

# the7stars Group Holdings Limited

Annual Report and Financial Statements

For the year ended 31 March 2023



# the7stars Group Holdings Limited

## Company Information

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**Directors**

J E Biggam  
G M Jones  
N J Maddison  
L R Mullins  
R C Murphy  
H Rose  
R Williams

**Company number**

13121355

**Registered office**

Floor 6-9 Bush House  
North West Wing  
57 Aldwych  
London  
WC2B 4PJ

**Auditor**

Moore Kingston Smith LLP  
Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

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# the7stars Group Holdings Limited

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# the7stars Group Holdings Limited

## Strategic Report

For the year ended 31 March 2023

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The directors present the strategic report for the year ended 31 March 2023.

### **Fair review of the business**

2022/2023 has been a year of investment for the7stars group. We have continued to invest in new talent and new service divisions to offer our clients an extended service. In addition, we have reacted to the market conditions and the cost-of-living crisis and continue to award competitive salary increases to our teams at both the7stars and Bountiful Cow.

The strategy is showing success – with gross profit growth of 5% in spite of billings decline in line with the ad market, as large advertisers cut back on ad spend.

There was a marked increase in new business opportunities during the period and new business wins during the period were significant - including Royal Mail, Weight Watchers and Travelodge at the7stars, and Rana Pasta, Belazu and Noom at Bountiful Cow. Client retention remained strong at both agencies, and ahead of competitors.

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 agencies continued to win awards - both for our client work and in recognition of our strong culture. the7stars was recognised in the Best Companies to Work For league table for the tenth consecutive year as well as being named Campaign Magazine's Best Large agency to work for.

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 for the second consecutive year. We have initiated a CSOP Scheme to create share options for our future leaders which has been very well-received.

Although our investment in talent has resulted in higher operating costs, we are confident that this investment will set us up for success during future years.

As we look ahead, our forecasts remain strong both for agencies and our ability to broaden our scope of work for existing advertisers as well as attract new ones, especially those who are attracted by our independence and our strong agency culture.

# the7stars Group Holdings Limited

## Strategic Report (Continued)

For the year ended 31 March 2023

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### Principal risks and uncertainties

The management team at the7stars Group 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 Group'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 Group 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.

### 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 Group 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.

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

### Key performance indicators

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

Financial Data	2023	2022	Measure
Return on Capital	7.74%	12.73%	PAT/total assets less current liabilities
Current Ratio	1.02	1.03	Current assets: current liabilities
Operating Profit Margin	2.82%	9.42%	Operating profit/ Gross Profit
EBITDA Margin	9.68%	16.38%	EBITDA/ Gross Profit
Staff Cost Ratio	64.05%	57.80%	Employment costs/ Gross Profit
EBITDA	£3,089,054	£5,140,798	

# the7stars Group Holdings Limited

## Strategic Report (Continued)

For the year ended 31 March 2023

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### **SECTION 172(1) STATEMENT**

#### Director duties

The Directors of the Group, 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 Group 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 Group 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 Group'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 Group'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.

# the7stars Group Holdings Limited

Strategic Report (Continued)

For the year ended 31 March 2023

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On behalf of the board

J E Biggam  
**Director**

28 March 2024

# the7stars Group Holdings Limited

## Directors' Report

For the year ended 31 March 2023

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The directors present their annual report and financial statements for the year ended 31 March 2023.

### **Principal activities**

The principal activity of the company and group continued to be that of advertising.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J E Biggam  
G M Jones  
N J Maddison  
L R Mullins  
R C Murphy  
H Rose  
R Williams

### **Results and dividends**

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

### **Financial instruments**

#### ***Liquidity risk***

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

#### ***Foreign currency risk***

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

#### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

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.

### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee involvement**

# the7stars Group Holdings Limited

## Directors' Report (Continued)

For the year ended 31 March 2023

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.

### Charitable donations and expenditure

During the year the Company made donations to charities registered in the UK amounting to £207,060 (2022: £241,761).

### Auditor

Moore Kingston Smith LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Energy and carbon report

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 2022 to 31 March 2023.

We voluntarily include energy use and emissions data for Bountiful Cow Limited (a group member) which is not obliged under SECR.

