

Brainstorm Holdings Ltd
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Company Registration No. 09310389 (England and Wales)

BRAINSTORM INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

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BRAINSTORM INVESTMENTS LIMITED

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BRAINSTORM INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	GJ Corbett SK Leahy
Company number	09310389
Registered office	Studio 311 Highgate Studios 53-79 Highgate Road London NW5 1TL
Auditors	Jerroms Lumaneri House Blythe Gate Blythe Valley Park Solihull West Midlands B90 8AH
Business address	Studio 311 Highgate Studios 53-79 Highgate Road London NW5 1TL

BRAINSTORM INVESTMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 May 2020.

Business model

The group is a global technology provider of mobile, data-driven customer engagement solutions providing solutions for and working with mobile operators, retailers, financial institutions, marketing agencies and enterprise to drive positive engagement with consumers and corporates using highly targeted, relevant and contextual marketing and business content.

The group continues to build its business in the UK and Ireland and across international markets such as North and South America and Asia. The group continues to provide services to customers around the world.

The group's head office is based in the UK with operating subsidiaries in Ireland, Singapore and Brazil and operates under the trade name Engage Hub.

Strategy

During the year the group continued to build on its electronic and mobile messaging heritage. Engage Hub provides cross channel campaign management (CCCM) solutions for SMS, email, web, voice, push notifications, and Facebook Messenger. Its Synapse engine further addresses real-time interactive management (RTIM) requirements, with a range of Enterprise customers implementing the Engage Hub solution to better effect internal data orchestration and improve individual consumer engagement via a range of digital channels. B2C marketers can leverage Engage Hub's customer interaction capabilities — either as a standalone CCCM solution or to complement other enterprise marketing, services, or operational technologies.

The programme of migration of acquired customers onto the Synapse platform continues, allowing them full suite of engagement capabilities and further upsell opportunities for the group.

In November 2019, the Group Singapore subsidiary Brainstorm Mobile Solutions (Singapore) PTE. Limited ceased trading. This was following the loss of a specific customer in that country but does not impact the strategy of the Group which is to continue to grow its UK and international customer base.

Financial review

Turnover for the year to 31 May 2020 was £12.4m (2019: £14.5m), the decrease being attributable to the full year impact of certain customer losses in the prior year. Despite this, the group had a productive year consolidating its revenue and customer base.

Group gross profit decreased to £7.9m (2019: £9.1m) while gross profit % increased to 63% (2019: 62%).

Administrative expenses reduced from £8.8m to £7.5m resulting in an increase of operating profits from £219,000 in the prior year to £326,000 for the year to 31 May 2020.

BRAINSTORM INVESTMENTS LIMITED

STRATEGIC REPORT (*CONTINUED*) FOR THE YEAR ENDED 31 MAY 2020

Financial review (continued)

Cash balances increased to £4.2m (2019: £2.8m), while debtors decreased to £2.9m (2019: £3.2m) and creditors increasing to £4.4m (2019: £2.3m).

Key performance indicators

	2020	2019
Revenue (£'000)	12,373	14,524
Gross Profit (£'000)	7,856	9,065
Gross Profit as a % of revenue	63%	62%
Average monthly number of employees	58	64
Staff costs as a % of revenue	43%	40%

The Gross Profit as a % of revenue has increased from 62% in 2019 to 63% in 2020 indicating that the company has increased its gross profit despite changes to customer pricing or cost of sales during the year. Staff costs as a % of revenue has increased from 40% in 2019 to 43% in 2020 - this is due the decrease in revenue being greater than the decrease in staff costs.

Principal risks and uncertainties

The group provides services and solutions to an internationally spread of customers which gives rise to commercial, credit, liquidity and foreign exchange risks.

The group looks to mitigate these risks by working closely in partnership with its key customers to ensure that the group delivers and exceeds the customers' expectations. The group attempts to limit its exposure to credit risk by carrying out credit checks on its customers and working with well established brands and well-established telecommunications companies. The group limits its exposure to foreign currency fluctuations where possible by aligning costs with its income and accepting that its foreign denominated income and bank balances are exposed to foreign exchanges fluctuations.

