

**REGISTERED NUMBER: 09283467 (England and Wales)**

Strategic Report, Report of the Directors and  
Audited Financial Statements For The Year Ended 31 March 2022  
for  
BRIGHT HR LIMITED



**BRIGHT HR LIMITED**

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**For The Year Ended 31 March 2022**

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**BRIGHT HR LIMITED**

**Company Information**  
**For The Year Ended 31 March 2022**

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**DIRECTORS:**

P E Done  
A D Brown  
A Price  
J J Foster

**SECRETARY:**

K D Simmons

**REGISTERED OFFICE:**

The Peninsula  
Victoria Place  
Manchester  
M4 4FB

**REGISTERED NUMBER:**

09283467 (England and Wales)

**INDEPENDENT AUDITORS:**

Beever and Struthers  
Chartered accountants & statutory auditor  
One Express  
1 George Leigh Street  
Ancoats  
Manchester  
M4 5DL

## **BRIGHT HR LIMITED**

### **Strategic Report** **For The Year Ended 31 March 2022**

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#### **PRINCIPAL ACTIVITY**

The principal activity of BrightHR Limited (the 'Company') is the provision of HCM, employment law and health and safety legislation and compliance software and support to clients both across the UK, Ireland, Australia, New Zealand and Canada.

#### **REVIEW OF BUSINESS**

The directors are pleased to report another year of significant growth with turnover for the year under review increasing to £17.8m (2021: £13.1m). During the year BrightHR Limited has continued to build and expand its geographic reach, supported by the establishment of new subsidiaries launched in Canada and Australia and with an Irish subsidiary also being established after the year end. Operating profit for the financial year was £1.5m compared to £1.7m in the previous year as the Company has continued to invest in people and systems development to support future growth.

During the year the Company has seen its client base further grow significantly, both its direct client base and those supported through the integrated offering it provides to the clients of other group companies, and with usage statistics increasing notably. The establishment of new subsidiaries in Australia and Canada (such subsidiaries results are not consolidated within the financial results provided herein) provide for further growth opportunity, accessing a greater numbers of potential clients and leveraging the significant investment in the 'BrightHR' platform and brand profile. Over the course of the year under review BrightHR introduced a number of additional features within the platform and service offerings to increase the benefits to existing and prospective clients both in the UK and internationally. Supported by this ongoing investment the directors intend to continue to attract new clients and retain existing clients with the objective of attaining a pre-eminent position in all the markets in which it operates.

The directors recognise that the key to the Company's success is its team members and their dedication to continuously innovating new and improved product features that help clients run their businesses.

## BRIGHT HR LIMITED

### Strategic Report For The Year Ended 31 March 2022

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#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Financial Risk Management Objectives and Policies**

The directors recognise that the Company's success is reliant on high levels of service and advice being delivered to its client base, and operate a pro-active strategy of monitoring the systems, advice and service levels provided by all client facing staff.

##### **Reduction in Business Activity**

The Company, like any other business, is exposed to the risk of economic downturn which could impact the sectors in which the Company operates, namely HCM software, employment law and health and safety legislation and compliance. Demand for the Company's services has shown resilience through previous economic cycle and the directors, whilst not anticipating any significant future detrimental impact on these business sectors, continue to broaden the range of software features and services offered to further reduce the risk of any economic downturn.

The directors remain pro-active in addressing such risks and continually monitor performance for evidence of such impact. They consider that their in-depth knowledge and involvement in the day to day running of the business is a key factor in mitigating any such risks.

##### **Credit Risk**

Credit risk arises from default of clients failing to pay their contractual financial obligations as they fall due. This can arise for a variety of reasons including financial difficulties faced by clients. This risk is mitigated in part by having no single customer concentration or specific industry focus within the SME market.

Credit risk is managed through rigorous payment collection processes and ongoing monitoring of trade debtors to identify any bad debt exposures and minimise the impact of such exposures. This risk is further mitigated by the high level of customers paying by direct debit or standing order.

Trade debtors are stated net of provision for doubtful debts. Provision is made where the directors consider there to be a risk that the full amount of the outstanding receivable will not be recoverable.

