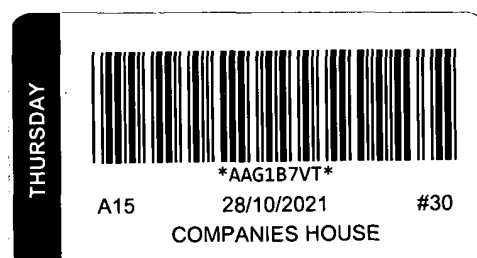


Bright HR Limited
Financial Statements
For the Year Ended
31 March 2021



BEEVER AND STRUTHERS
Chartered accountants & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Bright HR Limited
Financial Statements
Year Ended 31 March 2021

Contents	Pages
Officers and Professional Advisers	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Independent Auditor's Report to the Members	6 to 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 23

Bright HR Limited
Officers and Professional Advisers

The Board of Directors

P E Done
A Brown
A Price
P Swift

Company Secretary

P Swift

Registered Office

The Peninsula
Victoria Place
Manchester
M4 4FB

Auditor

Beever and Struthers
Chartered accountants & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Bright HR Limited

Strategic Report

Year Ended 31 March 2021

Principal Activities and Business Review

The principal activity of the company is the provision of HR and health and safety software and support to its clients both across the UK and Ireland, as well as Australia, New Zealand and Canada.

The directors are pleased to report another year of exceptional growth, not only in turnover but also in product development, geographic expansion, and brand recognition. Turnover for the year increased over 50% to £13.1m (2020: £8.7m), reflecting the rapid growth in client numbers across all its geographic markets. This has been achieved in a year dominated by the global pandemic because the business was able to rapidly pivot its product development to bring new products to market with remarkable speed. At the start of the pandemic, BrightHR introduced the Furlough Navigator in the UK in time to enable clients submit their first furlough claims with relative ease - equivalent products were brought in for each of its markets. And at the other end of the global crisis, BrightHR introduced VaccTrak to enable clients to monitor the vaccination status of their workforce.

The directors plan to build on this performance in the year ahead, further increasing the levels of investment into the online products and services provided with the objective of attaining a pre-eminent position in all 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 products that help clients run their businesses.

Financial Risk Management Objectives and Policies

The directors recognise that the company's success is reliant on continued product innovation supported by 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.

Reduction in Business Activity

The company, like any other business, is exposed to the risk of downturn in business in its specific commercial sectors, namely HR and health & safety legislation and compliance. The directors do not anticipate any future detrimental impact on these business sectors and continue to adapt the company's range of products and services to further reduce the risk of any downturn. The directors are pro-active in addressing this risk and monitor performance on a daily basis. They consider that their in-depth involvement in the day to day running of the business is a key factor in mitigating any such risk.

Credit Risk

Credit control risk is managed through rigorous credit control 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 in advance or by direct debit.

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.

Interest Rate Risk

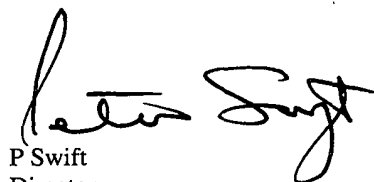
BrightHR Limited generates positive cashflow each year and the directors therefore consider that any impact of increased interest rates would be minimal in terms of the financial performance of the company.

Bright HR Limited

Strategic Report *(continued)*

Year Ended 31 March 2021

This report was approved by the board of directors on 12 05 2021 and signed on behalf of the board by:



P Swift
Director

Registered office:
The Peninsula
Victoria Place
Manchester
M4 4FB

Bright HR Limited

Directors' Report

Year Ended 31 March 2021

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

Incorporation

The company is a wholly-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. Rainy City Investments Limited is incorporated in Great Britain and registered in England and Wales.

Directors

The directors who served the company during the year were as follows:

P E Done
A Brown
A Price
P Swift

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of Information in the Strategic Report

Information with regards to future developments and financial risk management objectives and policies has been included in the Strategic Report.

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments 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.

Bright HR Limited

Directors' Report *(continued)*

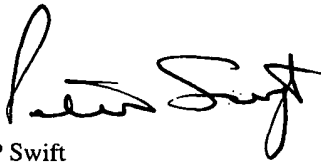
Year Ended 31 March 2021

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 12.05.2021 and signed on behalf of the board by:



P Swift
Director

Registered office:
The Peninsula
Victoria Place
Manchester
M4 4FB

Bright HR Limited

Independent Auditor's Report to the Members of Bright HR Limited

Year Ended 31 March 2021

Opinion

We have audited the financial statements of Bright HR Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 FRS 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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.

Bright HR Limited

Independent Auditor's Report to the Members of Bright HR Limited *(continued)*

Year Ended 31 March 2021

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 company and its 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, 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.

Bright HR Limited

Independent Auditor's Report to the Members of Bright HR Limited *(continued)*

Year Ended 31 March 2021

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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
- 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.