	2023 kWh	2022 kWh
<b>Energy consumption</b>		
Aggregate of energy consumption in the year	435,113	429,342
	=====	=====
	2023 metric tonnes	2022 metric tonnes
<b>Emissions of CO2 equivalent</b>		
Scope 1 - direct emissions		
- Gas combustion	48.00	45.00
	-----	-----
	48.00	45.00
Scope 2 - indirect emissions		
- Electricity purchased	33.00	39.00
	-----	-----
Total gross emissions	81.00	84.00
	=====	=====
<b>Intensity ratio</b>		
tCO2e per square meter floor area	0.02	0.013
	=====	=====

### Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per square meter floor area, the recommended ratio for the sector.

# the7stars Group Holdings Limited

Directors' Report (Continued)

For the year ended 31 March 2023

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## Measures taken to improve energy efficiency

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

## the7stars Group Energy Use and Associated Greenhouse Gas Emissions: Company Breakdown

	Electricity		Gas		Total	
	kWh	tco2e	kWh	tco2e	kWh	tco2e
<b>the7stars UK Ltd</b>	136,935	26.48	262,212	47.86	399,146	74.34
<b>Bountiful Cow Ltd</b>	35,967	6.96	-	-	35,967	6.96

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

J E Biggam  
Director

28 March 2024

# the7stars Group Holdings Limited

## Independent Auditor's Report

To the Members of the7stars Group Holdings Limited

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### Opinion

We have audited the financial statements of the7stars Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's 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 group and parent 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# the7stars Group Holdings Limited

## Independent Auditor's Report (Continued)

To the Members of the7stars Group Holdings Limited

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

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

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 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 group's and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

# the7stars Group Holdings Limited

## Independent Auditor's Report (Continued)

To the Members of the7stars Group Holdings Limited

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### **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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 purposes 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 group's or the parent 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 group or the parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

# the7stars Group Holdings Limited

## Independent Auditor's Report (Continued)

To the Members of the7stars Group Holdings Limited

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### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- - We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
  - We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
  - We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
  - We inquired of management and those charged with governance as to any known instances of noncompliance or suspected non-compliance with laws and regulations.
  - Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### **Other matters which we are required to address**

The comparative figures in the financial statements of the7stars Group Holdings Limited were audited by Goldwyns Chartered Accountants. They've expressed an unmodified opinion on 29 September 2022.

# the7stars Group Holdings Limited

## Independent Auditor's Report (Continued)

To the Members of the7stars Group Holdings Limited

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### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

**Esther Carder (Senior Statutory Auditor)**  
**for and on behalf of Moore Kingston Smith LLP**

28 March 2024

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

Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

# the7stars Group Holdings Limited

## Group Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Period ended 31 March 2022 as restated £
<b>Turnover</b>	<b>3</b>	388,900,659	434,343,766
Cost of sales		(356,984,721)	(402,966,277)
<b>Gross profit</b>		<u>31,915,938</u>	<u>31,377,489</u>
Administrative expenses		(31,016,840)	(28,420,663)
<b>Operating profit</b>	<b>4</b>	899,098	2,956,826
Interest receivable and similar income		741,638	3,753
Interest payable and similar expenses	<b>8</b>	(413,528)	(144,247)
<b>Profit before taxation</b>		<u>1,227,208</u>	<u>2,816,332</u>
Tax on profit	<b>9</b>	11,632	(329,383)
<b>Profit for the financial year</b>		<u><u>1,238,840</u></u>	<u><u>2,486,949</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# the7stars Group Holdings Limited

## Group Balance Sheet

As at 31 March 2023

	Notes	2023		2022 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	10		13,664,435		15,372,489
Tangible assets	11		968,695		1,300,601
Investments	12		156,032		156,032
			<u>14,789,162</u>		<u>16,829,122</u>
<b>Current assets</b>					
Debtors	14	55,865,015		56,517,095	
Investments	15	3,932,660		-	
Cash at bank and in hand		25,426,942		42,197,909	
				<u>98,715,004</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(83,739,392)</u>		<u>(96,011,021)</u>	
<b>Net current assets</b>			<u>1,485,225</u>		<u>2,703,983</u>
<b>Total assets less current liabilities</b>			<u>16,274,387</u>		<u>19,533,105</u>
<b>Creditors: amounts falling due after more than one year</b>	17		-		(4,498,880)
<b>Provisions for liabilities</b>					
Deferred tax liability	18	<u>(1,322)</u>	<u>(1,322)</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>			<u>16,273,065</u>		<u>15,034,225</u>
<b>Capital and reserves</b>					
Called up share capital	20		224,473		224,473
Share premium account			12,322,803		12,322,803
Profit and loss reserves			3,725,789		2,486,949
<b>Total equity</b>			<u>16,273,065</u>		<u>15,034,225</u>

