

Brainstorm Mobile Solutions Limited

Report and Financial Statements

Year Ended

31 May 2019

Company Number 01661467



Brainstorm Mobile Solutions Limited

Report and financial statements
for the year ended 31 May 2019

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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

BDO LLP, 55 Baker Street, London, W1U 7EU

Brainstorm Mobile Solutions Limited

Directors' report for the year ended 31 May 2019

The directors present their report together with the audited financial statements for the year ended 31 May 2019.

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
J Deaner (resigned on 30 April 2019)
R Tierney

Dividends

The directors do not recommend a final ordinary dividend (2018 - None).

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 2019 (*continued*)

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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

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 20 September 2019



G Corbett
Director

Brainstorm Mobile Solutions Limited

Directors' responsibilities statement for the year ended 31 May 2019

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

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

Opinion

We have audited the financial statements of Brainstorm Mobile Solutions Limited ("the Company") for the year ended 31 May 2019 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and the 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 May 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Brainstorm Mobile Solutions Limited

Independent auditor's report (*continued*)

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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, 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

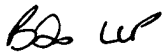
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Brainstorm Mobile Solutions Limited

Independent auditor's report (*continued*)

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.



Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

28 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Brainstorm Mobile Solutions Limited

Statement of comprehensive income for the year ended 31 May 2019

	Note	2019 £	2018 £
Turnover	3	7,683,725	8,494,085
Cost of sales		(1,657,083)	(2,174,984)
Gross profit		6,026,642	6,319,101
Administrative expenses		(6,575,942)	(6,211,082)
Operating (loss)/profit	4	(549,300)	108,019
Other interest receivable and similar income	7	936,335	491,283
Profit on ordinary activities before taxation		387,035	599,302
Taxation on profit from ordinary activities	8	25,748	(36,008)
Profit for the Financial year		412,783	563,294
Other comprehensive income for the year		-	-
Total comprehensive income for year		412,783	563,294

All amounts relate to continuing activities.

The notes on pages 10 to 20 form part of these financial statements.


Brainstorm Mobile Solutions Limited

Balance sheet at 31 May 2019

Company number 01661467	Note	2019 £	2018 £	2018 £	2018 £
Fixed assets					
Intangible assets	9		77,348		98,667
Tangible fixed assets	10		343,249		389,636
Investments	11		433,142		433,141
			853,739		921,444
Current assets					
Debtors	12	1,944,108		2,928,580	
Cash at bank and in hand		1,560,300		1,129,588	
			3,504,408		4,058,168
Creditors: amounts falling due within one year	13	(1,038,383)		(2,051,774)	
			2,466,025		2,006,394
Net current assets			2,466,025		2,006,394
Provisions for liabilities	14		-		(20,857)
Total assets less current liabilities			3,319,764		2,906,981
Capital and reserves					
Called up share capital	15		207		207
Share premium account			499,990		499,990
Other reserves			3,500,000		3,500,000
Profit and loss account			(680,433)		(1,093,216)
Shareholders' funds			3,319,764		2,906,981

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2019


G Corbett
Director

The notes on pages 10 to 20 form part of these financial statements.

Brainstorm Mobile Solutions Limited

Statement of changes in equity for the year ended 31 May 2019

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total equity £
1 June 2018	207	499,990	3,500,000	(1,093,216)	2,906,981
Comprehensive income for the year					
Profit for the year	-	-	-	412,783	412,783
Total comprehensive income for the year	-	-	-	412,783	412,783
31 May 2019	207	499,990	3,500,000	(680,433)	3,319,764

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total equity £
1 June 2017	207	499,990	3,500,000	(1,656,510)	2,343,687
Comprehensive income for the year					
Profit for the year	-	-	-	563,294	563,294
Total comprehensive income for the year	-	-	-	563,294	563,294
31 May 2018	207	499,990	3,500,000	(1,093,216)	2,906,981

The notes on pages 10 to 20 form part of these financial statements.

Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements for the year ended 31 May 2019

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 2019 and these financial statements may be obtained from 12th Floor, Lyndon House, 58-62 Hagley Road, Birmingham, B16 8PE.

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 2019 (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

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 over the lease term
Computer equipment	-	25% - 33% straight line method
Fixtures, fittings and equipment	-	25% straight line method

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 2019 (*continued*)

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 2019 (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 includes the premium on issue of equity shares, net of any issue costs.
- Other reserves represent the balance in respect of preference shares that were redeemable up to 31 December 2003 that were transferred to other reserves.
- 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.

