

REGISTERED NUMBER: 07312969 (England and Wales)

REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
FOR
BUSINESS FUNDING RESEARCH LTD

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Page
Company Information	1
Report of the Directors	2
Balance Sheet	3
Notes to the Financial Statements	5

BUSINESS FUNDING RESEARCH LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2021

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 30 JUNE 2021

The directors present their report with the financial statements of the company for the year ended 30 June 2021.

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, despite the ongoing economic uncertainty caused by the COVID-19 pandemic.

The majority of revenue continues to be generated by the sale of annual subscriptions to our data platform.

As detailed in previous years, standard accounting practices require subscription 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.

All development expenditure has been capitalised to provide a relevant picture of the company's financial position and to reflect the income-generating intellectual property that has been developed.

Over the coming years we expect to continue to grow, improving and developing the services we provide to our customers. 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 equity investment, should any need arise.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2020 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

26 August 2021

BALANCE SHEET
30 JUNE 2021

	Notes	30.6.21		30.6.20	
		£	£	£	£
FIXED ASSETS					
Intangible assets	4	3,687,727		2,855,324	
Tangible assets	5	105,627		106,808	
Investments	6	100		100	
		<u>3,793,454</u>		<u>2,962,232</u>	
CURRENT ASSETS					
Debtors	7	1,294,538		985,347	
Cash at bank		<u>1,106,992</u>		<u>1,098,016</u>	
		2,401,530		2,083,363	
CREDITORS					
Amounts falling due within one year	8	<u>4,106,101</u>		<u>3,249,896</u>	
NET CURRENT LIABILITIES			(1,704,571)		(1,166,533)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,088,883		1,795,699
CREDITORS					
Amounts falling due after more than one year	9		<u>949,000</u>		<u>816,918</u>
NET ASSETS			<u>1,139,883</u>		<u>978,781</u>
CAPITAL AND RESERVES					
Called up share capital	12		346		344
Share premium	13		5,120,616		5,119,117
Fair value reserve	13		904,511		493,702
Retained earnings	13		<u>(4,885,590)</u>		<u>(4,634,382)</u>
SHAREHOLDERS' FUNDS			<u>1,139,883</u>		<u>978,781</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2021 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
- (b) 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.

BALANCE SHEET - continued
30 JUNE 2021

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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 and authorised for issue on 26 August 2021 and were signed on its behalf by:

T A S Austin - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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.

Turnover

Turnover represents

a) 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.

b) The amounts earned on consulting work including reporting, which is recognised when invoiced based on stage of completion.

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

Government grants

Government grants are recognised using the accrual model and classified as either a revenue based grant or a capital based grant. Revenue based grants are recognised on a systematic basis over the period in which the entity recognises the related costs for which the grant is intended to compensate.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

2. **ACCOUNTING POLICIES - continued**

Financial instruments

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

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.

Contingent assets

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

2. **ACCOUNTING POLICIES - continued**

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 82 (2020 - 73) .

4. **INTANGIBLE FIXED ASSETS**

	Goodwill	Other intangible assets	Totals
	£	£	£
COST			
At 1 July 2020	155,000	4,348,464	4,503,464
Additions	-	1,707,396	1,707,396
At 30 June 2021	155,000	6,055,860	6,210,860
AMORTISATION			
At 1 July 2020	135,500	1,512,640	1,648,140
Charge for year	6,000	868,993	874,993
At 30 June 2021	141,500	2,381,633	2,523,133
NET BOOK VALUE			
At 30 June 2021	13,500	3,674,227	3,687,727
At 30 June 2020	19,500	2,835,824	2,855,324

