

REGISTERED NUMBER: 07312969 (England and Wales)

REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019
FOR
BUSINESS FUNDING RESEARCH LTD

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FOR THE YEAR ENDED 31 JULY 2019

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BUSINESS FUNDING RESEARCH LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2019

DIRECTORS:

Dr S J Bence
T A S Austin
C Songhurst

REGISTERED OFFICE:

Cheribourne House
45a Station Road
Willington
Bedford
Bedfordshire
MK44 3QL

REGISTERED NUMBER:

07312969 (England and Wales)

ACCOUNTANTS:

Baker Noel
Cheribourne House
45A Station Road
Willington
Bedford
Bedfordshire
MK44 3QL

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2019

The directors present their report with the financial statements of the company for the year ended 31 July 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of subscriptions to funding software.

REVIEW OF BUSINESS

The company has grown well over the past year, with the majority of its revenue from the sale of annual subscriptions to our data platform. Over the coming years we expect to continue to grow as well as improving and developing the services we provide to our customers.

The directors have decided that all development expenditure should be capitalised to provide a more relevant picture of the company's financial performance and position at this point in time; the effect of this change in accounting policy means the accounts now reflect the income-generating data platform that has been developed.

As detailed in previous years, standard accounting practices require revenue to be accounted for over the period of the licence and so the accounts reflect a significant level of deferred revenue shown as a liability on the balance sheet.

The directors are satisfied that the company is sufficiently well financed to continue operations for the foreseeable future, with various options for funding, including lending facilities or investment.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2018 to the date of this report.

Dr S J Bence
T A S Austin
C Songhurst

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

T A S Austin - Director

11 October 2019

BALANCE SHEET
31 JULY 2019

	Notes	31.7.19 £	£	31.7.18 £	£
FIXED ASSETS					
Intangible assets	4		2,352,579		1,858,020
Tangible assets	5		128,022		153,721
Investments	6		<u>100</u>		<u>100</u>
			2,480,701		2,011,841
CURRENT ASSETS					
Debtors	7	568,675		444,246	
Cash at bank		<u>355,087</u>		<u>159,589</u>	
		923,762		603,835	
CREDITORS					
Amounts falling due within one year	8	<u>2,043,469</u>		<u>1,233,187</u>	
NET CURRENT LIABILITIES			(1,119,707)		(629,352)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,360,994		1,382,489
CREDITORS					
Amounts falling due after more than one year	9		<u>139,999</u>		<u>37,382</u>
NET ASSETS			<u>1,220,995</u>		<u>1,345,107</u>
CAPITAL AND RESERVES					
Called up share capital	11		344		332
Share premium	12		5,111,665		4,461,665
Other reserves	12		9,000		11,617
Fair value reserve	12		203,902		52,294
Retained earnings	12		<u>(4,103,916)</u>		<u>(3,180,801)</u>
SHAREHOLDERS' FUNDS			<u>1,220,995</u>		<u>1,345,107</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

BALANCE SHEET - continued
31 JULY 2019

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 11 October 2019 and were signed on its behalf by:

T A S Austin - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

1. **STATUTORY INFORMATION**

Business Funding Research Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for certain financial instruments, which are shown at fair value.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Changes in accounting policies

In previous years the company's policy was to expense all development expenditure to the profit and loss in the year it was incurred. The directors have decided that in order to provide a more relevant picture of the company's financial performance, development expenditure should be capitalised as an intangible asset so that the accounts reflect the income generating data platform that has been developed.

The comparative figures for 2018 now reflect a change in other intangible assets and reserves. The original accounts at 31st July 2018 showed retained earnings of (£4,974,238) and intangible fixed assets of £64,583.

The comparatives at 31st July 2018 to these accounts now show retained reserves of (£3,180,801) and intangible assets of £1,858,020.