The financial statements were approved by the board of directors and authorised for issue on 28 March 2024 and are signed on its behalf by:

J E Biggam  
Director

# the7stars Group Holdings Limited

## Company Balance Sheet

As at 31 March 2023

	Notes	2023		2022 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Investments	12		27,601,038		27,601,038
<b>Current assets</b>					
Debtors	14	465,153		481,961	
Investments	15	2,426,399		-	
Cash at bank and in hand		37,022		-	
			<u>2,928,574</u>	<u>481,961</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(17,989,054)</u>		<u>(11,036,843)</u>	
<b>Net current liabilities</b>			<u>(15,060,480)</u>	<u>(10,554,882)</u>	
<b>Total assets less current liabilities</b>			<u>12,540,558</u>	<u>17,046,156</u>	
<b>Creditors: amounts falling due after more than one year</b>	17		-	(4,498,880)	
<b>Net assets</b>			<u>12,540,558</u>	<u>12,547,276</u>	
<b>Capital and reserves</b>					
Called up share capital	20		224,473	224,473	
Share premium account			12,322,803	12,322,803	
Profit and loss reserves			(6,718)	-	
<b>Total equity</b>			<u>12,540,558</u>	<u>12,547,276</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £6,718 (2022 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 March 2024 and are signed on its behalf by:

J E Biggam  
Director

Company Registration No. 13121355 (England and Wales)

# the7stars Group Holdings Limited

## Group Statement of Changes in Equity

For the year ended 31 March 2023

	Notes	Share capital £	Share premium loss reserves account £	Profit and reserves £	Total £
<b>As restated for the period ended 31 March 2022:</b>					
<b>Balance at 8 January 2021</b>		-	-	-	-
<b>Period ended 31 March 2022:</b>					
Profit and total comprehensive income for the period		-	-	2,486,949	2,486,949
Issue of share capital	<b>20</b>	224,473	12,322,803	-	12,547,276
<b>Balance at 31 March 2022</b>		224,473	12,322,803	2,486,949	15,034,225
<b>Year ended 31 March 2023:</b>					
Profit and total comprehensive income for the year		-	-	1,238,840	1,238,840
<b>Balance at 31 March 2023</b>		224,473	12,322,803	3,725,789	16,273,065

the7stars Group Holdings Limited

Company Statement of Changes in Equity

For the year ended 31 March 2023

	Notes	Share capital £	Share premium loss reserves account £	Profit and reserves £	Total £
<b>As restated for the period ended 31 March 2022:</b>					
<b>Balance at 8 January 2021</b>		-	-	-	-
<b>Period ended 31 March 2022:</b>					
Profit and total comprehensive income for the period		-	-	-	-
Issue of share capital	<b>20</b>	224,473	12,322,803	-	12,547,276
<b>Balance at 31 March 2022</b>		224,473	12,322,803	-	12,547,276
<b>Year ended 31 March 2023:</b>					
Loss and total comprehensive income for the year		-	-	(6,718)	(6,718)
<b>Balance at 31 March 2023</b>		224,473	12,322,803	(6,718)	12,540,558

# the7stars Group Holdings Limited

## Group Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023		2022 as restated	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	24		(8,675,564)		13,206,540
Interest paid			(413,528)		(144,247)
Income taxes paid			(369,531)		(186,633)
<b>Net cash (outflow)/inflow from operating activities</b>			<u>(9,458,623)</u>		<u>12,875,660</u>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(149,996)		(608,253)	
Purchase of subsidiaries, net of cash acquired		-		29,926,749	
Investment in fixed term deposit accounts		(3,932,660)			
Payment of deferred consideration		(3,971,326)		-	
Interest received		741,638		3,753	
<b>Net cash (used in)/generated from investing activities</b>			<u>(7,312,344)</u>		<u>29,322,249</u>
<b>Financing activities</b>					
<b>Net cash used in financing activities</b>			<u>-</u>		<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<u>(16,770,967)</u>		<u>42,197,909</u>
Cash and cash equivalents at beginning of year			<u>42,197,909</u>		<u>-</u>
<b>Cash and cash equivalents at end of year</b>			<u><u>25,426,942</u></u>		<u><u>42,197,909</u></u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements

For the year ended 31 March 2023

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### 1 Accounting policies

#### Company information

the7stars Group Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Floor 6-9 Bush House, North West Wing, 57 Aldwych, London, WC2B 4PJ.

