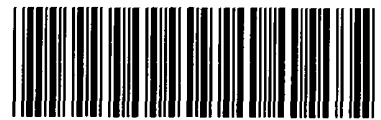


REGISTRAR OF COMPANIES

COMPANY NO. 5387218

THE7STARS UK LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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30/09/2022

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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 2022**

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THE7STARS UK LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022

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 2022**

The directors present their strategic report for the year ended 31 March 2022.

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.

2021/2022 has been another year of growth for the7stars Group. We have recovered fully from the advertising downturn caused by the pandemic, attracted new business, set up successful new services and retained our strong market positioning.

There was a marked increase in new business opportunities during the period and new business wins during the period were significant - including Bensons for Beds, AG Barr, Kopparberg, Kao and N Brown. Meanwhile, client retention was above 90%, resulting in overall billings growth considerably ahead of the industry average.

Our revenues from "non-core" activities continued to grow. These include creative and production services (branded Supernova) as well as data and tech consultancy (13 Minutes), in addition to Insight, Marketing Effectiveness and other strategic services.

The agency continued to win awards - both for our client work and in recognition of our strong culture. We were awarded an Advertising Effectiveness Accreditation by our industry body the Institute of Practitioners in Advertising, as well as All-In Champion status for our DE&I initiatives.

Our strong reputation for culture within the agency group has enabled us to perform well in the industry-wide battle for talent, retaining 100% of our Senior Leadership Team and attracting new top talent including a new CEO at Bountiful Cow.

We have continued to control our costs well and have good financial controls and protocols in place.

As we look ahead, our forecasts remain strong both for the advertising market and for our opportunity to attract new clients, especially those who are attracted by our independence and our strong agency culture.

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 progressively improved.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

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:

Financial Data	2022	2021	Measure
Return on capital	21.51%	16.86%	Profit after tax/total assets less current liabilities
Current ratio	1.25	1.22	Current assets: current liabilities

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

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.

The management team has identified some 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.

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.

Our business relationships with customers, suppliers and others

For our growth, we develop and maintain strong client relationships. We value all of our suppliers and have year on year contracts with our key suppliers. Managing these relationships is critical in ensuring the Company delivers on its strategy. Where these relationships are tested, steps are taken to ensure that they are addressed promptly and successfully.

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.

Our Shareholders

The Board seeks to ensure that communications are clear and its actions are in accordance with the Company's strategic aims to promote the long term success of the Company. The Board is continually seeking ways in which to engage with shareholders and investors.

ON BEHALF OF THE BOARD:


.....
J E BIGGAM - Director

Date: 28/4/2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 2022 will be £312,265.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

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

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 £241,761.

DISABLED PERSONS

The Company gives full and fair consideration to applications from employments from disabled persons and has an established policy to encourage their employment whenever it is practicable bearing in mind the requirements of the job and having regard to their particular aptitudes and abilities.

Where an employee becomes disabled during the course of his or her employment, every reasonable effort is made to find suitable alternative employment within the Company and re-training is given if this is necessary.

The Company continues to train and encourage the career development and promotion of disabled persons in their employment.

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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022

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

In line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 our energy use and greenhouse gas (GHG) emissions are set out below.

The data relates to UK emissions for the 12-month period from 1 April 2021 to 31 March 2022.

the7stars Group Energy Use and Associated Greenhouse Gas Emissions

	April 2021-March 2022	April 2020-March 2021
Total Energy consumption (kWh)	207,248	446,706
Emissions from combustion of gas (Scope 1) (tCO ₂ e)	4	64
Emissions from purchased electricity (Scope 2) (tCO ₂ e)	39	23
Total gross emissions (tCO₂e)	43	87
tCO₂e per square meter floor area	0.013	0.0258
Total Net Emissions (accounting for renewable energy purchases) (tCO₂e)	4	87

The regulator advises that a group SECR report should state how the data reported relates to the subsidiaries covered by the group report. Below provides a breakdown by company based on the data provided.

	Electricity		Gas		Total kWh	Total tco20e
	kWh	tco2e	kWh	tco2e		
the7Stars						
UK Ltd	124,550	26.45	21,974	4.02	146,524	30.47

Quantification and Reporting Methodology:

The boundaries of this report are based on operational control. We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary. The 2021 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO₂e. Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems. Gas consumption figures for the entire building have been apportioned accordingly to the percentage of the building occupied by the7Stars Group (36.17%). We purchase 100% renewable electricity for our sites and have included an additional net emissions figure calculated using market-based factors to account for this in our report above.

Intensity Ratio

We have chosen to report our gross emissions against square meters of floor area. The value for the intensity ratio was 0.015 tCO₂e per square meter of floor area.

Energy Efficiency Action:

No energy efficiency actions have been taken during this reporting period.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

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.

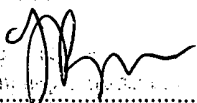
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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:

28/9/2022

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 2022 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 2022 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.