##### **Operational Risk**

Operational risk includes the failure to attract and retain suitably qualified personnel as well as a failure of, or an external attack on, the Company's IT systems. Such issues could lead to the quality of our service to our clients being adversely impacted and which in turn could lead to complaints, loss of clients or, in more severe cases, reputational and/or claims activity. The Company mitigates these risks through a variety of measures. The Company aims to provide employees with appropriate training, fair remuneration packages, appealing working environments which foster collaboration and career pathways for progression. The IT infrastructure is regularly tested for resilience with ongoing investment in hardware and continuous cyber risk prevention and detection measures in place.

Approved by the Board of Directors and signed on its behalf by:



J J Foster  
Director

15 December 2022

## **BRIGHT HR LIMITED**

### **Report of the Directors** **For The Year Ended 31 March 2022**

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BrightHR Limited is a 98% owned subsidiary of Peninsula Business Services Group Limited which is incorporated in Great Britain and registered in England and Wales.

Peninsula Business Services Group Limited is a wholly owned subsidiary of Rainy City Investments Limited (the 'Parent') which is incorporated in Great Britain and registered in England and Wales. The Parent and its subsidiaries together being the 'Group'.

#### **DIVIDENDS**

No dividends have been paid in the year.

#### **DIRECTORS**

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

P E Done  
A D Brown  
A Price

#### **Changes in directors after the year end:**

J J Foster appointed 20 July 2022  
P N Swift retired 31 July 2022

#### **Changes in Company secretary after the year end:**

K D Simmons appointed 1 November 2022  
P N Swift retired 1 November 2022

#### **INDEMNITY PROVISION FOR DIRECTORS**

During the year the Group had third party indemnity insurance for all directors and officers. The insurance remains in force as at the date of approving the Directors' Report.

#### **POLITICAL DONATIONS AND EXPENDITURE**

No political contributions/donations/expenditures were made during the year by the Company.

#### **CHARITABLE DONATIONS AND EXPENDITURE**

During the year the Company contributed towards Group's £0.6m in donations to the Royal Manchester Children's Hospital.

#### **DISCLOSURE IN THE STRATEGIC REPORT**

Information with regards to future developments and principal risks and uncertainties has been included in the Strategic Report.

## BRIGHT HR LIMITED

### Report of the Directors For The Year Ended 31 March 2022

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#### **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). 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:

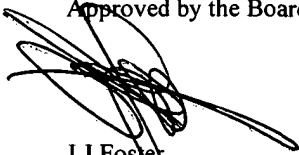
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors and signed on its behalf by:



J J Foster  
Director  
15 December 2022

## Report of the Independent Auditors to the Members of Bright HR Limited

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### **Opinion**

We have audited the financial statements of Bright HR 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 and 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  
Bright HR Limited

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**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 five, 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.

## Report of the Independent Auditors to the Members of Bright HR Limited

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### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector in which the business operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- we identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 are indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of  
Bright HR 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 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.

*Beever and Struthers*

Richard Williams BSc FCA (Senior Statutory Auditor)  
for and on behalf of Beever and Struthers  
Chartered accountants & statutory auditor  
One Express  
1 George Leigh Street  
Ancoats  
Manchester  
M4 5DL

Date: *15 December 2022*

**BRIGHT HR LIMITED**

**Statement of Comprehensive  
Income**  
**For The Year Ended 31 March 2022**

	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>	4	17,799	13,075
Cost of sales		<u>(1,799)</u>	<u>(1,161)</u>
<b>GROSS PROFIT</b>		16,000	11,914
Distribution costs		(7,061)	(4,241)
Administrative expenses		(7,398)	(6,408)
Other operating income	5	<u>-</u>	<u>457</u>
<b>OPERATING PROFIT and PROFIT BEFORE TAXATION</b>		1,541	1,722
Tax on profit	10	<u>(329)</u>	<u>(332)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,212	1,390
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign currency retranslation		(10)	6
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>(10)</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,202</u>	<u>1,396</u>

