

STATEMENT OF FINANCIAL POSITION
31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
FIXED ASSETS					
Property, plant and equipment	9		1,122,614		1,371,970
Investments	10		<u>156,032</u>		<u>156,032</u>
			1,278,646		1,528,002
CURRENT ASSETS					
Debtors	11	43,607,650		47,319,774	
Cash at bank		<u>33,171,825</u>		<u>7,554,618</u>	
		76,779,475		54,874,392	
CREDITORS					
Amounts falling due within one year	12	<u>62,741,819</u>		<u>43,596,587</u>	
NET CURRENT ASSETS					
			<u>14,037,656</u>		<u>11,277,805</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>15,316,302</u>		<u>12,805,807</u>
CAPITAL AND RESERVES					
Called up share capital	14		17,160		17,160
Share premium	15		281,000		281,000
Capital redemption reserve	15		2,840		2,840
Retained earnings	15		<u>15,015,302</u>		<u>12,504,807</u>
SHAREHOLDERS' FUNDS					
			<u>15,316,302</u>		<u>12,805,807</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 11/2/2022 and were signed on its behalf by:


.....
J E BIGGAM - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2019	17,160	10,469,812	281,000	2,840	10,770,812
Changes in equity					
Dividends	-	(67,315)	-	-	(67,315)
Total comprehensive income	-	2,102,310	-	-	2,102,310
Balance at 31 March 2020	<u>17,160</u>	<u>12,504,807</u>	<u>281,000</u>	<u>2,840</u>	<u>12,805,807</u>
Changes in equity					
Dividends	-	(71,874)	-	-	(71,874)
Total comprehensive income	-	2,582,369	-	-	2,582,369
Balance at 31 March 2021	<u>17,160</u>	<u>15,015,302</u>	<u>281,000</u>	<u>2,840</u>	<u>15,316,302</u>

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	28,372,844	(5,107,785)
Tax paid		<u>(571,499)</u>	<u>(402,501)</u>
Net cash from operating activities		<u>27,801,345</u>	<u>(5,510,286)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(125,068)	(191,436)
Interest received		<u>315</u>	<u>141,580</u>
Net cash from investing activities		<u>(124,753)</u>	<u>(49,856)</u>
Cash flows from financing activities			
New loans in year		(2,017,511)	(1,094,022)
Amount introduced by directors		30,000	70,000
Amount withdrawn by directors		-	(31,560)
Equity dividends paid		<u>(71,874)</u>	<u>(67,315)</u>
Net cash from financing activities		<u>(2,059,385)</u>	<u>(1,122,897)</u>
Increase/(decrease) in cash and cash equivalents		25,617,207	(6,683,039)
Cash and cash equivalents at beginning of year	2	<u>7,554,618</u>	<u>14,237,657</u>
Cash and cash equivalents at end of year	2	<u><u>33,171,825</u></u>	<u><u>7,554,618</u></u>

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021 £	2020 £
Profit before taxation	3,001,721	2,679,755
Depreciation charges	374,424	360,935
Finance income	<u>(315)</u>	<u>(141,580)</u>
	3,375,830	2,899,110
Decrease/(increase) in trade and other debtors	5,699,635	(8,306,456)
Increase in trade and other creditors	<u>19,297,379</u>	<u>299,561</u>
Cash generated from operations	<u><u>28,372,844</u></u>	<u><u>(5,107,785)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2021

	31.3.21 £	1.4.20 £
Cash and cash equivalents	<u><u>33,171,825</u></u>	<u><u>7,554,618</u></u>

Year ended 31 March 2020

	31.3.20 £	1.4.19 £
Cash and cash equivalents	<u><u>7,554,618</u></u>	<u><u>14,237,657</u></u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20 £	Cash flow £	At 31.3.21 £
Net cash			
Cash at bank	<u>7,554,618</u>	<u>25,617,207</u>	<u>33,171,825</u>
	<u>7,554,618</u>	<u>25,617,207</u>	<u>33,171,825</u>
Total	<u><u>7,554,618</u></u>	<u><u>25,617,207</u></u>	<u><u>33,171,825</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. STATUTORY INFORMATION

THE7STARS UK LIMITED is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern and COVID 19

The UK entered lockdown in March 2020 and some restrictions and some social distancing provisions remain in place. The pandemic caused global disruption to business and individuals alike.