The group has a high proportion of recurring revenues from a contracted client base giving the directors confidence that short-term targets will be met and further investments in service improvement can be maintained.

The directors have assessed the impact of the COVID-19 outspread on the business have concluded that there is no material effect on the supply and demand for the Company's services and therefore, its operating results have been not been materially impacted. The directors do not expect this position to change for the foreseeable future.

Approval

This Strategic Report was approved by order of the Board on 28 August 2020


GJ Corbett
Director

BRAINSTORM INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2020

The directors present their report together with the audited financial statements for the year ended 31 May 2020.

Directors

The directors of the company during the year were:

G Corbett
S Leahy

Dividends

The directors recommended a dividend of £15.05 per A Ordinary Shares 1p share be declared (2019: Nil). The dividend, totalling £2,443,000 was approved by the directors on 2 July 2020.

Financial instruments

Financial risk management objectives and policies

The company's risk management framework includes a process for identifying, assessing and responding to risk and supporting the company's strategy, business objectives and financial exposure.

Risk management operates at all levels throughout the business. The Board takes overall responsibility, determining the nature and extent of principal risks it is willing to take to achieve the company's strategic objectives, and maintaining the company's risk governance and appropriate internal control framework.

The directors have an overall responsibility for the group's risk management with risks managed and reviewed by the Board.

Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. The majority of credit sales are with large well-established companies. Each new customer is analysed individually for creditworthiness before entering into business with the customer.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. This is mitigated by banking with well-established and respected banking institutions.

Liquidity risk

The group has no borrowing and maintains appropriate cash balances. The Board regularly reviews its forward-looking cash flow projections to ensure both working capital and investment capital are sufficient for the twelve months ahead.

Foreign exchange risk

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. The company is predominantly exposed to currency risk on sales in Euros, US and Singapore Dollars and Brazilian Reals.

BRAINSTORM INVESTMENTS LIMITED

DIRECTORS' REPORT (*CONTINUED*) FOR THE YEAR ENDED 31 MAY 2020

Matters covered in the strategic report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report on pages 2-3. These matters relate to the principal activity, exposure to certain risks and future developments in the business.

Post balance sheet events

At the year-end, the Company indirectly controlled 97.7% of its subsidiary Brainstorm Mobile Solutions Limited through its subsidiary Brainstorm Holdings Limited. On 30 June 2020, Brainstorm Holdings Limited transferred all of the shares it owned in Brainstorm Mobile Solutions Limited to the Company by way of dividend in specie. As a result, the Company directly controlled 97.7% of Brainstorm Mobile Solutions Limited.

On 2 July 2020, the directors approved a dividend of £15.05 per A Ordinary Shares of 1p each, totalling £2,443,000.

On 3 July 2020, the Company issued 3,767 "A" ordinary shares of 1p each to the minority interest shareholders of Brainstorm Mobile Solutions Limited in exchange for their 2.3% ownership of Brainstorm Mobile Solutions Limited. As a result, the Company directly controlled 100% of Brainstorm Mobile Solutions Limited.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the 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 group and company 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 of the group for that year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

BRAINSTORM INVESTMENTS LIMITED

DIRECTORS' REPORT (*CONTINUED*) FOR THE YEAR ENDED 31 MAY 2020

Qualifying third party indemnity provisions

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.


Auditors

We, the directors of the group who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the group's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Approval

This Directors' Report was approved by order of the Board on 28 August 2020



GJ Corbett
Director

BRAINSTORM INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRAINSTORM INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Brainstorm Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statements 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 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 group's and of the parent company's affairs as at 31 May 2020, 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

BRAINSTORM INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRAINSTORM INVESTMENTS LIMITED (*CONTINUED*)

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 our 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 and 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 the 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 the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BRAINSTORM INVESTMENTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRAINSTORM
INVESTMENTS LIMITED (*CONTINUED*)**

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.