The notes on page 13 to 24 form part of these financial statements

**BRIGHT HR LIMITED**

**Statement of Financial Position**  
**31 March 2022**

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS</b>			
Intangible assets	11	4,677	4,707
Tangible assets	12	528	299
Investments	13	-	-
		<u>5,205</u>	<u>5,006</u>
 <b>CURRENT ASSETS</b>			
Debtors	14	5,451	2,998
Cash and cash equivalents		<u>230</u>	<u>23</u>
		5,681	3,021
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>(13,481)</u>	<u>(11,911)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(7,800)</u>	<u>(8,890)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(2,595)	(3,884)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(87)</u>	-
<b>NET LIABILITIES</b>		<u>(2,682)</u>	<u>(3,884)</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	17	-	-
Retained earnings	18	<u>(2,682)</u>	<u>(3,884)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(2,682)</u>	<u>(3,884)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2022 and were signed on its behalf by:



J J Foster - Director  
Company registration number: 09283467

The notes on page 13 to 24 form part of these financial statements

**BRIGHT HR LIMITED**

**Statement of Changes in Equity**  
**For The Year Ended 31 March 2022**

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	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 April 2020</b>	-	(5,280)	(5,280)
<b>Changes in equity</b>			
Total comprehensive income	-	1,396	1,396
<b>Balance at 31 March 2021</b>	-	(3,884)	(3,884)
<b>Changes in equity</b>			
Total comprehensive income	-	1,202	1,202
<b>Balance at 31 March 2022</b>	-	(2,682)	(2,682)

The notes on page 13 to 24 form part of these financial statements

## **BRIGHT HR LIMITED**

### **Notes to the Financial Statements** **For The Year Ended 31 March 2022**

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#### **1. STATUTORY INFORMATION**

BrightHR 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. STATEMENT OF COMPLIANCE**

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

#### **3. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling (£), which is the functional currency of the Company.

##### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of its parent Peninsula Business Services Group Limited and ultimate parent Rainy City Investments Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the Company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

##### **Preparation of consolidated financial statements**

The financial statements contain information about BrightHR Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Peninsula Business Services Limited, and ultimate parent, Rainy City Investments Limited, which can be obtained from Companies House.

## BRIGHT HR LIMITED

### Notes to the Financial Statements - continued For The Year Ended 31 March 2022

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#### 3. ACCOUNTING POLICIES - continued

##### **Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Significant judgements*

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Determination of whether there are indicators of impairment of the Company's intangible and tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

##### *Key sources of estimation uncertainty*

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Intangible fixed assets are amortised and tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Revenue arises from the provision of services provided under contractual agreements ranging from one to five years, and services provided on an ad-hoc basis. In order to reflect time and costs incurred in servicing an agreement, the Company accounts for sales with reference to the duration of the contract.

- Recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not considered to be fully recoverable. A provision of £0.3m (2021: £0.1m) has been recognised against trade debtors.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable for services rendered, net of discounts and Value Added Tax.

Turnover comprises of services which are provided under contractual agreements ranging from one to five years. In order to reflect time and costs incurred in servicing an agreement, the Company accounts for sales with reference to the duration of the contract.



## **BRIGHT HR LIMITED**

### **Notes to the Financial Statements - continued** **For The Year Ended 31 March 2022**

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#### **3. ACCOUNTING POLICIES - continued**

##### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

##### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Software Development	-	25% per annum straight line
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If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

##### **Tangible fixed assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

##### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	10% per annum straight line
Computer equipment	-	25% per annum straight line

##### **Investments**

Investments in subsidiary undertakings are initially recognised at cost and subsequently at cost less any accumulated impairment losses.

##### **Impairment of Fixed Assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

##### **Government grants**

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the Company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

## **BRIGHT HR LIMITED**

### **Notes to the Financial Statements - continued** **For The Year Ended 31 March 2022**

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#### **3. ACCOUNTING POLICIES - continued**

##### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price unless the arrangement constitutes a financing transaction in which case it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

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 entity after deducting all of its financial liabilities.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

##### **Current tax**

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

## **BRIGHT HR LIMITED**

### **Notes to the Financial Statements - continued** **For The Year Ended 31 March 2022**

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#### **3. ACCOUNTING POLICIES - continued**

##### **Pension costs and other post-retirement benefits**

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to profit or loss in the period to which they relate.

##### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event when it is probable that the entity will be required to transfer economic benefits in settlement, and when the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position.

Provisions are initially measured as the best estimate of the amount required to settle the obligation at the reporting date and are subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

##### **Going concern**

As at 31 March 2022 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Company meets its day to day working capital requirement from its cash reserves held, its ability to generate net cash inflows from operational activities and access to funding if required from the Group. The Company benefits from clients on multi-year contractual agreements offering good visibility of future cash flows and healthy cash generation. The Group, of which the Company is a part of, prepares cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. These indicate that the Group is projected to remain compliant with identified working capital commitments and existing Revolving Credit Facility ('RCF') financial covenants of the Parent.

The Parent's current RCF facility is scheduled to mature in November 2023. The directors have given this due consideration and are of the opinion that the facility will be refinanced and extended ahead of such maturity. In assessing this the directors have taken into account levels of interest expressed by funding parties, the low leverage of the Group and the robust track record of profitability and cash generation.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **4. TURNOVER**

The turnover is attributable to the one principal activity of the Company.

An analysis of turnover by class of business is given below:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Provision of services	<b><u>17,799</u></b>	<b><u>13,075</u></b>

**BRIGHT HR LIMITED**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 March 2022**

**4. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	2022	2021
	£'000	£'000
United Kingdom	14,985	8,805
Overseas	<u>2,814</u>	<u>4,270</u>
	<u>17,799</u>	<u>13,075</u>

**5. OTHER OPERATING INCOME**

	2022	2021
	£'000	£'000
Government grants	<u>-</u>	<u>457</u>

Government grants relates to Covid-19 support income received.

**6. EMPLOYEES AND DIRECTORS**

	2022	2021
	£'000	£'000
Wages and salaries	6,635	4,952
Social security costs	751	556
Other pension costs	<u>140</u>	<u>112</u>
	<u>7,526</u>	<u>5,620</u>

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

	2022	2021
Sales & Marketing	83	58
Direct	54	35
Administration	<u>76</u>	<u>61</u>
	<u>213</u>	<u>154</u>

**7. DIRECTORS' EMOLUMENTS**

	2022	2021
	£'000	£'000
Directors' remuneration	351	345
Directors' pension contributions to money purchase schemes	<u>8</u>	<u>8</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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## **BRIGHT HR LIMITED**

### **Notes to the Financial Statements - continued** **For The Year Ended 31 March 2022**

#### **7. DIRECTORS' EMOLUMENTS - continued**

Information regarding the highest paid director is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments etc	<b><u>264</u></b>	<b><u>295</u></b>

Where the directors of the Company are also directors of other Group companies, the directors emoluments are allocated across the relevant Group companies.

#### **8. OPERATING PROFIT**

The operating profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Operating leases	<b>565</b>	<b>488</b>
Depreciation	<b>104</b>	<b>73</b>
Amortisation	<b>2,434</b>	<b>2,156</b>
Foreign exchange differences	<b>35</b>	<b>51</b>
Impairment of trade debtors	<b><u>474</u></b>	<b><u>241</u></b>

Peninsula Business Services Limited, another Group company, has the contractual obligation in respect of the above stated operating leases.

#### **9. AUDITORS' REMUNERATION**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the Company's auditors for the audit of the Company's financial statements	<b>11</b>	<b>8</b>
Auditors' remuneration for non audit work	<b><u>1</u></b>	<b><u>-</u></b>

#### **10. TAXATION**

##### **Analysis of the tax charge**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
UK corporation tax	<b>182</b>	<b>364</b>
Adjustments in respect of prior periods	<b><u>28</u></b>	<b><u>-</u></b>
Total current tax	<b>210</b>	<b>364</b>
Deferred tax:		
Origination and reversal of timing differences	<b><u>119</u></b>	<b><u>(32)</u></b>
Tax on profit	<b><u>329</u></b>	<b><u>332</u></b>