Despite trading drops in both turnover and revenue, we have managed cash to ensure that the business has continued to serve clients and to act responsibly with suppliers and employees. We made use of government Coronavirus Job Retention Scheme.

We have continued to prepare the accounts on a going concern basis and deem this appropriate. We do not consider that a material uncertainty about our going concern status currently exists. In making this assessment we have considered the likely trading conditions for a period of twelve months from the date of our approval of these accounts.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Provision for doubtful debts

The Company makes an estimate of the recoverable value of trade receivables and other debtors. When assessing impairment of trade and other receivables, management considers factors including the ageing profile of receivables and historical experience.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the year-end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful economic life of Tangible Assets

The annual depreciation charge for tangible fixed assets is affected by changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are assessed periodically. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assess.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES - continued

Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Rendering of services

When the outcome of a transaction can be estimated reliably, turnover from advertising space and management of media work is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to when services are rendered.

Where the outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures and Fittings	25% on cost
Computer Equipment	33.33% on cost
Short Leasehold	over the remaining period of the lease

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Employee benefits

When employees have rendered services to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Investments in unlisted company

Investments are measured at cost less impairment.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES - continued**Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Where goods are sold using finance leases, the entity recognises turnover from the sale of goods and the rights to receive future lease payments as a debtor. Minimum lease payments are apportioned between finance income and the reduction of the lease debtor with finance income allocated so as to produce a constant periodic rate of interest on the net investment in the finance lease.

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2021 £	2020 £
UK	209,050,465	274,124,785
Europe	104,989,099	98,973,547
Rest of the World	<u>1,719,586</u>	<u>6,288,373</u>
	<u>315,759,150</u>	<u>379,386,705</u>

The Company acts as principal on media sales, with net sales after media discount but inclusive of commission earned included in the financial statements as Turnover. Commission earned on media sales by the Company is represented as gross profit in the financial statements.

The Company's gross turnover for the year which is the billable amount before media discount was £350,076,346 (2020-£426,129,259).

4. EMPLOYEES AND DIRECTORS

	2021 £	2020 £
Wages and salaries	12,597,245	11,534,309
Social security costs	1,470,385	1,366,799
Other pension costs	<u>533,236</u>	<u>564,587</u>
	<u>14,600,866</u>	<u>13,465,695</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

4. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2021	2020
Administration	204	211
Management	<u>7</u>	<u>6</u>
	<u>211</u>	<u>217</u>

	2021 £	2020 £
Directors' remuneration	<u>1,286,811</u>	<u>1,232,369</u>

Information regarding the highest paid director is as follows:

	2021 £	2020 £
Emoluments etc	<u>260,636</u>	<u>251,512</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation - owned assets	<u>374,424</u>	<u>360,935</u>

6. **AUDITORS' REMUNERATION**

	2021 £	2020 £
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>29,700</u>	<u>31,600</u>

7. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021 £	2020 £
Current tax:		
UK corporation tax	<u>419,352</u>	<u>577,445</u>
Tax on profit	<u>419,352</u>	<u>577,445</u>

UK corporation tax has been charged at 19% (2020 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before tax	<u>3,001,721</u>	<u>2,679,755</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	570,327	509,153
Effects of:		
Expenses not deductible for tax purposes	46,026	63,651
Depreciation in excess of capital allowances	45,539	33,228
Expenses allowable	<u>(242,540)</u>	<u>(28,587)</u>
Total tax charge	<u>419,352</u>	<u>577,445</u>

Factors that may affect future tax charges

There are no major factors that may affect future tax charge.