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 seven, 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.

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.

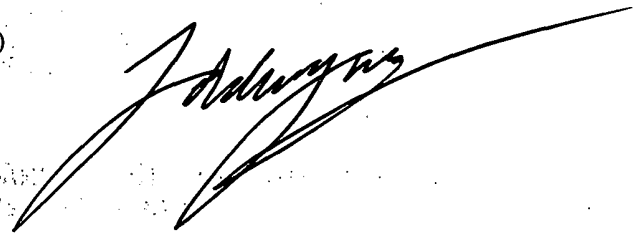
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

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:

29/09/2022

STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 MARCH 2022

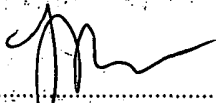
	Notes	2022		2021	
		£	£	£	£
REVENUE	3		389,027,201		315,759,150
Cost of sales			<u>360,780,545</u>		<u>293,496,026</u>
GROSS PROFIT			28,246,656		22,263,124
Distribution costs		14,311,932		13,104,067	
Administrative expenses		<u>9,491,714</u>		<u>7,985,862</u>	
			<u>23,803,646</u>		<u>21,089,929</u>
			4,443,010		1,173,195
Other operating income			<u>649,339</u>		<u>1,828,211</u>
OPERATING PROFIT	5		5,092,349		3,001,406
Interest receivable and similar income			<u>3,752</u>		<u>315</u>
PROFIT BEFORE TAXATION			5,096,101		3,001,721
Tax on profit	7		<u>903,009</u>		<u>419,352</u>
PROFIT FOR THE FINANCIAL YEAR			4,193,092		2,582,369
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>4,193,092</u>		<u>2,582,369</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Property, plant and equipment	9		1,264,184		1,122,614
Investments	10		<u>156,032</u>		<u>156,032</u>
			1,420,216		1,278,646
CURRENT ASSETS					
Debtors	11	53,456,393		43,607,650	
Cash at bank		<u>36,557,506</u>		<u>33,171,825</u>	
		90,013,899		76,779,475	
CREDITORS					
Amounts falling due within one year	12	<u>72,236,986</u>		<u>62,741,819</u>	
NET CURRENT ASSETS			<u>17,776,913</u>		<u>14,037,656</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,197,129</u>		<u>15,316,302</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>18,896,129</u>		<u>15,015,302</u>
SHAREHOLDERS' FUNDS			<u>19,197,129</u>		<u>15,316,302</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 28.19.2022 and were signed on its behalf by:



J E BIGGAM - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2020	17,160	12,504,807	281,000	2,840	12,805,807
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>
Changes in equity					
Dividends	-	(312,265)	-	-	(312,265)
Total comprehensive income	-	4,193,092	-	-	4,193,092
Balance at 31 March 2022	<u>17,160</u>	<u>18,896,129</u>	<u>281,000</u>	<u>2,840</u>	<u>19,197,129</u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	9,588,433	28,372,844
Tax paid		<u>(744,500)</u>	<u>(571,499)</u>
Net cash from operating activities		<u>8,843,933</u>	<u>27,801,345</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(588,125)	(125,068)
Interest received		<u>3,752</u>	<u>315</u>
Net cash from investing activities		<u>(584,373)</u>	<u>(124,753)</u>
Cash flows from financing activities			
New loans in year		(4,561,614)	(2,017,511)
Amount introduced by directors		-	30,000
Equity dividends paid		<u>(312,265)</u>	<u>(71,874)</u>
Net cash from financing activities		<u>(4,873,879)</u>	<u>(2,059,385)</u>
Increase in cash and cash equivalents		3,385,681	25,617,207
Cash and cash equivalents at beginning of year	2	33,171,825	7,554,618
Cash and cash equivalents at end of year	2	<u>36,557,506</u>	<u>33,171,825</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

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

	2022 £	2021 £
Profit before taxation	5,096,101	3,001,721
Depreciation charges	446,555	374,424
Finance income	(3,752)	(315)
	<u>5,538,904</u>	<u>3,375,830</u>
(Increase)/decrease in trade and other debtors	(5,287,129)	5,699,635
Increase in trade and other creditors	<u>9,336,658</u>	<u>19,297,379</u>
Cash generated from operations	<u><u>9,588,433</u></u>	<u><u>28,372,844</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 2022

	31.3.22 £	1.4.21 £
Cash and cash equivalents	<u><u>36,557,506</u></u>	<u><u>33,171,825</u></u>

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>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.21 £	Cash flow £	At 31.3.22 £
Net cash			
Cash at bank	<u>33,171,825</u>	<u>3,385,681</u>	<u>36,557,506</u>
	<u>33,171,825</u>	<u>3,385,681</u>	<u>36,557,506</u>
Total	<u><u>33,171,825</u></u>	<u><u>3,385,681</u></u>	<u><u>36,557,506</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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.