**Mr Mark James Eden FCCA (Senior Statutory Auditor)
for and on behalf of Jerroms**

**Chartered Certified Accountants
Statutory Auditor**

Lumaneri House
Blythe Gate
Blythe Valley Park
Solihull
West Midlands
B90 8AH

28 August 2020

BRAINSTORM INVESTMENTS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2020**

	Notes	2020 £'000	2019 £'000
Turnover	2	12,373	14,524
Cost of sales		(4,517)	(5,459)
Gross profit		7,856	9,065
Administration expenses		(7,530)	(8,846)
Operating profit	3	326	219
Interest receivable	5	1	3
Profit on ordinary activities before taxation		327	222
Tax on profit on ordinary activities	6	390	(89)
Profit for the financial year		717	133
Other comprehensive income:			
Currency translation differences		(20)	(20)
Total comprehensive income for the year		697	113
Profit for the financial year attributable to:			
- Owners of the parent		701	130
- Non-controlling interests		16	3
		717	133
Total comprehensive income attributable to:			
- Owners of the parent		681	110
- Non-controlling interests		16	3
		697	113

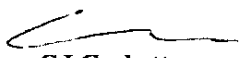
The notes on pages 16 to 32 form part of these financial statements.

BRAINSTORM INVESTMENTS LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2020**

	Notes	£'000	2020 £'000	£'000	2019 £'000
Fixed assets					
Intangible fixed assets	7		43		77
Negative goodwill	8		(40)		(64)
Tangible fixed assets	9		321		468
			324		481
Current assets					
Debtors	12	2,848		3,198	
Cash at bank and in hand		4,203		2,808	
			7,051	6,006	
Creditors: amounts falling due within one year	13	(4,414)		(2,280)	
Net current assets			2,637		3,726
Total assets less current liabilities			2,961		4,207
Provisions for liabilities	14		-		-
Net assets			2,961		4,207
Capital and reserves					
Called up share capital	15		2		2
Share premium account			500		-
Merger reserve			238		238
Profit and loss reserve			2,197		3,939
Foreign exchange reserves			(87)		(67)
Other reserves			-		-
Equity attributable to owners of the parent company			2,850		4,112
Non-controlling interest			111		95
			2,961		4,207

The financial statements were approved by the Board of Directors and authorised for issue on 28 August 2020. The notes on pages 16 to 32 form part of these financial statements.


GJ Corbett
Director

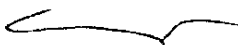
Company Reg. No. 09310389

BRAINSTORM INVESTMENTS LIMITED**COMPANY BALANCE SHEET
AS AT 31 MAY 2020**

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	10	2	2
Current assets			
Debtors	12	2,943	-
Creditors: amounts falling due within one year	13	(2,443)	-
Net current assets		500	-
Total assets less current liabilities		502	2
Net assets		502	2
Capital and reserves			
Called up share capital	15	2	2
Profit and loss reserves		-	-
Share Premium		500	-
Other reserves		-	-
Shareholders' funds		502	2

In accordance with the provisions of the Section 408 of the Companies Act 2006, the Company has not presented a profit and loss account. There was no profit or loss relating to the Company for the current or prior year.

The financial statements were approved by the Board of Directors and authorised for issue on 28 August 2020.



GJ Corbett
Director

Company Reg. No. 09310389

The notes on pages 16 to 32 form part of these financial statements.

BRAINSTORM INVESTMENTS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MAY 2020**

	Share Capital and share premium £'000	Merger reserve £'000	Profit & loss reserve £'000	Foreign exchange reserve £'000	Other reserve £'000	Total Shareholders' equity £'000	Non- controlling interest £'000	Total £'000
Year ended 31 May 2019								
Balance at 1 June 2018	2	238	3,809	(47)	-	4,002	92	4,094
Profit for the financial year	-	-	130	-	-	130	3	133
Other comprehensive income for the year	-	-	-	(20)	-	(20)	-	(20)
Total comprehensive income	-	-	130	(20)	-	110	3	113
Balance at 31 May 2019	2	238	3,939	(67)	-	4,112	95	4,207
Year ended 31 May 2020								
Balance at 1 June 2019	2	238	3,939	(67)	-	4,112	95	4,207
Profit for the financial year	-	-	701	-	-	701	16	717
Other comprehensive income for the year	-	-	-	(20)	-	(20)	-	(20)
Total comprehensive income	-	-	701	(20)	-	681	16	697
Shares issued during the year	500	-	-	-	-	500	-	500
Dividend	-	-	(2,443)	-	-	(2,443)	-	(2,443)
Balance at 31 May 2020	502	238	2,197	(87)	-	2,850	111	2,961

The notes on pages 16 to 32 form part of these financial statements.