Bright HR Limited

Independent Auditor's Report to the Members of Bright HR Limited *(continued)*

Year Ended 31 March 2021

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. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Williams BSc FCA (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountants & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

12 October 2021

Bright HR Limited
Statement of Comprehensive Income
Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	13,077,364	8,673,799
Cost of sales		1,161,128	788,629
Gross profit		11,916,236	7,885,170
Distribution costs		4,240,296	2,589,643
Administrative expenses		6,410,417	4,284,449
Other operating income	5	456,710	–
Operating profit	6	1,722,233	1,011,078
Interest payable and similar expenses	10	–	152
Profit before taxation		1,722,233	1,010,926
Tax on profit	11	331,567	169,183
Profit for the financial year		1,390,666	841,743
Foreign currency retranslation		5,800	(4,536)
Total comprehensive income for the year		1,396,466	837,207

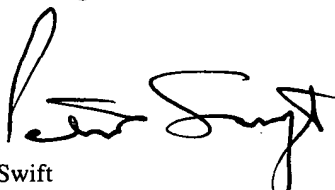
All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

Bright HR Limited
Statement of Financial Position
31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	4,707,043	4,975,111
Tangible assets	13	299,452	276,941
		<u>5,006,495</u>	<u>5,252,052</u>
Current assets			
Debtors	14	2,997,134	2,033,364
Cash at bank and in hand		23,152	269,258
		<u>3,020,286</u>	<u>2,302,622</u>
Creditors: amounts falling due within one year	15	11,910,393	12,834,752
Net current liabilities		<u>8,890,107</u>	<u>10,532,130</u>
Total assets less current liabilities		<u>(3,883,612)</u>	<u>(5,280,078)</u>
Net liabilities		<u>(3,883,612)</u>	<u>(5,280,078)</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account	20	(3,883,712)	(5,280,178)
Shareholders deficit		<u>(3,883,612)</u>	<u>(5,280,078)</u>

These financial statements were approved by the board of directors and authorised for issue on 12052021,
and are signed on behalf of the board by:


P Swift
Director

Company registration number: 09283467

The notes on pages 13 to 23 form part of these financial statements.

Bright HR Limited
Statement of Changes in Equity
Year Ended 31 March 2021

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2019	100	(6,117,385)	(6,117,285)
Profit for the year		841,743	841,743
Other comprehensive income for the year:			
Foreign currency retranslation	–	(4,536)	(4,536)
Total comprehensive income for the year	–	837,207	837,207
At 31 March 2020	100	(5,280,178)	(5,280,078)
Profit for the year		1,390,666	1,390,666
Other comprehensive income for the year:			
Foreign currency retranslation	–	5,800	5,800
Total comprehensive income for the year	–	1,396,466	1,396,466
At 31 March 2021	<u>100</u>	<u>(3,883,712)</u>	<u>(3,883,612)</u>

The notes on pages 13 to 23 form part of these financial statements.

Bright HR Limited
Notes to the Financial Statements
Year Ended 31 March 2021

1. General Information

Bright HR Limited is a company limited by share capital incorporated in Great Britain and registered in England and Wales. The address of its registered office is The Peninsula, Victoria Place, Manchester, M4 4FB.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

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 entity.

Going Concern

The company has net liabilities of £3,883,612 at 31 March 2021 (2020: £5,280,078).

The directors have received confirmation of the continued financial support from Rainy City Investments Limited and so it is considered appropriate to prepare these accounts on the going concern basis.

Foreign Currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

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 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 posted.
- (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.

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Judgements and Key Sources of Estimation Uncertainty

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 £122,876 (2020: £71,163) has been recognised against trade debtors.

Revenue Recognition

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 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)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured as the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences.

Foreign Currencies

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of comprehensive income.

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

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 Assets

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

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

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

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.

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.

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period to which the employment related. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Provision of services	<u>13,077,364</u>	<u>8,673,799</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	8,807,132	6,400,384
Overseas	<u>4,270,232</u>	<u>2,273,415</u>
	<u>13,077,364</u>	<u>8,673,799</u>

5. Other Operating Income

	2021	2020
	£	£
Government grant income	<u>456,710</u>	<u>-</u>

Grant income relates to income received under the Coronavirus Job Retention Scheme.

6. Operating Profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Amortisation of intangible assets	2,156,517	1,593,252
Depreciation of tangible assets	73,612	42,299
Impairment of trade debtors	240,729	100,528
Foreign exchange differences	<u>51,211</u>	<u>28,113</u>

7. Auditor's Remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>8,420</u>	<u>7,930</u>

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

8. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021 No.	2020 No.
Administrative staff	<u>154</u>	<u>144</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	4,952,249	3,713,233
Social security costs	556,131	471,964
Other pension costs	<u>111,834</u>	<u>82,582</u>
	<u>5,620,214</u>	<u>4,267,779</u>

9. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Remuneration	345,363	331,925
Company contributions to defined contribution pension plans	<u>7,500</u>	<u>7,500</u>
	<u>352,863</u>	<u>339,425</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021 No.	2020 No.
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021 £	2020 £
Aggregate remuneration	<u>294,691</u>	<u>257,385</u>