8. DIVIDENDS

	2021 £	2020 £
Interim - paid	<u>71,874</u>	<u>67,315</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2020	1,248,214	418,792	686,321	2,353,327
Additions	-	4,826	120,242	125,068
Disposals	<u>-</u>	<u>(37,852)</u>	<u>(350,575)</u>	<u>(388,427)</u>
At 31 March 2021	<u>1,248,214</u>	<u>385,766</u>	<u>455,988</u>	<u>2,089,968</u>
DEPRECIATION				
At 1 April 2020	269,956	203,273	508,128	981,357
Charge for year	172,167	84,952	117,305	374,424
Eliminated on disposal	<u>-</u>	<u>(37,852)</u>	<u>(350,575)</u>	<u>(388,427)</u>
At 31 March 2021	<u>442,123</u>	<u>250,373</u>	<u>274,858</u>	<u>967,354</u>
NET BOOK VALUE				
At 31 March 2021	<u>806,091</u>	<u>135,393</u>	<u>181,130</u>	<u>1,122,614</u>
At 31 March 2020	<u>978,258</u>	<u>215,519</u>	<u>178,193</u>	<u>1,371,970</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 April 2020 and 31 March 2021	<u>156,032</u>
NET BOOK VALUE	
At 31 March 2021	<u>156,032</u>
At 31 March 2020	<u>156,032</u>

Investments represent 3.5% shareholding in the shares of an unlisted company.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	30,541,521	34,445,168
Amounts owed by group undertakings	7,043,346	5,025,835
Other debtors	1,073,014	1,179,529
Directors' current accounts	-	30,000
VAT	4,108,497	5,571,043
Prepayments and accrued income	<u>841,272</u>	<u>1,068,199</u>
	<u>43,607,650</u>	<u>47,319,774</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	58,405,736	41,264,281
Tax	143,673	295,820
Accruals and deferred income	<u>4,192,410</u>	<u>2,036,486</u>
	<u>62,741,819</u>	<u>43,596,587</u>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £	2020 £
Within one year	1,419,360	1,419,360
Between one and five years	5,332,600	5,035,010
In more than five years	-	1,064,520
	<u>6,751,960</u>	<u>7,518,890</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
17,160	Ordinary	£1	<u>17,160</u>	<u>17,160</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

15. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2020	12,504,807	281,000	2,840	12,788,647
Profit for the year	2,582,369			2,582,369
Dividends	(71,874)			(71,874)
	<u>15,015,302</u>	<u>281,000</u>	<u>2,840</u>	<u>15,299,142</u>
At 31 March 2021	<u>15,015,302</u>	<u>281,000</u>	<u>2,840</u>	<u>15,299,142</u>

16. PENSION COMMITMENTS

The company operates a defined contributions scheme. Pension contributions paid by the company in 2021 amounted to £533,235 (2020 - £564,587). There were no outstanding contributions at 31 March 2021 or 31 March 2020.

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 March 2021 and 31 March 2020:

	2021 £	2020 £
G M JONES		
Balance outstanding at start of year	-	40,000
Amounts repaid	-	(40,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>
L R MULLINS		
Balance outstanding at start of year	30,000	30,000
Amounts advanced	-	30,000
Amounts repaid	(30,000)	(30,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>30,000</u>

18. RELATED PARTY DISCLOSURES

The company is a subsidiary of the7stars Holdings Limited. The ultimate parent company is the7stars Group Holdings Limited, a company under the control of J E Biggam, majority shareholder.

During the year, there were intercompany transactions with fellow subsidiary companies, Bountiful Cow Limited and the7stars Holdings Limited. The amounts owed by these companies as at 31 March 2021 were £102,124 and £6,941,222 respectively in respect of transactions carried out at arm's length between the companies. The transactions included rental charge, loans, recharges etc.

the7stars Foundation, a registered Charity was founded in the year to support the most challenged 16 year olds and under in the UK by providing grants to help forgotten young people lacking opportunity to achieve their potential. Some of the Trustees of the Charity are directors of the Company. The Company has paid £141,290 to the Charity for the year and this amount is shown in Accruals at 31 March 2021.