We have managed cash to ensure that the business has continued to serve clients and to act responsibly with suppliers and employees.

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 assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

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:

	2022	2021
	£	£
UK	276,123,449	209,050,465
Europe	104,101,175	104,989,099
Rest of the World	<u>8,802,577</u>	<u>1,719,586</u>
	<u>389,027,201</u>	<u>315,759,150</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 £428,183,266 (2021-£350,076,346).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	13,879,548	12,597,245
Social security costs	1,619,656	1,470,385
Other pension costs	611,774	533,236
	<u>16,110,978</u>	<u>14,600,866</u>

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

	2022	2021
Administration	228	204
Management	<u>7</u>	<u>7</u>
	<u>235</u>	<u>211</u>

	2022	2021
	£	£
Directors' remuneration	<u>1,492,403</u>	<u>1,286,811</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u>276,969</u>	<u>260,636</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation - owned assets	<u>446,555</u>	<u>374,424</u>

6. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>44,350</u>	<u>29,700</u>

7. TAXATION

Analysis of the tax charge

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	<u>903,009</u>	<u>419,352</u>
Tax on profit	<u>903,009</u>	<u>419,352</u>

UK corporation tax has been charged at 19% (2021 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

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:

	2022 £	2021 £
Profit before tax	<u>5,096,101</u>	<u>3,001,721</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	968,259	570,327
Effects of:		
Expenses not deductible for tax purposes	87,123	46,026
Depreciation in excess of capital allowances	10,396	45,539
Expenses allowable	<u>(162,769)</u>	<u>(242,540)</u>
Total tax charge	<u>903,009</u>	<u>419,352</u>

Factors that may affect future tax charges

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

8. DIVIDENDS

	2022 £	2021 £
Interim - paid	<u>312,265</u>	<u>71,874</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2021	1,248,214	385,766	455,988	2,089,968
Additions	<u>293,141</u>	<u>41,851</u>	<u>253,133</u>	<u>588,125</u>
At 31 March 2022	<u>1,541,355</u>	<u>427,617</u>	<u>709,121</u>	<u>2,678,093</u>
DEPRECIATION				
At 1 April 2021	442,123	250,373	274,858	967,354
Charge for year	<u>216,792</u>	<u>87,290</u>	<u>142,473</u>	<u>446,555</u>
At 31 March 2022	<u>658,915</u>	<u>337,663</u>	<u>417,331</u>	<u>1,413,909</u>
NET BOOK VALUE				
At 31 March 2022	<u>882,440</u>	<u>89,954</u>	<u>291,790</u>	<u>1,264,184</u>
At 31 March 2021	<u>806,091</u>	<u>135,393</u>	<u>181,130</u>	<u>1,122,614</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 April 2021 and 31 March 2022	<u>156,032</u>
NET BOOK VALUE	
At 31 March 2022	<u>156,032</u>
At 31 March 2021	<u>156,032</u>

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

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	38,700,348	30,541,521
Amounts owed by group undertakings	11,604,960	7,043,346
Other debtors	172,017	1,073,014
VAT	2,017,006	4,108,497
Prepayments and accrued income	<u>962,062</u>	<u>841,272</u>
	<u>53,456,393</u>	<u>43,607,650</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	67,962,862	58,405,736
Tax	302,182	143,673
Accruals and deferred income	<u>3,971,942</u>	<u>4,192,410</u>
	<u>72,236,986</u>	<u>62,741,819</u>

13. LEASING AGREEMENTS

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

	2022 £	2021 £
Within one year	1,419,360	1,419,360
Between one and five years	<u>3,903,240</u>	<u>5,332,600</u>
	<u>5,322,600</u>	<u>6,751,960</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
17,160	Ordinary	£1	<u>17,160</u>	<u>17,160</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

15. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2021	15,015,302	281,000	2,840	15,299,142
Profit for the year	4,193,092			4,193,092
Dividends	(312,265)			(312,265)
At 31 March 2022	<u>18,896,129</u>	<u>281,000</u>	<u>2,840</u>	<u>19,179,969</u>

16. PENSION COMMITMENTS

The company operates a defined contributions scheme. Pension contributions paid by the company in 2022 amounted to £611,774 (2021 - £533,235). There were no outstanding contributions at 31 March 2022 or 31 March 2021.

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2022 and 31 March 2021:

	2022 £	2021 £
L R MULLINS		
Balance outstanding at start of year	-	30,000
Amounts repaid	-	(30,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</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 inter company transactions with fellow subsidiary companies, Bountiful Cow Limited, 8th Wonder Films Limited, the7stars Holdings Limited and the7stars Group Holdings Limited. The amounts owed by these companies as at 31 March 2022 were £24,836, £112,000, £11,462,664 and £5,460 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 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 committed to pay £235,954 to the Charity for the year and this amount is shown in Accruals at 31 March 2022.