The group consists of the7stars Group Holdings Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated group financial statements consist of the financial statements of the parent company the7stars Group Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

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### 1 Accounting policies

(Continued)

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

##### Commissions on media

Commissions are recognised as income when the related media is aired. Where revenue has been earned before the end of the accounting period but it has not been billed, revenue is accrued into the financial statements.

##### Retainer income

Retainer income relates to fees for services performed during a contractual period. These are recognised straight line on a monthly basis over the contract period as they cannot be directly attributed to a specific cost.

##### Performance related fees

Where it is possible to reliably estimate the amount, income is accrued in respect of performance related fees that relate to work done in the financial year. Where it is not possible to reliably estimate income is recognised upon notification from the customer that the work has been completed and the work can be invoiced.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Lease term
Fixtures and fittings	25% straight line
Computers	33.33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

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### 1 Accounting policies

(Continued)

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

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### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **R&D**

R&D tax credits are recognised upon their cash receipt.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

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### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *i. Impairment of investments*

The recoverable amount of investments is based on future cash flows for the individual investments. In determining whether any impairment is required, management makes a number of estimates in respect of future cash flows and future earnings growth. Following their assessment and review, the directors have determined no impairment is necessary.

##### *ii. Revenue recognition*

Retainer income relates to annual fees for media services incurred during a contractual period. These are billed on a monthly basis as they cannot be directly attributed to a specific cost. When the contractual term for a retainer contract does not line up with the financial reporting period, management have estimated the income to be recognised based on the media's performance as at 31 March 2023.

Performance related fees relate to fees with attached criteria to be recognised. Where it is possible to reliably estimate the amount, income is accrued in respect of performance related fees that relate to work done in the financial year. Where it is not possible to reliably estimate income is recognised upon notification from the customer that the work has been completed and the work can be invoiced.

##### *iii. Dilapidations provision*

Management have estimated that there will be no cost upon exiting their lease and have therefore taken the view not to include a dilapidations provision in the accounts.

##### *iv. Impairment of goodwill*

The value of goodwill is based on future cash flows for the investments held by the parent company. In determining whether any impairment is required, management makes a number of estimates in respect of future cash flows and future earnings growth. Following their assessment and review, the directors have determined no impairment is necessary.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 3 Turnover and other revenue

The turnover and profit before taxation are attributable to the one principal activity of the group.

	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	268,043,733	313,058,125
Europe	97,505,653	104,101,175
Rest of the world	23,351,273	17,184,466
	<u>388,900,659</u>	<u>434,343,766</u>
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Other revenue</b>		
Interest income	741,638	3,753
	<u>741,638</u>	<u>3,753</u>

The Group 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 Group is represented as gross profit in the financial statements.

The Group's gross turnover for the year which is the billable amount before media discount was £430,324,761 (2022: £478,240,432).

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(693,618)	4,924
Research and development costs	1,820,686	1,168,099
Depreciation of owned tangible fixed assets	481,902	475,918
Amortisation of intangible assets	1,708,054	1,708,054
Operating lease charges	1,315,450	1,290,470
	<u>(693,618)</u>	<u>4,924</u>