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 2019 (continued)

3 Turnover	2019	2018
<i>Geographical market</i>	£	£
United Kingdom	5,793,707	6,942,594
Rest of the World	1,890,018	1,551,491
	<u>7,683,725</u>	<u>8,494,085</u>
4 Operating (loss)/profit	2019	2018
	£	£
This has been arrived at after charging:		
Amortisation of intangible assets	33,885	32,000
Depreciation of tangible assets	190,493	165,902
Operating lease charges on property	110,920	110,920
Auditors' remuneration	28,600	27,500
Foreign exchange loss	3,331	13,768
	<u>367,229</u>	<u>350,090</u>
5 Employees	2019	2018
	£	£
Staff costs consist of:		
Wages and salaries	3,708,410	3,845,152
Social security costs	389,348	404,307
Cost of defined contribution scheme	63,986	63,060
	<u>4,161,744</u>	<u>4,312,519</u>
The average monthly number of employees (including directors) during the year was:		
	Number	Number
Sales and administration	<u>48</u>	<u>53</u>
Contributions payable to the fund at year end amounted to £19,238 (2018 - £12,703).		
6 Directors	2019	2018
	£	£
Directors' remuneration consist of:		
Remuneration for qualifying services	238,169	245,881
Company contributions to Money Purchase Scheme	8,021	8,750
Compensation for loss of office	94,348	-
	<u>340,538</u>	<u>254,631</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements
for the year ended 31 May 2019 (continued)

7 Other interest receivable and similar income	2019 £	2018 £
Bank interest received	54	19
Dividend from Subsidiary	936,281	491,264
	<u>936,335</u>	<u>491,283</u>
8 Taxation on profit from ordinary activities	2019 £	2018 £
<i>UK corporation tax</i>		
Current tax on profits of the year	-	29,541
Adjustments in respect of prior periods	11,083	-
	<u>11,083</u>	<u>29,541</u>
Total current tax charge	11,083	29,541
<i>Deferred tax</i>		
Origination and reversal of timing differences	(37,226)	7,286
Adjustments in respect of prior periods	395	(819)
	<u>(36,831)</u>	<u>6,467</u>
Total deferred tax (credit)/charge	(36,831)	6,467
	<u>(25,748)</u>	<u>36,008</u>
Taxation (credit)/charge on profit on ordinary activities		

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	387,035	599,302
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%)	73,537	113,867
Effects of:		
Expenses not deductible for tax purposes	56,671	11,077
Income not taxable for tax purposes	(177,893)	(93,340)
Adjustments to tax charge in respect of previous periods	11,083	-
Adjustments to tax charge in respect of previous periods – deferred tax	395	(819)
Adjust closing deferred tax to average rate of 19.00% (2018 – 19.00%)	1,879	(2,454)
Adjust opening deferred tax to average rate of 19.00% (2018 - 19.00%)	2,500	1,597
Intangible amortisation on goodwill acquired after 8 July 2015	6,080	6,080
	<u>(25,748)</u>	<u>36,008</u>
Total tax (credit)/charge for period		

For further information on deferred tax balances see note 14.

Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements
for the year ended 31 May 2019 (*continued*)

9 Intangible assets

	Customer database £	Intellectual Property £	Total £
<i>Cost</i>			
At 1 June 2018	160,000	-	160,000
Additions	-	12,566	12,566
	<hr/>	<hr/>	<hr/>
At 31 May 2019	160,000	12,566	172,566
<i>Amortisation</i>			
At 1 June 2018	61,333	-	61,333
Provision for year	32,000	1,885	33,885
	<hr/>	<hr/>	<hr/>
At 31 May 2019	93,333	1,885	95,218
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>	66,667	10,681	77,348
At 31 May 2019	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 May 2018	98,667	-	98,667
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10 Tangible assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 1 June 2018	24,977	1,511,009	46,760	1,582,746
Additions	-	55,766	88,340	144,106
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2019	24,977	1,566,775	135,100	1,726,852
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 June 2018	23,516	1,133,034	36,560	1,193,110
Charge for the year	1,461	178,700	10,332	190,493
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2019	24,977	1,311,734	46,892	1,383,603
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>	-	255,041	88,208	343,249
At 31 May 2019	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 May 2018	1,461	377,975	10,200	389,636
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements
for the year ended 31 May 2019 (continued)

11 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 June 2018	433,141
Additions	1
	<hr/>
At 31 May 2019	433,142
	<hr/> <hr/>

Subsidiary undertakings

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

Name	Country of incorporation and Registered office	Proportion of voting rights and ordinary share capital held	Nature of business
Oxygen8 Communications Ireland Ltd	21-22 Grafton Street, Dublin 2, Ireland	100%	Trading
Brainstorm Mobile Solutions PTE Ltd	8 Shenton Way, #05-02 AXA Tower, Singapore 068811	100%	Trading
Brainstorm Brazil Solucoes EM Telefonia 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

On 9 August 2018, Brainstorm Mobile Solutions Limited acquired 100% of the share capital of Engage Hub Ltd for £12,500, incurring a £67 of related acquisition costs. At the time of acquisition, Engage Hub Ltd owned certain Intellectual Property assets that were immediately transferred to Brainstorm Mobile Solutions Limited. No value had been assigned to these assets in the books of Engage Hub Ltd. As a result, Brainstorm Mobile Solutions Limited treated £12,566 of the cost of acquisition as Intellectual Property additions and the remaining £1 as subsidiary undertakings additions. Since then Engage Hub Ltd has not traded and is now a dormant company.

