REGISTRAR OF COMPANIES

COMPANY NO. 5387218

THE7STARS UK LIMITED

FULL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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COMPANIES HOUSE

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

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

THE7STARS UK LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS:	J E BIGGAM G M JONES A D CLARKE R C MURPHY H S DAGLISH L R MULLINS N J MADDISON
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 2020

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

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.

During 19/20 the7stars increased gross billings for the 13th consecutive year - growing by 16% to £426m. and at the same time increased gross profit to its highest ever level at £23m. We remain the UK's largest independently-owned media agency in the UK by a significant factor.
The company continued to attract new clients, mainly from the big advertising holding groups, and most notably First Rail Group and Penguin Random House.
We have continued to invest in technology and digital services and made two significant senior hires to lead a new division of the business in this important and growing area. The remaining Senior Management Team at the agency remained 100% consistent year-on-year, a team that has worked together successfully for many years.
During the year the7stars continued to work towards its ambition of being the Best Place to Work in the media industry. We retained our position as a Top 100 Small Company to Work for in the UK according to the Sunday Times, and we won Campaign Magazine's Best Large Agency to Work For in 2020. We recruited in total 57 new people and continued to invest ahead of industry average in training, development and staff rewards. Our Diversity & Inclusion stats are ahead of the industry too - we have a gender pay gap of less than 10%, and 19% of our team are Black, Asian and Minority Ethnic. Our Staff Churn is low at 19% versus an industry norm of 33%.
Our client retention was exceptionally strong - in an industry renowned for new business pitches, some 95% of all clients remained with us throughout the Financial Year. Many of our clients have now worked with us for over eight years, which is over 50% of our business lifetime.
We witnessed the continued and predicted movement of advertisers' budgets from traditional media channels into digital media channels. For us, although digital media has more complexity, it is also an opportunity to provide clients with added-value services and to strengthen our relationships with advertisers.
As a business we are proud to support society in the broadest possible way, and we donate 5% of pre-tax profit to good causes, via our own Foundation.

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.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

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.

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

	2020	2019	Measure
Financial Data			
Return on capital	16.42%	17.96%	Profit after tax/total assets less current liabilities
Current ratio	1.26	1.21	Current assets: current liabilities

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

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: 15.12.20

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIVIDENDS
The total distribution of dividends for the year ended 31 March 2020 will be £67,315.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

J E BIGGAM
G M JONES
A D CLARKE
R C MURPHY
H S DAGLISH
L R MULLINS
N J MADDISON

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 £126,995.

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. Participation by staff in the success of the Company is encouraged by the availability of bonus arrangements for senior management, which effectively aligns their interests with those of shareholders by requiring that Company-level financial performance criteria are achieved.

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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020

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: 15-12-20

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 2020 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 2020 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
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 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 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.

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.

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

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.

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.

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: 17/12/2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
REVENUE	3		379,386,705		326,860,883
Cost of sales			356,318,434		305,779,529
GROSS PROFIT			23,068,271		21,081,354
Distribution costs		12,004,229		11,170,971	
Administrative expenses		8,525,867		7,626,772	
			20,530,096		18,797,743
OPERATING PROFIT	5		2,538,175		2,283,611
Interest receivable and similar income			141,580		102,892
PROFIT BEFORE TAXATION			2,679,755		2,386,503
Tax on profit	7		577,445		451,583
PROFIT FOR THE FINANCIAL YEAR			2,102,310		1,934,920
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			2,102,310		1,934,920

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Property, plant and equipment	9		1,371,970		1,541,469
Investments	10		156,032		156,032
			1,528,002		1,697,501
CURRENT ASSETS					
Debtors	11	47,319,774		37,959,296	
Cash at bank		7,554,618		14,237,657	
		54,874,392		52,196,953	
CREDITORS					
Amounts falling due within one year	12	43,596,587		43,123,642	
NET CURRENT ASSETS			11,277,805		9,073,311
TOTAL ASSETS LESS CURRENT LIABILITIES			12,805,807		10,770,812
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		12,504,807		10,469,812
SHAREHOLDERS' FUNDS			12,805,807		10,770,812

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on .....15...12...22........... and were signed on its behalf by:

....

J E BIGGAM - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2018	17,160	8,671,518	281,000	2,840	8,972,518
Changes in equity					
Dividends	-	(136,626)	-	-	(136,626)
Total comprehensive income	-	1,934,920	-	-	1,934,920
Balance at 31 March 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	17,160	12,504,807	281,000	2,840	12,805,807

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	(5,107,785)	4,090,629
Tax paid		(402,501)	(633,774)
Net cash from operating activities		(5,510,286)	3,456,855
Cash flows from investing activities			
Purchase of tangible fixed assets		(191,436)	(1,645,751)
Purchase of fixed asset investments		-	(156,032)
Interest received		141,580	102,892
Net cash from investing activities		(49,856)	(1,698,891)
Cash flows from financing activities			
New loans in year		(1,094,022)	-
Loan repayments in year		-	292,866
Amount introduced by directors		70,000	-
Amount withdrawn by directors		(31,560)	(208,101)
Equity dividends paid		(67,315)	(136,626)
Net cash from financing activities		(1,122,897)	(51,861)
(Decrease)/increase in cash and cash equivalents		(6,683,039)	1,706,103
Cash and cash equivalents at beginning of year	2	14,237,657	12,531,554
Cash and cash equivalents at end of year	2	7,554,618	14,237,657