# BRIGHT HR LIMITED

## Notes to the Financial Statements - continued For The Year Ended 31 March 2022

### 10. TAXATION - continued

#### **Reconciliation of total tax charge included in profit and loss**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	<u><b>1,541</b></u>	<u><b>1,722</b></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>293</b>	327
Effects of:		
Expenses not deductible for tax purposes	<b>1</b>	(13)
Capital allowances in excess of depreciation	<b>-</b>	(32)
Depreciation in excess of capital allowances	<b>55</b>	-
Adjustments to tax charge in respect of previous periods	<b>28</b>	-
Other timing differences	<u><b>(48)</b></u>	<u><b>50</b></u>
Total tax charge	<u><b>329</b></u>	<u><b>332</b></u>

#### **Tax effects relating to effects of other comprehensive income**

	<b>Gross</b>	<b>Tax</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>Net</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Foreign currency retranslation	<u><b>(10)</b></u>	<u><b>-</b></u>	<u><b>(10)</b></u>

	<b>Gross</b>	<b>Tax</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>Net</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Foreign currency retranslation	<u><b>6</b></u>	<u><b>-</b></u>	<u><b>6</b></u>

# BRIGHT HR LIMITED

## Notes to the Financial Statements - continued For The Year Ended 31 March 2022

### 11. INTANGIBLE FIXED ASSETS

	Software development £'000
<b>COST</b>	
At 1 April 2021	9,564
Additions	<u>2,404</u>
At 31 March 2022	<u>11,968</u>
<b>AMORTISATION</b>	
At 1 April 2021	4,857
Amortisation for year	<u>2,434</u>
At 31 March 2022	<u>7,291</u>
<b>NET BOOK VALUE</b>	
At 31 March 2022	<u>4,677</u>
At 31 March 2021	<u>4,707</u>

### 12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
<b>COST</b>			
At 1 April 2021	294	229	523
Additions	183	147	330
Reclassification/transfer	<u>-</u>	<u>3</u>	<u>3</u>
At 31 March 2022	<u>477</u>	<u>379</u>	<u>856</u>
<b>DEPRECIATION</b>			
At 1 April 2021	122	102	224
Charge for year	<u>11</u>	<u>93</u>	<u>104</u>
At 31 March 2022	<u>133</u>	<u>195</u>	<u>328</u>
<b>NET BOOK VALUE</b>			
At 31 March 2022	<u>344</u>	<u>184</u>	<u>528</u>
At 31 March 2021	<u>172</u>	<u>127</u>	<u>299</u>

### 13. FIXED ASSET INVESTMENTS

The Company's investments at the Statement of Financial position date in the share capital of companies include the following:

**Bright HR Limited**

Registered office: 200-123 Font Street West, Toronto, Ontario, M5J 2M2. Canada

Nature of business: Provision of HR and Health and Safety software and support.

Class of shares:	%
Ordinary	holding 100.00

## BRIGHT HR LIMITED

### Notes to the Financial Statements - continued For The Year Ended 31 March 2022

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#### 13. **FIXED ASSET INVESTMENTS - continued**

##### **Bright HR Pty Limited**

Registered office: Level 6, 180 Thomas Street, Haymarket, NSW 2000. Australia.

Nature of business: Provision of HR and Health and Safety software and support.

Class of shares:	%
Ordinary	holding 100.00

After the year end the Company formed Bright HR Software Limited in the Republic of Ireland.