10. Interest Payable and Similar Expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	<u>—</u>	<u>152</u>

Bright HR Limited
Notes to the Financial Statements *(continued)*
Year Ended 31 March 2021

11. Tax on Profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	363,669	185,995
Adjustments in respect of prior periods	–	(16,812)
Total current tax	<u>363,669</u>	<u>169,183</u>
Deferred tax:		
Origination and reversal of timing differences	(32,102)	–
Tax on profit	<u>331,567</u>	<u>169,183</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	1,722,233	1,010,926
Profit on ordinary activities by rate of tax	327,224	192,076
Adjustment to tax charge in respect of prior periods	–	(16,812)
Effect of expenses not deductible for tax purposes	(13,462)	–
Effect of capital allowances and depreciation	(32,102)	(6,081)
Other timing differences	49,907	–
Tax on profit	<u>331,567</u>	<u>169,183</u>

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

12. Intangible Assets

	Software development £
Cost	
At 1 April 2020	7,675,648
Additions	—
Additions from internal developments	1,888,449
At 31 March 2021	<u>9,564,097</u>
Amortisation	
At 1 April 2020	2,700,537
Charge for the year	2,156,517
At 31 March 2021	<u>4,857,054</u>
Carrying amount	
At 31 March 2021	<u>4,707,043</u>
At 31 March 2020	<u>4,975,111</u>

Internal costs directly attributable to the development of the company's software suite, which is forecast to generate future revenue flows, have been capitalised.

13. Tangible Assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2020	227,995	199,465	427,460
Additions	66,190	29,933	96,123
At 31 March 2021	<u>294,185</u>	<u>229,398</u>	<u>523,583</u>
Depreciation			
At 1 April 2020	86,641	63,878	150,519
Charge for the year	35,350	38,262	73,612
At 31 March 2021	<u>121,991</u>	<u>102,140</u>	<u>224,131</u>
Carrying amount			
At 31 March 2021	<u>172,194</u>	<u>127,258</u>	<u>299,452</u>
At 31 March 2020	<u>141,354</u>	<u>135,587</u>	<u>276,941</u>

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

14. Debtors

	2021	2020
	£	£
Trade debtors	39,873	57,022
Amounts owed by group undertakings	1,582,551	886,684
Deferred tax asset	32,102	–
Prepayments and accrued income	1,301,636	1,058,824
Other debtors	40,972	30,834
	<u>2,997,134</u>	<u>2,033,364</u>

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	32,927	37,682
Amounts owed to group undertakings	9,380,075	11,334,622
Accruals and deferred income	2,030,990	1,092,405
Corporation tax	88,670	142,827
Social security and other taxes	349,415	217,296
Other creditors	28,316	9,920
	<u>11,910,393</u>	<u>12,834,752</u>

16. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in debtors (note 14)	<u>32,102</u>	<u>–</u>

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

	2021	2020
	£	£
Accelerated capital allowances	(47,156)	–
Other timing differences	<u>15,054</u>	<u>–</u>
	<u>(32,102)</u>	<u>–</u>

17. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £111,834 (2020: £82,582).

At 31 March 2021 no amounts were outstanding (2020: £nil).

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

18. Government Grants

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in other operating income:		
Government grants recognised directly in income	456,710	-

Government grant income reflects income received under the Coronavirus Job Retention Scheme. There are no unfulfilled conditions in relation to this grant.

19. Called Up Share Capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	93	93	93	93
Ordinary 'A' shares shares of £1 each	5	5	5	5
Ordinary 'B' shares shares of £1 each	2	2	2	2
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

21. Contingencies

On 22 November 2018, the company has provided National Westminster Bank Plc and Lloyds Bank Plc, with an unlimited intercompany guarantee for 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

On 21 May 2020, the company entered into an agreement to guarantee the CLBILS loan advanced by Lloyds Bank PLC to Rainy City Properties Limited. The loan was also guaranteed by 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, Graphite HRM Limited, Peninsula Employment Services Limited and Employsure Pty Limited.

At 31 March 2021 the company's maximum exposure was £100,314,413 (2020: £124,693,361).

Bright HR Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2021

22. Related Party Transactions

The company is a wholly 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 statement of Rainy City Investments Limited, within which the company is included, can be obtained from Companies House. No transactions with related parties were undertaken such as required to be disclosed under FRS 102.

Rainy City Properties Limited is considered to be a related party as it is controlled by the Done family. During the period to 31 March 2021 the company made purchases from Rainy City Properties Limited of £2,904 (2020: £340).

P E Done is a director of, and has a controlling interest in, Irwell Insurance Company Limited ("Irwell"). During the year the company received a profit share of £31,818 (2020: £2,505). At 31 March 2021 the company was owed £nil (2020: £2,505) from Irwell which is included within debtors and owed £23,942 (2020: £8,859) to Irwell which is included in creditors.

23. Controlling Party

The company is a wholly 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 Bright HR Limited is consolidated is that headed by Rainy City Investments Limited. The smallest group into which Bright HR Limited is consolidated is that headed by Peninsula Business Services Group Limited.

The company is controlled by the Done family.