Turnover

Turnover represents the amounts earned on subscriptions to a software service net of VAT. Income is recognised on a straight-line basis over the term of the subscription period. Where sales invoices for subscriptions run beyond the year end that proportion of the income is not recognised in sales but shown in creditors as deferred revenue.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2016 and another business in 2018, is being amortised evenly over its estimated useful life of five years for each business respectively. Goodwill is reviewed by the directors annually for impairment.

Other intangible assets

Other intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised over estimated useful life of five years.

Development expenditure is amortised over estimated useful life of five years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- The period of the lease
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019

2. **ACCOUNTING POLICIES - continued**

Taxation

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

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

Deferred tax

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

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research is written off against profits in the year in which it is incurred. Development expenditure is capitalised and amortised over its useful life. Development expenditure is capitalised so as to reflect the income-generating data platform that has been developed.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Lease incentives are recognised on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, loans due in more than one year are measured at amortised cost using the effective interest rate method.

Share-based payment transactions

The company operates equity-settled share-based compensation plans. The fair value of the services received in exchange for the grant of options is recognised within personnel expenses, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The fair value of the options granted is measured using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

At each reporting date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 57 (2018 - 50) .

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

4. INTANGIBLE FIXED ASSETS

	Goodwill £	Other intangible assets £	Totals £
COST			
At 1 August 2018	125,000	2,260,297	2,385,297
Additions	30,000	985,501	1,015,501
At 31 July 2019	<u>155,000</u>	<u>3,245,798</u>	<u>3,400,798</u>
AMORTISATION			
At 1 August 2018	60,417	466,860	527,277
Charge for year	30,000	451,359	481,359
Impairments	39,583	-	39,583
At 31 July 2019	<u>130,000</u>	<u>918,219</u>	<u>1,048,219</u>
NET BOOK VALUE			
At 31 July 2019	<u>25,000</u>	<u>2,327,579</u>	<u>2,352,579</u>
At 31 July 2018	<u>64,583</u>	<u>1,793,437</u>	<u>1,858,020</u>

There has been a change in accounting policy during the year and the directors now capitalise the relevant development expenditure as intangible assets.

The comparative figures for 2018 now reflect a change in reserves and intangible assets. The accounts at 31st July 2018 showed intangible fixed assets of £64,583.

Within the accounts to 31st July 2019 the comparatives at 31st July 2018 now show intangible assets of £1,858,020.

5. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 August 2018	99,826	67,752	98,088	265,666
Additions	-	3,447	16,575	20,022
At 31 July 2019	<u>99,826</u>	<u>71,199</u>	<u>114,663</u>	<u>285,688</u>
DEPRECIATION				
At 1 August 2018	19,966	29,728	62,251	111,945
Charge for year	9,983	12,920	22,818	45,721
At 31 July 2019	<u>29,949</u>	<u>42,648</u>	<u>85,069</u>	<u>157,666</u>
NET BOOK VALUE				
At 31 July 2019	<u>69,877</u>	<u>28,551</u>	<u>29,594</u>	<u>128,022</u>
At 31 July 2018	<u>79,860</u>	<u>38,024</u>	<u>35,837</u>	<u>153,721</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019

6. **FIXED ASSET INVESTMENTS**

		Shares in group undertakings £
COST		
At 1 August 2018 and 31 July 2019		<u>100</u>
NET BOOK VALUE		
At 31 July 2019		<u>100</u>
At 31 July 2018		<u>100</u>

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.19 £	31.7.18 £
Trade debtors	367,425	238,280
Other debtors	<u>201,250</u>	<u>205,966</u>
	<u>568,675</u>	<u>444,246</u>

Other debtors includes £144,923 (2018 £144,923) relating to a rent deposit, which is repayable in more than one year.

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.19 £	31.7.18 £
Trade creditors	128,042	122,269
Taxation and social security	195,689	153,545
Other creditors	<u>1,719,738</u>	<u>957,373</u>
	<u>2,043,469</u>	<u>1,233,187</u>

The figure for other creditors includes accruals and deferred revenue of £1,494,803 (2018: £800,384).

9. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.7.19 £	31.7.18 £
Other creditors	<u>139,999</u>	<u>37,382</u>

Other creditors due in more than one year includes a loan of £39,999 (2018: £37,382) from Spin-Out Strategy Consultancy DWC-LLC. The loan from Spin-Out Strategy Consultancy DWC-LLC will be repaid when the company has cumulative profits of £1m, which the directors believe will be in three years time. The loan has been shown at amortised cost using the effective interest rate method, assuming that the loan will be repaid in 3 years from the balance sheet date and that an effective market rate of interest is 7%.

10. **LEASING AGREEMENTS**

The minimum lease payments falling due for operating leases total £360,431 (2018: £513,405).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.7.19	31.7.18
			£	£
340,981	Ordinary	0.001	341	329
3,261	A Ordinary	0.001	3	3
			<u>344</u>	<u>332</u>

The following fully paid shares were allotted during the year at a premium as shown below:

Date	Class	No. of shares	Nominal Value £	Share Premium £
19/10/2018	Ordinary £0.001	8,444	8.44	419,489
04/03/2019	Ordinary £0.001	4,037	4.04	200,554
		<u>12,481</u>	<u>12.48</u>	<u>620,043</u>

Date	Class	No. of shares	Nominal Value £	Share Premium £
19/10/2018	A Ordinary £0.001	603	0.60	29,956
		<u>603</u>	<u>0.60</u>	<u>29,956</u>

12. RESERVES

	Retained earnings £	Share premium £	Other reserves £	Fair value reserve £	Totals £
At 1 August 2018	(3,180,801)	4,461,665	11,617	52,294	1,344,775
Deficit for the year	(925,732)				(925,732)
Share options	-	-	-	151,608	151,608
Cash share issue	-	650,000	-	-	650,000
Capital contribution reserve	2,617	-	(2,617)	-	-
At 31 July 2019	<u>(4,103,916)</u>	<u>5,111,665</u>	<u>9,000</u>	<u>203,902</u>	<u>1,220,651</u>

There has been a change in accounting policy during the year and the directors now capitalise the relevant development expenditure as intangible assets.

The comparative figures for 2018 now reflect a change in reserves and intangible assets. The accounts at 31st July 2018 showed retained earnings of (£4,974,238).

Within the accounts to 31st July 2019 the comparatives at 31st July 2018 now show retained reserves of (£3,180,801).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019

13. RELATED PARTY DISCLOSURES

Included within 'other creditors due in more than one year' is a loan of £49,000 from a company under the control of one of the directors. This loan is interest free and is repayable when the company has cumulative profits of £1m, which the directors believe will be in 3 years from the balance sheet date. This is included in the note for 'creditors: amounts falling due after more than one year' at its amortised cost of £39,999 (2018: £37,382).

14. SHARE-BASED PAYMENT TRANSACTIONS

In February 2018 an equity-settled share-based payment plan was implemented; the company granted 10,920 share options with an exercise date of 31 July 2020. The strike price for these options being £8 per share with the expectation that 80% will be taken up. The fair value, using the Black Scholes model, is £17.86 per share.

Throughout year ended 31st July 2019 a total of 16,445 additional share options were issued to new staff as part of this scheme, with an exercise date of 31 July 2020.

The options issued in September 2018 had a strike price of £10 per share with the expectation that 80% will be taken up. The fair value, using the Black Scholes model, is £18.07 per share.

The options issued in April 2019 had a strike price of £11.50 per share with the expectation that 80% will be taken up. The fair value, using the Black Scholes model, is £22.40 per share.

The accounts reflect the amount of £151,608 (2018: 52,294) applicable to the year as a cost in the profit and loss reflected as a fair value reserve.

15. GOING CONCERN

The financial statements have been prepared on a going concern basis. The shareholders will continue to support the company for the foreseeable future.

16. DEFERRED REVENUE

Invoices raised for the subscription service which run beyond the year end have been treated as deferred revenue. The balance of deferred revenue at 31 July 2019 was £1,446,139 (2018: £756,352).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.