### 5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	38,600	10,400
Audit of the financial statements of the company's subsidiaries	109,235	82,950
	<u>147,835</u>	<u>93,350</u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	<b>Group 2023 Number</b>	<b>2022 Number</b>	<b>Company 2023 Number</b>	<b>2022 Number</b>
	304	281	7	7
	<u>304</u>	<u>281</u>	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	<b>Group 2023 £</b>	<b>2022 £</b>	<b>Company 2023 £</b>	<b>2022 £</b>
Wages and salaries	17,445,691	15,643,146	-	-
Social security costs	2,156,822	1,833,197	-	-
Pension costs	840,162	659,973	-	-
	<u>20,442,675</u>	<u>18,136,316</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	<b>2023 £</b>	<b>2022 £</b>
Remuneration for qualifying services	1,665,000	1,475,491
Company pension contributions to defined contribution schemes	83,433	75,726
Bonus	(492,123)	916,085
	<u>1,256,310</u>	<u>2,467,302</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2022 - 7).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2023 £</b>	<b>2022 £</b>
Remuneration for qualifying services	288,333	276,969
Company pension contributions to defined contribution schemes	14,417	13,700
	<u>302,750</u>	<u>290,669</u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 8 Interest payable and similar expenses

	2023	2022
	£	£
<b>Other finance costs:</b>		
Other interest	413,528	144,247
	<u>413,528</u>	<u>144,247</u>

### 9 Taxation

	2023	2022
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	620,477	978,722
Adjustments in respect of prior periods	(628,600)	(649,339)
	<u>(8,123)</u>	<u>329,383</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(21,142)	-
Previously unrecognised tax loss, tax credit or timing difference	17,633	-
	<u>(3,509)</u>	<u>-</u>
<b>Total tax (credit)/charge</b>	<u>(11,632)</u>	<u>329,383</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	1,227,208	2,816,332
	<u>1,227,208</u>	<u>2,816,332</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)</i>	233,170	535,103
Tax effect of expenses that are not deductible in determining taxable profit	33,084	90,940
Tax effect of income not taxable in determining taxable profit	-	3,528
Adjustments in respect of prior years	(628,618)	(649,339)
Depreciation on assets not qualifying for tax allowances	-	11,004
Amortisation on assets not qualifying for tax allowances	362,441	324,530
Deferred tax adjustments in respect of prior years	18,569	-
Remeasurement of deferred tax for changes in tax rates	2,590	-
Movement in deferred tax not recognised	(32,868)	-
Other movements	-	13,617
	<u>(11,632)</u>	<u>329,383</u>
<b>Taxation (credit)/charge</b>	<u>(11,632)</u>	<u>329,383</u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 10 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 April 2022 and 31 March 2023	17,080,543
<b>Amortisation and impairment</b>	
At 1 April 2022	1,708,054
Amortisation charged for the year	1,708,054
At 31 March 2023	3,416,108
<b>Carrying amount</b>	
At 31 March 2023	13,664,435
At 31 March 2022	15,372,489

The company had no intangible fixed assets at 31 March 2023 or 31 March 2022.

### 11 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2022	1,645,725	454,526	770,222	2,870,473
Additions	4,185	46,246	99,565	149,996
Disposals	-	(2,004)	(17,825)	(19,829)
At 31 March 2023	1,649,910	498,768	851,962	3,000,640
<b>Depreciation and impairment</b>				
At 1 April 2022	750,047	360,861	458,964	1,569,872
Depreciation charged in the year	248,799	61,017	172,086	481,902
Eliminated in respect of disposals	-	(2,004)	(17,825)	(19,829)
At 31 March 2023	998,846	419,874	613,225	2,031,945
<b>Carrying amount</b>				
At 31 March 2023	651,064	78,894	238,737	968,695
At 31 March 2022	895,678	93,665	311,258	1,300,601

The company had no tangible fixed assets at 31 March 2023 or 31 March 2022.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 12 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	13	-	-	27,601,038	27,601,038
Unlisted investments		156,032	156,032	-	-
		<u>156,032</u>	<u>156,032</u>	<u>27,601,038</u>	<u>27,601,038</u>

#### Movements in fixed asset investments

Group	Investments £
<b>Cost or valuation</b>	
At 1 April 2022 and 31 March 2023	156,032
<b>Carrying amount</b>	
At 31 March 2023	<u>156,032</u>
At 31 March 2022	<u>156,032</u>

#### Movements in fixed asset investments

Company	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 April 2022 and 31 March 2023	27,601,038
<b>Carrying amount</b>	
At 31 March 2023	<u>27,601,038</u>
At 31 March 2022	<u>27,601,038</u>