BRAINSTORM INVESTMENTS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 MAY 2020**

	Called up share capital	Share Premium	Profit & loss reserve	Total
	£'000	£'000	£'000	£'000
Year ended 31 May 2019				
Balance at 1 June 2018	2	-	-	2
Profit for the year	-	-	-	-
	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Balance at 31 May 2019	<u><u>2</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2</u></u>
Year ended 31 May 2020				
Balance at 1 June 2019	2	-	-	2
Profit for the year	-	-	2,443	2,443
Shares issued during the year	-	500	-	500
Dividend	-	-	(2,443)	(2,443)
	<u>2</u>	<u>500</u>	<u>-</u>	<u>502</u>
Balance at 31 May 2020	<u><u>2</u></u>	<u><u>500</u></u>	<u><u>-</u></u>	<u><u>502</u></u>

Note: Amounts in the Company Statement of changes in equity are rounded to the nearest thousand £.
Other reserves amount to £93 (2019: £93).

The notes on pages 16 to 32 form part of these financial statements.

BRAINSTORM INVESTMENTS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2020**

	Notes	2020 £'000	2019 £'000
Cash inflow from operating activities	16	650	952
Taxation received/(paid)		307	(153)
Net cash inflow from operating activities		957	799
Investing activities			
Purchase of tangible fixed assets		(63)	(211)
Purchase of intangible assets		-	(12)
Interest received		1	3
Net cash generated by financing activities		(62)	(220)
Financing activities			
Proceeds from the issue of ordinary shares		500	-
Net cash generated by financing activities		500	-
Increase in cash		1,395	579
Cash and cash equivalents at beginning of year		2,808	2,229
Cash and cash equivalents at end of year		4,203	2,808

The notes on pages 16 to 32 form part of these financial statements.

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

Company information

Brainstorm Investments Limited ("the Company") is a private company limited by shares, incorporated in England and Wales. The registered office is Studio 311 Highgate Studios, 53-79 Highgate Road, London, NW5 1TL.

The Group has adopted the accounting policies set out below in preparation of the financial statements. All of these policies have been applied consistently throughout the year unless otherwise stated.

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 have been prepared in sterling. Monetary amounts in these financial statements are rounded to the nearest thousand £. The financial statements have been prepared under the historical cost convention.

Brainstorm Investments Limited acquired the entire share capital of Brainstorm Holdings Limited on 22 December 2014 as part of a demerger through a share-for-share exchange. The previous ultimate holders of the share capital of Brainstorm Holdings Limited were issued one share in Brainstorm Investments Limited for each share held in the parent company of Brainstorm Holdings Limited. Merger relief was applied to the shares issued, and so Brainstorm Investments Limited recorded its investment in Brainstorm Holdings Limited at the nominal value of the shares issued.

1.2 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. The directors have based their assessment on cashflow projections for a period of at least twelve months from the date of the approval of the financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and its subsidiary undertakings and have been prepared by using the principle of acquisition accounting, which includes the results of the subsidiaries from their dates of acquisition. Intra-group sales, profits, dividends and balances are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for services and solutions net of VAT and trade discounts. Revenue is recognised when the services have been delivered. Where services are contracted over multi-year contracts revenue is recognised as services are delivered.

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies (continued)

1.5 Intangible assets and amortisation

Intangible assets are stated at cost less amortisation and accumulated impairment losses. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Customer Database	- 20% straight line method
Intellectual Property	- 20% straight line method

Amortisation is charged to administration expenses in the Statement of Comprehensive Income.

Negative goodwill is similarly included in the balance sheet and is credited to the Statement of Comprehensive Income in periods over which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the Statement of Comprehensive Income in the periods expected to benefit.

The negative goodwill arose on the acquisition of Oxygen8 Communications Ireland Limited on 31 December 2016 and the Directors estimate this benefit period to be 5 years from the date of acquisition of the business.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	- Straight line over the lease term
Computer equipment	- 15% - 33% straight line method
Fixtures and fittings	- 20% - 25% straight line method

1.7 Research and development costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the assets will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administration expenses' on a straight-line basis over the expected useful life.