#### 14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£'000	£'000
Trade debtors	103	40
Amounts owed by Group undertakings	3,931	1,583
Other debtors	-	41
Corporation tax	31	-
Deferred tax asset	-	32
Prepayments and accrued income	<u>1,386</u>	<u>1,302</u>
	<u>5,451</u>	<u>2,998</u>

#### 15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£'000	£'000
Trade creditors	349	34
Amounts owed to Group undertakings	10,608	9,380
Corporation tax	-	89
Social security and other taxes	467	349
Other creditors	165	28
Accruals and deferred income	<u>1,892</u>	<u>2,031</u>
	<u>13,481</u>	<u>11,911</u>



# **BRIGHT HR LIMITED**

## **Notes to the Financial Statements - continued** **For The Year Ended 31 March 2022**

### **16. PROVISIONS FOR LIABILITIES**

	<b>Deferred tax</b> <b>£'000</b>
Balance at 1 April 2021	(32)
Utilised during year	<u>119</u>
Balance at 31 March 2022	<u><u>87</u></u>

#### **Deferred tax**

The deferred tax account consists of the effect of timing differences in respect of:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Accelerated capital allowances	(87)	47
Other timing differences	<u>-</u>	<u>(15)</u>
	<u><u>(87)</u></u>	<u><u>32</u></u>

### **17. CALLED UP SHARE CAPITAL**

<b>Allotted, issued and fully paid:</b>				
<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2022</b>	<b>2021</b>
			<b>£</b>	<b>£</b>
93	Ordinary shares	£1	<u>93</u>	93
5	Ordinary 'A' shares	£1	<u>5</u>	5
2	Ordinary 'B' share	£1	<u>2</u>	<u>2</u>
			<u><u>100</u></u>	<u><u>100</u></u>

### **18. RESERVES**

Retained earnings - This reserve records retained earnings and accumulated losses.

### **19. PENSION COMMITMENTS**

Defined contribution plans

The amount recognised in Statement of Comprehensive Income in relation to defined contribution plans was £0.1m (2021: £0.1m).

At 31 March 2022 no amounts were outstanding (2021: £Nil).

## **BRIGHT HR LIMITED**

### **Notes to the Financial Statements - continued** **For The Year Ended 31 March 2022**

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#### **20. CONTINGENT LIABILITIES**

On 22 November 2018 the Parent, Rainy City Investments Limited, provided National Westminster Bank Plc and Lloyds Bank Plc with an unlimited intercompany guarantee which includes the Company as well as the following Group companies: Rainy City Investments Limited, Peninsula Business Services Group Limited, Peninsula Business Services Limited, Peninsula Business Services (Ireland) Limited, Health Assured Limited, Croner Taxwise Limited, Croner Group Limited, Croner-i Limited, Peninsula Employment Services Limited, Graphite HRM Limited and Employsure Pty Limited

At 31 March 2022 the maximum exposure across the Group was £118.0m (2021: £100.3m).

#### **21. RELATED PARTY DISCLOSURES**

The Company is a 98% owned subsidiary of Peninsula Business Services Group Limited. The Company has taken advantage of the exemption in FRS 102 Section 33.1A from disclosing transactions or balances with entities which form part of the Group. The consolidated financial statements of both Peninsula Business Services Group Limited and Rainy City Investments Limited, can be obtained from Companies House.

P E Done is a director of Irwell Insurance Company Limited ("Irwell"). Irwell underwrites policies taken out by clients of the Company. Insurance policies were collected by the Company on behalf of Irwell. During the year the Company received a profit share of £0.02m (2021: £0.03m). At 31 March 2022 the Company owed £0.02m (2021: £0.02m) to Irwell which is included in creditors.

Portfolio Payroll Limited is considered to be a related party due to the Done family relationship. Portfolio Payroll Limited makes placements of permanent and temporary staff. During the year Portfolio Payroll Limited sold services to the Company totalling £0.1m (2021: £Nil). At 31 March 2022 the Company owed £0.01m (2021: £Nil) to Portfolio Payroll Limited which is included within trade creditors.

#### **22. ULTIMATE CONTROLLING PARTY**

The Company is a 98% owned subsidiary of Peninsula Business Services Group Limited which is incorporated in Great Britain and registered in England and Wales.

Peninsula Business Services Group Limited is a wholly owned subsidiary of Rainy City Investments Limited, which is incorporated in Great Britain and registered in England and Wales.

The largest group into which BrightHR Limited is consolidated is that headed by Rainy City Investments Limited. The smallest group into which BrightHR Limited is consolidated is that headed by Peninsula Business Services Group Limited.

The Company is controlled by the Done family.