### 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
the7stars Holdings Limited	1	Holding company	Ordinary shares	100.00	-
the7stars UK Limited	1	Advertising	Ordinary shares	-	100.00
Bountiful Cow Limited	1	Advertising	Ordinary shares	-	100.00
8th Wonder Films Limited	1	Advertising	Ordinary shares	-	100.00
Local Planet UK Limited	1	Dormant	Ordinary Shares	-	51.00

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 13 Subsidiaries

(Continued)

Registered office addresses (all UK unless otherwise indicated):

1 Floor 6-9 Bush House, North West Wing, 57 Aldwych, London, WC2B 4PJ

the7stars Holdings Limited, 8th Wonder Films Limited and Local Planet UK are exempt from audit by virtue of s479A of Companies Act 2006.

### 14 Debtors

	Group 2023	2022 As restated	Company 2023	2022
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	36,622,733	43,869,899	-	-
Corporation tax recoverable	919	919	-	-
Other debtors	3,994,355	2,330,511	18,500	35,308
Prepayments and accrued income	10,052,991	6,460,555	-	-
	<u>50,670,998</u>	<u>52,661,884</u>	<u>18,500</u>	<u>35,308</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	5,189,186	3,855,211	446,653	446,653
Deferred tax asset (note 18)	4,831	-	-	-
	<u>5,194,017</u>	<u>3,855,211</u>	<u>446,653</u>	<u>446,653</u>
<b>Total debtors</b>	<u>55,865,015</u>	<u>56,517,095</u>	<u>465,153</u>	<u>481,961</u>

### 15 Current asset investments

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Short term deposits	3,932,660	-	2,426,399	-
	<u>3,932,660</u>	<u>-</u>	<u>2,426,399</u>	<u>-</u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 16 Creditors: amounts falling due within one year

	Group 2023	2022 As restated	Company 2023	2022
	£	£	£	£
Trade creditors	32,164,308	43,378,859	-	-
Amounts owed to group undertakings	-	-	13,006,803	6,613,864
Corporation tax payable	5,191,268	4,234,025	446,653	446,653
Other taxation and social security	9,496	-	-	-
Other creditors	7,047,598	6,127,265	4,498,880	3,971,326
Accruals and deferred income	39,326,722	42,270,872	36,718	5,000
	<u>83,739,392</u>	<u>96,011,021</u>	<u>17,989,054</u>	<u>11,036,843</u>

### 17 Creditors: amounts falling due after more than one year

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Deferred consideration	-	4,498,880	-	4,498,880
	<u>-</u>	<u>4,498,880</u>	<u>-</u>	<u>4,498,880</u>

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2023	Liabilities 2022	Assets 2023	Assets 2022
Group	£	£	£	£
Accelerated capital allowances	-	-	(2,608)	-
Short term timing differences	1,322	-	7,439	-
	<u>1,322</u>	<u>-</u>	<u>4,831</u>	<u>-</u>

The company has no deferred tax assets or liabilities.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 18 Deferred taxation

(Continued)

	Group 2023 £	Company 2023 £
<b>Movements in the year:</b>		
Asset at 1 April 2022	-	-
Credit to profit or loss	(3,509)	-
	<u>          </u>	<u>          </u>
Asset at 31 March 2023	(3,509)	-
	<u>          </u>	<u>          </u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to timing differences between the accounting and tax treatment of certain expenses. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 19 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	840,162	659,973
	<u>          </u>	<u>          </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 20 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
<b>Issued and fully paid</b>				
Ordinary shares of 1p each	10,000,000	10,000,000	100,000	100,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Preference share capital</b>	2023	2022	2023	2022
<b>Issued and fully paid</b>	Number	Number	£	£
Ordinary shares of 1p each	12,447,275	12,447,275	124,473	124,473
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Preference shares classified as equity			124,473	124,473
			<u>          </u>	<u>          </u>
<b>Total equity share capital</b>			224,473	224,473
			<u>          </u>	<u>          </u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 21 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	1,515,544	1,591,455	-	-
Between two and five years	2,449,852	4,003,629	-	-
	<u>3,965,396</u>	<u>5,595,084</u>	<u>-</u>	<u>-</u>

### 22 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel other than directors is as follows.

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	<u>437,693</u>	<u>407,149</u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 22 Related party transactions

(Continued)

#### Other information

As at 31 March 2023, the following amounts were owed to key management personnel of the company:

During the year amounts owed to the directors of £3,971,326 were repaid resulting in an outstanding creditor at 31 March 2023 of £4,498,880 (2022: £8,470,206).