1.8 Employee termination benefits

Termination benefits provided as a result of terminating employment are recognised when the company has communicated its plan of termination to the affected employees and the plan meets specified criteria, unless the involuntary termination benefits are provided in exchange for employees' future services (i.e. in substance they are a 'stay bonus'). In such cases, the liability for those benefits are recognised over the period of the future service. Termination benefits to encourage employees to leave service voluntarily are recognised when employees accept the company's offer of those benefits.

1.9 Valuation of investments

In the company's individual accounts, investments in subsidiaries are measured at cost less

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

1 Accounting policies (continued)

1.9 Valuation of investments (continued)

accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.10 Impairment

The carrying values of intangible and tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1.11 Taxation

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

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred taxation

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 statement of comprehensive income, 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 when the company has 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.

1.12 Leased assets: Lessee

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

1.13 Foreign currency translation

The Group's presentational currency is sterling whilst the individual entities have presented in their respective functional currencies. On consolidation, transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

1 Accounting policies (continued)

1.13 Foreign currency translation (continued)

period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

1.14 Financial assets

The company 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 consolidated balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the consolidated 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.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

1.15 Financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

1 Accounting policies (continued)

1.15 Financial liabilities (continued)

Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.16 Judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates, and for management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are:

Impairment of investments:

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. Both external and internal sources of information are considered when concluding if there is any indication an asset may be impaired.

Customer Database and Intellectual Property:

The directors have considered that the benefits will accrue to the Group over five years.

Negative Goodwill:

At acquisition of Oxygen8 Communications Ireland Limited on 31 December 2016, it was considered that the benefit accruing to the parent company would have a useful economic life of five years based on the average economic lives of the underlying assets in the acquired subsidiary. This was mainly due to the company having a five year profit and revenue forecast. It was the management's assessment that based on the forecasts, and since two years into the forecast, it was reasonable to amortise the negative goodwill over the forecasted period. On acquisition, the fair values of the assets and liabilities were also reviewed based on this model. This is reviewed annually by the Parent company, Brainstorm Mobile Solutions Limited.

Related Party Debt:

The Directors consider this debt to be recoverable based on previous experience and a trading relationship with these entities.

2 Segmental analysis

Turnover

	2020 £'000	2019 £'000
United Kingdom	3,686	6,020
Ireland	5,895	5,839
Rest of the World	2,792	2,665
	<u>12,373</u>	<u>14,524</u>

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

3	Operating profit		
	Group	2020	2019
		£'000	£'000
	The operating profit is stated after charging:		
	Amortisation of intangible fixed assets	10	9
	Depreciation on tangible fixed assets	212	264
	Operating lease rentals	225	221
	Foreign exchange losses	20	5
	Exceptional item	-	273
		<u> </u>	<u> </u>

The exceptional item relates to costs incurred on a proposed management buyout of the business.

	Group	2020	2019
		£'000	£'000
	Fees payable to the auditors for the audit of the parent Company and the Group's consolidated financial statements	5	7
	Fees payable to the auditors For other services:		
	- The audit of the Company's subsidiaries	37	43
	- Tax advisory services	-	2
	- Tax compliance services	4	8
	- Other services	25	4
	Total fees payable to the auditors	<u>71</u>	<u>64</u>

4	Employees		
	Group	2020	2019
		£'000	£'000
	Wages and salaries	4,711	5,218
	Social security costs	445	512
	Pensions	144	90
		<u> </u>	<u> </u>
		<u>5,300</u>	<u>5,820</u>

Payments to the company's defined contribution pension schemes are charged to the profit and loss account as they become payable. At the year end, the pension liability was £20,000 (2019: £23,000).

BRAINSTORM INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)****4 Employees (continued)****Number of employees**

The average monthly number of employees (including directors) during the year was:

	2020	2019
	Number	Number
Sales and administration	58	64

Group**Directors' and key management personnel**

	2020	2019
	£'000	£'000
Directors' remuneration consists of:		
Remuneration for qualifying services	261	511
Company contributions to Money Purchase Scheme	16	24
Compensation for loss of office	-	94
	277	629

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£'000	£'000
Emoluments for the highest paid director	261	238
Pension contributions to the highest paid director	16	8
Compensation for loss of office to the highest paid director	-	94
	277	340

The Company did not incur any employee or director costs during the year.