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

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

	2020	2019
	£	£
Profit before taxation	2,679,755	2,386,503
Depreciation charges	360,935	460,955
Finance income	(141,580)	(102,892)
	2,899,110	2,744,566
Increase in trade and other debtors	(8,306,456)	(2,020,337)
Increase in trade and other creditors	299,561	3,366,400
Cash generated from operations	(5,107,785)	4,090,629

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 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	7,554,618	14,237,657

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	14,237,657	12,531,554

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank	14,237,657	(6,683,039)	7,554,618
	14,237,657	(6,683,039)	7,554,618
Total	14,237,657	(6,683,039)	7,554,618

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 coronavirus pandemic has significantly disrupted individuals' personal lives and businesses' economic prospects in the UK and across the globe. The UK entered lockdown in March 2020 and some restrictions and social distancing provisions remain in place.
Despite trading difficulties, we have managed to conserve sufficient cash to ensure that the business has continued to serve customers and to act responsibly with suppliers and employees. We have taken advantage of government assistance including the 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.

continued...

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.

continued...

2. ACCOUNTING POLICIES - continued

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.

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:

	2020	2019
	£	£
UK	274,124,785	223,342,495
Europe	98,973,547	96,507,933
Rest of the World	6,288,373	7,010,455
	379,386,705	326,860,883

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 £426,129,259 (2019 - £367,205,729).

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4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	11,534,309	10,610,508
Social security costs	1,366,799	1,169,636
Other pension costs	564,587	476,262
	13,465,695	12,256,406

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

	2020	2019
Administration	211	191
Management	6	6
	217	197

	2020	2019
	£	£
Directors' remuneration	1,232,369	889,045

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	251,512	194,008

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation - owned assets	360,935	460,955

6. AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	31,600	28,575

7. TAXATION

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

	2020	2019
	£	£
Current tax:		
UK corporation tax	577,445	451,583
Tax on profit	577,445	451,583

UK corporation tax has been charged at 19% (2019 - 19%).

continued...

7. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	2,679,755	2,386,503
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	509,153	453,436
Effects of:		
Expenses not deductible for tax purposes	63,651	72,760
Depreciation in excess of capital allowances	33,228	9,330
Group relief	-	(57,924)
Expenses allowable	(28,587)	(26,019)
Total tax charge	577,445	451,583

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

8. **DIVIDENDS**

	2020	2019
	£	£
Interim - paid	67,315	136,626

9. **PROPERTY, PLANT AND EQUIPMENT**

	Short leasehold	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£
COST				
At 1 April 2019	1,231,582	376,135	554,174	2,161,891
Additions	16,632	42,657	132,147	191,436
At 31 March 2020	1,248,214	418,792	686,321	2,353,327
DEPRECIATION				
At 1 April 2019	99,093	116,855	404,474	620,422
Charge for year	170,863	86,418	103,654	360,935
At 31 March 2020	269,956	203,273	508,128	981,357
NET BOOK VALUE				
At 31 March 2020	978,258	215,519	178,193	1,371,970
At 31 March 2019	1,132,489	259,280	149,700	1,541,469

continued...

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 April 2019 and 31 March 2020	156,032
NET BOOK VALUE	
At 31 March 2020	156,032
At 31 March 2019	156,032

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

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	34,445,168	27,995,749
Amounts owed by group undertakings	5,025,835	3,931,813
Other debtors	1,179,529	1,124,944
Directors' current accounts	30,000	70,000
VAT	5,571,043	3,987,325
Prepayments and accrued income	1,068,199	849,465
	47,319,774	37,959,296

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	41,264,281	41,785,677
Tax	295,820	120,876
Directors' current accounts	-	1,560
Accruals and deferred income	2,036,486	1,215,529
	43,596,587	43,123,642

13. LEASING AGREEMENTS

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

	2020 £	2019 £
Within one year	1,419,360	1,419,360
Between one and five years	5,035,010	4,258,080
In more than five years	1,064,520	1,419,360
	7,518,890	7,096,800

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
17,160	Ordinary	£1	17,160	17,160

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

15. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2019	10,469,812	281,000	2,840	10,753,652
Profit for the year	2,102,310			2,102,310
Dividends	(67,315)			(67,315)
At 31 March 2020	12,504,807	281,000	2,840	12,788,647

16. PENSION COMMITMENTS

The company operates a defined contributions scheme. Pension contributions paid by the company in 2020 amounted to £564,587 (2019 - £476,262). There were no outstanding contributions at 31 March 2020 or 31 March 2019.

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 March 2020 and 31 March 2019:

	2020 £	2019 £
G M JONES		
Balance outstanding at start of year	40,000	-
Amounts advanced	-	40,000
Amounts repaid	(40,000)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	40,000
L R MULLINS		
Balance outstanding at start of year	30,000	30,000
Amounts advanced	30,000	-
Amounts repaid	(30,000)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	30,000	30,000

The outstanding loan amounts will be repaid by 31 December 2020.

continued...

18. RELATED PARTY DISCLOSURES

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

During the year, there were inter company transactions with fellow subsidiary companies, Bountiful Cow Limited, 8th Wonder Films Limited and the7stars Holdings Limited. The amounts owed by these companies as at 31 March 2019 were £57,912, £54,569 and £4,913,354 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 £126,995 to the Charity for the year and this amount is shown in Accruals at 31 March 2020.