On 7 June 2018, Brainstorm Mobile Solutions Limited acquired the remaining 0.004% of the share capital of Brainstorm Brazil Solucoes EM Telefonia Movel EIRELI for no consideration resulting in Brainstorm Mobile Solutions Limited owning 100% of the share capital of that subsidiary at the year-end.

Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements
for the year ended 31 May 2019 (continued)

12 Debtors

	2019 £	2018 £
Trade debtors	1,253,006	2,349,457
Amounts owed by subsidiary undertakings	160,328	72,356
Amounts owed by related parties	146,467	182,615
Prepayments and accrued income	352,968	319,604
Other debtors	15,365	4,548
Deferred tax asset (note 14)	15,974	-
	<u>1,944,108</u>	<u>2,928,580</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.

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	229,778	314,138
Amounts owed to subsidiary undertakings	588	-
Amounts owed to related parties	50,102	303,448
Taxation and social security	188,508	291,726
Corporation tax	-	25,230
Other creditors	145,453	158,238
Accruals and deferred income	423,954	958,994
	<u>1,038,383</u>	<u>2,051,774</u>

Amounts owed to subsidiary undertakings are payable 30 days from the date of invoice.

14 Provisions for liabilities

Liability at 1 June 2018	£ 20,857
Credited to Profit and loss account (note 8)	(36,831)
	<u>(15,974)</u>
(Asset) at 31 May 2019	<u>(15,974)</u>

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

	2019 £	2018 £
Accelerated capital allowances	29,631	31,941
Short term timing differences	(15,129)	(11,084)
Tax losses carried forward	(30,476)	-
	<u>(15,974)</u>	<u>20,857</u>

Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements
for the year ended 31 May 2019 (continued)

15 Share capital

	Allotted, called up and fully paid			2018 £
	2019 Number	2018 Number	2019 £	
Ordinary shares of 1p each	20,630	20,630	207	207

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

16 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	2019 £	2018 £
Not later than 1 year	108,920	108,920
Later than 1 year and not later than 5 years	412,404	435,680
After 5 years	-	85,942
Total	<u>521,324</u>	<u>630,542</u>

17 Share based payments

During the prior year, the ultimate parent company, Brainstorm Investments Limited set up an equity settled share option scheme, under which options were granted to a director of Brainstorm Mobile Solutions Limited. The directors assessed the fair value of the options as at 31 May 2018 and considered the matter to be immaterial. As a result, no charge was recognised in the profit or loss.

During the current year, the director resigned and as a result the options lapsed. The share option scheme was then closed.

18 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 to of £531,200	(2018 - £1,331,938)
Purchases from of £924,833	(2018 - £1,663,962)
Trade debtor balance due from of £126,467	(2018 - £182,615)
Trade creditor balance due to of £13,831	(2018 - £285,213)

Tola Mobile Limited	
Purchases from of £ 196,633	(2018 - £118,672)
Trade creditor balance due to of £ 36,271	(2018 - £18,234)

Brainstorm Mobile Solutions Limited

Notes forming part of the financial statements
for the year ended 31 May 2019 (continued)

18 Related party relationships and transactions (continued)

Oxygen8 Gaming Limited
Sales to of £nil (2018 - £6,570)

Engage Australia Pty Ltd
Sales to of £16,667 (2018 - £nil)
Trade debtor balance due from of £20,000 (2018 - £nil)

Oxygen8 M Limited
Purchases to of £5,284 (2018 - £879)

The remaining shareholding in Brainstorm Brazil Solucoes EM Telefonía Movel EIRELI was acquired on 7 June 2018. Related party transactions have been reported until that date.

Brainstorm Brazil Solucoes EM Telefonía Movel EIRELI
Sales to of £nil (2018 - £10,842)
Dividends received £nil (2018 - £491,264)
Trade debtor balance due from of £40,609 (2018 - £10,842)

19 Post balance sheet events

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

20 Ultimate Controlling Party

The immediate parent company is Brainstorm Holdings Limited, a company registered in England and Wales.

The ultimate 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.