5 Other interest receivable and similar income**Group**

	2020	2019
	£'000	£'000
Bank interest	1	3

BRAINSTORM INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)**

6 Taxation			
Group	2020	2019	
	£'000	£'000	
<i>UK corporation tax</i>			
Current tax on profits for the year	-	-	
Adjustment in respect of previous periods	(473)	11	
		11	
<i>Foreign tax</i>			
Current tax on foreign income for the year	132	121	
Adjustment in respect of previous periods	-	(6)	
Total current tax charge	132	126	
<i>Deferred tax</i>			
Origination and reversal of timing differences	(83)	(37)	
Adjustment in respect of previous periods	34	-	
Total deferred tax (credit)/charge	(49)	(37)	
Taxation on profit on ordinary activities	(390)	89	

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2020	2019
	£'000	£'000
Profit on ordinary activities before tax	327	222
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19 % (2019 – 19%)	62	42
Effects of:		
Expenses not deductible for tax purposes	19	51
Other permanent differences	34	2
Intangible amortisation on goodwill acquired after 8 July 2015	7	6
Adjustments to tax charge in respect of previous periods	(441)	5
Effect of tax rate change on deferred tax opening balance	2	4
Difference in tax rates on overseas earnings	(66)	(44)
Deferred tax not recognised	(7)	23
Total tax charge for the year	(390)	89

For further information on deferred tax balances see note 14.

BRAINSTORM INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)**

**7 Intangible fixed assets
Group**

	Customer database £'000	Intellectual property £'000	Total £'000
Cost			
At 1 June 2019	160	12	172
Additions	-		
	<hr/>	<hr/>	<hr/>
At 31 May 2020	160	12	172
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 June 2019	93	2	95
Charge for the year	32	3	35
	<hr/>	<hr/>	<hr/>
At 31 May 2020	125	5	130
	<hr/>	<hr/>	<hr/>
Net book values			
At 31 May 2020	35	8	43
	<hr/>	<hr/>	<hr/>
At 31 May 2019	67	10	77
	<hr/>	<hr/>	<hr/>

The company does not have any intangible fixed assets (2019: £nil).

BRAINSTORM INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)****8 Negative Goodwill
Group**

	Total £'000
Cost	
At 1 June 2019	(125)
	<hr/>
At 31 May 2020	(125)
	<hr/>
Amortisation	
At 1 June 2019	(60)
Charge for the year	(25)
	<hr/>
At 31 May 2020	(85)
	<hr/>
Net book values	
At 31 May 2020	(40)
	<hr/>
At 31 May 2019	(64)
	<hr/>

The company does not have any negative goodwill (2019: £nil).

BRAINSTORM INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)**

9 Tangible fixed assets				
Group	Computer equipment £'000	Leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 June 2019	2,155	25	188	2,368
Additions	59	4	-	63
Disposal-Subs	(107)	-	-	(107)
Disposal- assets	(3)	-	-	(3)
Foreign exchange adjustment	8	-	1	9
At 31 May 2020	2,112	29	189	2,330
Depreciation				
At 1 June 2019	1,793	25	82	1,900
Charge for the year	189	1	22	212
Disposal-Subs	(107)	-	-	(107)
Disposal- assets	(3)	-	-	(3)
Foreign exchange adjustment	6	-	1	6
At 31 May 2020	1,878	26	105	2,008
Net book value				
At 31 May 2020	234	3	84	321
At 31 May 2019	362	-	106	468

The company does not have any tangible fixed assets (2019: £nil).