### 23 Controlling party

The directors consider that the company has no individual ultimate controlling party.

### 24 Cash (absorbed by)/generated from group operations

	2023	2022
	£	£
Profit for the year after tax	1,238,840	2,486,949
<b>Adjustments for:</b>		
Taxation (credited)/charged	(11,632)	329,383
Finance costs	413,528	144,247
Investment income	(741,638)	(3,753)
Amortisation and impairment of intangible assets	1,708,054	1,708,054
Depreciation and impairment of tangible fixed assets	481,902	475,918
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	656,911	(21,159,745)
(Decrease)/increase in creditors	(12,421,529)	29,225,487
<b>Cash (absorbed by)/generated from operations</b>	<u>(8,675,564)</u>	<u>13,206,540</u>

### 25 Analysis of changes in net funds - group

	1 April 2022	Cash flows 31 March 2023	
	£	£	£
Cash at bank and in hand	42,197,909	(16,770,967)	25,426,942
	<u>42,197,909</u>	<u>(16,770,967)</u>	<u>25,426,942</u>

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

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### 26 Prior period adjustment

The prior year figures have been restated due to the following errors identified:

#### 1. Purchases invoices dated post year end being posted to year end trade creditors

This has resulted in a decrease in trade creditors of £2,742,536, a decrease in the VAT debtor of £457,089 and an increase in accruals of £2,285,446.

#### 2. The company has previously recognised items in trade creditors that should have been classified as accruals.

This has resulted in a decrease in trade creditors of £26,355,684, an increase in other creditors of £413,663 and an increase in accruals of £25,942,021.

#### 3. Classification of deferred income for prepayment media bookings and the recognition of the associated contractual liability for the cost of media

This has resulted in an increase in trade debtors of £3,947,018, an increase in other creditors of £151,957, an increase in deferred income of £5,414,875, an increase in prepayments of £5,414,875 and an increase in accruals of £3,795,061.

#### 4. Recognition of S459 tax liability as a result of intercompany balances arising on the management buyout

This has resulted in an increase in long term debtors of £3,855,210 and an increase in the corporation tax payable of £3,855,210.

#### 5. Reclassification of R&D tax credit received under SME scheme

This has resulted in a reclassification within the profit and loss account of £649,339 from other operating income to the tax charge.

#### 6. Reclassification of the current portion of the directors loan

This has resulted in a reclassification of £3,971,326 from long term creditors to short term creditors.

# the7stars Group Holdings Limited

## Notes to the Group Financial Statements (Continued)

For the year ended 31 March 2023

### 26 Prior period adjustment

(Continued)

#### Changes to the balance sheet - group

	As previously reported	Adjustment	As restated at 31 Mar 2022
	£	£	£
<b>Current assets</b>			
Debtors due within one year	40,716,186	15,800,909	56,517,095
Bank and cash	40,405,943	1,791,966	42,197,909
<b>Creditors due within one year</b>			
Loans and overdrafts	1,791,966	(1,791,966)	-
Taxation	(378,814)	(3,855,211)	(4,234,025)
Other creditors	(75,859,972)	(15,917,024)	(91,776,996)
<b>Creditors due after one year</b>			
Other creditors	(8,470,206)	3,971,326	(4,498,880)
Net assets	15,034,225	-	15,034,225
	<u>15,034,225</u>	<u>-</u>	<u>15,034,225</u>
<b>Capital and reserves</b>			
Total equity	15,034,225	-	15,034,225
	<u>15,034,225</u>	<u>-</u>	<u>15,034,225</u>

#### Changes to the profit and loss account - group

	As previously reported	Adjustment	As restated
	£	£	£
<b>Period ended 31 March 2022</b>			
Operating profit	3,606,165	(649,339)	2,956,826
Taxation	(978,722)	649,339	(329,383)
Profit for the financial period	2,486,949	-	2,486,949
	<u>2,486,949</u>	<u>-</u>	<u>2,486,949</u>

#### Reconciliation of changes in equity - company

The prior period adjustments do not give rise to any effect upon equity.