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021**

5. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 July 2020	99,826	72,521	129,148	301,495
Additions	-	5,099	40,477	45,576
Disposals	-	-	(1,315)	(1,315)
At 30 June 2021	<u>99,826</u>	<u>77,620</u>	<u>168,310</u>	<u>345,756</u>
DEPRECIATION				
At 1 July 2020	39,100	54,103	101,484	194,687
Charge for year	9,983	13,208	23,566	46,757
Eliminated on disposal	-	-	(1,315)	(1,315)
At 30 June 2021	<u>49,083</u>	<u>67,311</u>	<u>123,735</u>	<u>240,129</u>
NET BOOK VALUE				
At 30 June 2021	<u>50,743</u>	<u>10,309</u>	<u>44,575</u>	<u>105,627</u>
At 30 June 2020	<u>60,726</u>	<u>18,418</u>	<u>27,664</u>	<u>106,808</u>

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 July 2020 and 30 June 2021	<u>100</u>
NET BOOK VALUE	
At 30 June 2021	<u>100</u>
At 30 June 2020	<u>100</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.21	30.6.20
	£	£
Trade debtors	1,005,744	742,029
Other debtors	<u>288,794</u>	<u>243,318</u>
	<u>1,294,538</u>	<u>985,347</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

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

	30.6.21	30.6.20
	£	£
Bank loans and overdrafts	100,000	833
Trade creditors	104,385	91,116
Taxation and social security	474,254	629,141
Other creditors	<u>3,427,462</u>	<u>2,528,806</u>
	<u>4,106,101</u>	<u>3,249,896</u>

The figure for other creditors includes accruals and deferred revenue of £3,399,049 (2020: £2,397,398).

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

	30.6.21	30.6.20
	£	£
Bank loans	900,000	49,167
Other creditors	<u>49,000</u>	<u>767,751</u>
	<u>949,000</u>	<u>816,918</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	<u>100,000</u>	<u>-</u>

10. **LEASING AGREEMENTS**

The minimum lease payments falling due for operating leases total £67,232 (2020: £220,205).

11. **SECURED DEBTS**

The following secured debts are included within creditors:

	30.6.21	30.6.20
	£	£
Bank loans	<u>1,000,000</u>	<u>-</u>

The bank loan outstanding is repayable in installments. The amount due after more than 5 years is £100,000. The bank loan is secured by a fixed and floating charge over the company's assets.

12. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			30.6.21	30.6.20
Number:	Class:	Nominal value:	£	£
342,631	Ordinary	0.001	343	341
3,261	A Ordinary	0.001	<u>3</u>	<u>3</u>
			<u>346</u>	<u>344</u>

1,500 Ordinary shares of 0.001 each were allotted as fully paid at a premium of £0.999 per share during the year.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

13. **RESERVES**

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1 July 2020	(4,634,382)	5,119,117	493,702	978,437
Deficit for the year	(251,208)			(251,208)
Share options	-	-	410,809	410,809
Cash share issue	-	1,499	-	1,499
At 30 June 2021	<u>(4,885,590)</u>	<u>5,120,616</u>	<u>904,511</u>	<u>1,139,537</u>

14. **RELATED PARTY DISCLOSURES**

Included within 'other creditors due after more than one year' is a loan of £49,000 from one of the directors.

15. **SHARE-BASED PAYMENT TRANSACTIONS**

In February 2018 an equity-settled share-based payment plan was implemented.

Throughout year ended 30th June 2021 a total of 21,490 additional share options were issued to staff as part of this scheme.

The first options issued in December 2020 totalled 6,468 and had a strike price of £11.50 per share with the expectation that 6,384 share options will be vested. The fair value, using the Black Scholes model, is £37.22 per share. The exercise date is 31 July 2021.

The second options issued in December 2020 totalled 15,022 and had a strike price of £11.50 per share with the expectation that 9,721 share options will be vested. The fair value, using the Black Scholes model, is £37.32 per share. The exercise date is 31 July 2023.

The accounts reflect the amount of £410,809 (2020: £289,800) applicable to the year as a cost in the profit and loss which is shown in the fair value reserve.

16. **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.

17. **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 30 June 2021 was £3,253,167 (2020: £2,313,902).

18. **CONTINGENT ASSETS**

The company will complete a Research and Development tax credit claim for the financial year ending 30th June 2021 after the year end. If the claim is successful then the expected tax credit will be £346,639.

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