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

10 Fixed asset investments Company

**Shares in subsidiary
undertakings
£'000**

At 1 June 2019 and 31 May 2020

2

The Company's subsidiary undertakings and investment holdings at 31 May 2020 are as follows:

Name	Country of incorporation and Registered office	Principal activity during the year	Percentage of equity capital
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Held directly:

Brainstorm Holdings Ltd	Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL, England	Holding company	100%
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Held indirectly:

Brainstorm Holdings Limited is the owner of:

Brainstorm Mobile Solutions Ltd	Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL, England	UK Subsidiary	97.7%
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In turn, Brainstorm Mobile Solutions Ltd is the owner of the following companies:

Brainstorm Mobile Solutions (Singapore) PTE. Ltd	8 Shenton Way, #05-02 AXA Tower, Singapore 068811	Dormant	100%
Brainstorm Brazil Solucoes EM Telefonias Movel EIRELI	Cidade de São Paulo, Estado de São Paulo, na Alameda Santos, número 200, conjunto 62, Edifício Victoria Plaza, CEP 014418-000, Brazil	Trading	100%
Brainstorm Marketing Solutions Ltd	Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL, England	Dormant	100%
Oxygen8 Communications Ireland Ltd	21-22 Grafton Street, Dublin 2, Ireland	Trading	100%
Engage Hub Ltd	Studio 311, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL, England	Dormant	100%

In November 2019, the Company's Singapore subsidiary Brainstorm Mobile Solutions (Singapore) PTE. Limited ceased trading.

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

10 Fixed asset investments (continued)

Brainstorm Holdings Limited is exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

The aggregate net equity and the profit/(loss) for the year of the subsidiaries noted above were as follows:

Name	Net equity	Profit/(loss) for year
	£'000	£'000
Brainstorm Holdings Limited	1	2,444
Brainstorm Mobile Solutions Limited	1,797	978
Brainstorm Mobile Solutions (Singapore) PTE. Limited	-	45
Brainstorm Brazil Solucoes EM Telefonias Movel EIRELI	251	289
Brainstorm Marketing Solutions Limited	-	-
Oxygen8 Communications Ireland Limited	835	564
Engage Hub Limited	-	-

11 Financial instruments

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,863	5,856	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	1,614	1,873	-	-

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income and amounts owed by related parties. Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to related parties.

Information regarding the company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' Report.

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

12 Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	2,310	1,940	-	-
Other debtors	42	51	-	-
Amount owed by related parties	53	158	-	-
Prepayments and accrued income	378	1,033	-	-
Deferred tax asset (note 14)	65	16	-	-
Amounts due from subsidiary undertakings	-	-	2,943	-
	<u>2,848</u>	<u>3,198</u>	<u>2,943</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year, except:

- Deferred tax asset in respect of tax losses carried forward
- Rent deposits of £39,000 (2019: £39,000)

13 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	707	774	-	-
Corporation tax	21	55	-	-
Other taxes and social security	309	288	-	-
Amounts due to related parties	23	92	-	-
Other creditors	146	164	-	-
Accruals and deferred income	765	907	-	-
Dividends payable	2,443	-	2,443	-
	<u>4,414</u>	<u>2,280</u>	<u>2,443</u>	<u>-</u>

14 Provisions for liabilities Deferred tax

The following are the deferred tax liabilities recognised by the Group and the Company, and movements thereon:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Accelerated capital allowances	19	30	-	-
Short-term timing differences	(1)	(15)	-	-
Tax losses carried forward	(83)	(31)	-	-
Deferred tax asset	<u>(65)</u>	<u>(16)</u>	<u>-</u>	<u>-</u>

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

14 Provisions for liabilities (continued)

	Group £'000	Company £'000
Movements in the year:		
(Asset) at 1 June 2019	(16)	-
Credited to profit or loss	(49)	-
(Asset) at 31 May 2020	<u>(65)</u>	<u>-</u>

15 Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid:		
162,313 'A' Ordinary shares of £0.01 each (2019: 156,307)	<u>2</u>	<u>2</u>

On 6 June 2019, the Company issued 500,000 Convertible Loan Notes of £1 each in exchange for £500,000 from Experience Technology UK Limited. On 21 April 2020 the Company issued 6,006 'A' Ordinary shares of £0.01 each in exchange for the 500,000 Convertible Loan Notes, thereby creating a share premium reserve of £499,940.

Shares relate to 'A' Ordinary shares and are entitled to profits available and resolved to be distributed by the board of directors in any financial year at such rates as decided by the board from time to time. The board is entitled to make a distribution to one class of share without making a distribution to any other classes of shares. Each holder of 'A' Ordinary shares is entitled to one vote per share.

16 Reconciliation of operating profit to net cash inflow from operating activities

	Note	2020 £'000	2019 £'000
Profit for the year after tax		717	133
Net interest income	5	(1)	(3)
Tax on profit on ordinary activities	6	(390)	89
Amortisation of intangible fixed assets	7	35	34
Amortisation on negative goodwill	8	(25)	(25)
Depreciation of tangible assets	9	212	264
Other non-cash movements		49	(26)
Decrease in debtors		363	1,326
Increase in creditors		(310)	(840)
Net cash inflow from operating activities		<u>650</u>	<u>952</u>

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (*CONTINUED*)

17 Reserves

The Group's reserves are as follows:

- Called up share capital reserve represents the nominal value of shares issued.
- Share Premium reserve represents amounts received by a company for shares issued that exceeds the nominal value
- Merger reserve arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.
- Other reserves represent the nominal value of own shares that have been acquired by the company and subsequently cancelled.
- Profit and loss reserve represents the cumulative profits or losses, net of any dividends paid and other adjustments.
- Foreign exchange reserve reflects all current and prior period translation differences arising on translation to the presentation currency.

18 Financial commitments

At 31 May 2020, the group was committed to making the following payments under non-cancellable operating leases:

	Land and buildings	
	2020	2019
	£'000	£'000
Within one year	197	203
Two to five years	632	676
Over five years	39	105
	<u>868</u>	<u>984</u>

The Company has no commitments under non-cancellable operating leases as at the balance sheet date (2019: £nil).

19 Related party transactions Group and Company

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

During the year, Brainstorm Investments Limited (and its subsidiaries), traded with other companies, related due to common directorships / shareholdings. Details of the transactions and balances are as follows:

There were no transactions undertaken with key management personnel with the exception of emoluments as disclosed in note 4.

BRAINSTORM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020 (CONTINUED)

19 Related party transactions (continued)

Dynamic Mobile Billing Limited

Sales of £168,000 (2019 - £538,000) and Purchases of £1,208,000 (2019 - £996,000)

Trade debtor balance due from of £27,000 (2019 - £126,000)

Trade creditor balance due to of £14,000 (2019 - £18,000)

Tola Mobile Limited

Purchases of £Nil (2019 - £197,000)

Trade debtor balance due from of £1,000 (2019 - £Nil)

Trade creditor balance due to of £Nil (2019 - £36,000)

Melodi Ltd

Trade debtor balance due from of £3,000 (2019 - £Nil)

Engage Australia Pty Ltd

Sales of £70,000 (2019 - £17,000)

Trade debtor balance due from of £5,000 (2019 - £20,000)

Oxygen8 M Limited

Sales of £90,000 (2019 - £108,000) and Purchases of £371,000 (2019 - £582,000)

Trade debtor balance due from of £11,000 (2019 - £11,000)

Trade creditor balance due to of £14,000 (2019 - £38,000)

20 Post balance sheet events

At the year-end, the Company indirectly controlled 97.7% of its subsidiary Brainstorm Mobile Solutions Limited through its subsidiary Brainstorm Holdings Limited. On 30 June 2020, Brainstorm Holdings Limited transferred all of the shares it owned in Brainstorm Mobile Solutions Limited to the Company by way of dividend in specie. As a result, the Company directly controlled 97.7% of Brainstorm Mobile Solutions Limited.

On 2 July 2020, the directors approved a dividend of £15.05 per A Ordinary Shares of 1p each, totalling £2,443,000.

On 3 July 2020, the Company issued 3,767 "A" ordinary shares of 1p each to the minority interest shareholders of Brainstorm Mobile Solutions Limited in exchange for their 2.3% ownership of Brainstorm Mobile Solutions Limited. As a result, the Company directly controlled 100% of Brainstorm Mobile Solutions Limited.

The directors have assessed the impact of the COVID-19 outbreak on the business have concluded that there is no material effect on the supply and demand for the Company's services and therefore, its operating results have been not been materially impacted. The directors do not expect this position to change for the foreseeable future.

21 Control

The immediate and ultimate controlling party is considered to be Gary Corbett.