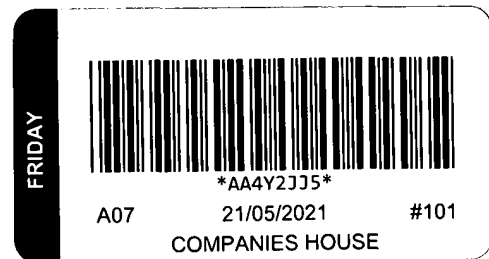


Company Registration No. 03248469 (England and Wales)

CINTRA HR & PAYROLL SERVICES LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2020



CINTRA HR & PAYROLL SERVICES LTD

COMPANY INFORMATION

Directors	S Aspland D Brooker E M Dunmore M Marinos
Company number	03248469
Registered office	Computer House 353 High Street Gateshead Tyne and Wear NE8 1ET
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne United Kingdom NE1 4AD

CINTRA HR & PAYROLL SERVICES LTD

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2020

The directors present the strategic report for the 9 month period ended 31 March 2020.

On 20th December 2019 Cintra HR & Payroll Services Ltd was acquired by Payroll Software and Services Group Limited. The Company operates within the PSSG Group of Companies headed by the ultimate parent Company, Payroll Software and Services Group Topco Limited.

Principal activity

The principal activity of the Company in the period under review continued to be the development and supply of payroll and HR software and services within the UK.

Review of business

The Company uses its' award winning software in two ways; as a saleable product, the rights to which are bought on licence, and within outsourced payroll services provision alongside enhanced support on payroll matters.

For the nine months to 31 March 2020 the Board can report a growth in turnover to £4.4 million (prior year pro-rata 9 months; £4.2 million) and £414k operating profit (prior year pro-rata 9 months; £340k). Gross profit margin in the period increased to 59% compared to 34% in the year to 30 June 2019.

Key performance indicators

The Company produces an annual budget and reports on the financial performance against this on a monthly basis with detailed analysis of income and expenses. All significant variances are investigated and explained. The key performance indicators during the period were as follows:

	31 Mar 2020	30 Jun 2019
	9 months	12 months
	£000s	£000s
Turnover	4,446	5,583
Gross profit	2,616	1,909
Gross profit margin	59%	34%
EBITDA	554	641
EBITDA margin	12%	11%
Net assets	3,699	3,315

Principal risks and uncertainties

The Directors are aware that the Company is susceptible to risks and uncertainties and have identified the following principal risks which are monitored on a regular basis.

Market and economic risk

The Company are exposed to the risk of a downturn in general economic conditions affecting its customers and mitigates this by widening the customer base and further penetration into the education sector which is less exposed. The effect on the UK economy of the coronavirus pandemic has not had a significant impact on the Company's trading due to the essential nature of our services to our customers however growth has been muted due to clients in the hospitality, leisure and tourism sectors employing fewer people than pre-pandemic.

CINTRA HR & PAYROLL SERVICES LTD

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

Principal risks and uncertainties (continued)

Data protection risk

The Company makes protecting our customers' data a key priority and has a dedicated team member who continually reviews, tests and updates our systems and processes to provide the highest level of protection, along with external GDPR support. The Company complies with IS9001 and will be obtaining ISO27001 in the coming year. The Company also has regular audits of its software and systems as a result of being accredited by external entities.

Technological risk

The Company is reliant on the use of computer and digital communication systems and has invested in its own infrastructure and developed a robust business continuity plan in association with key business partners to ensure continuity of its services.

Funding and acidity risk

The Company recognises the importance of managing its working capital position and having adequate funding to ensure sufficient liquidity to meet its financial commitments.

Geopolitical risk

The company operates extensively in the United Kingdom and therefore is not exposed to geopolitical risks directly associated with Brexit. Potential changes in taxation and UK employment regulations are identified, monitored and where possible mitigated.

Outlook and future developments

During 2020 the Coronavirus pandemic caused unprecedented uncertainty. The Company reacted quickly and efficiently, initiating home working for all its staff. The economy was impacted with delayed investment and expansion which results in a contraction of new business opportunities, but the Company is well placed being an essential service to our customers.

The Company continue to develop its Cintra suite of software products to broaden its compatibility for a wider range of customers and to improve productivity in its use by our outsourced services team. Further innovations to make both the software and services market leading continue to be progressed. These developments are part of the strategy to widen the customer base and penetrate existing sectors further in order to ensure we grow in a challenging period.

On behalf of the board



E M Dunmore

Director

Date:

20/5/21

CINTRA HR & PAYROLL SERVICES LTD

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the period ended 31 March 2020.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

S Aspland	(Appointed 11 December 2020)
D Brooker	(Appointed 27 July 2020)
E M Dunmore	(Appointed 20 December 2019)
C Staehr	(Resigned 26 February 2021)
G Dougal	(Resigned 20 December 2019)
L Donelly	(Appointed 27 July 2020 and resigned 18 December 2020)
H Keegan	(Resigned 20 December 2019)
J McEvoy	(Resigned 20 December 2019)
M Marinos	(Appointed 24 March 2021)

Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid (2019: £77,500). The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP were appointed on 16 November 2020 as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



E M Dunmore

Director

Date: 20/5/21

CINTRA HR & PAYROLL SERVICES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 MARCH 2020

The directors are responsible for preparing the Strategic Report and 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINTRA HR & PAYROLL SERVICES LTD

Opinion

We have audited the financial statements of Cintra HR & Payroll Services Ltd (the 'company') for the period ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 company's affairs as at 31 March 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINTRA HR & PAYROLL SERVICES LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

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.

RSM UK Audit LLP

Rachel Fleming (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
United Kingdom, NE1 4AD

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20 May 2021

CINTRA HR & PAYROLL SERVICES LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020

		Period ended 31 March 2020	Year ended 30 June 2019 as restated
	Notes	£	£
Turnover		4,445,648	5,582,579
Cost of sales		(1,829,390)	(3,673,950)
Gross profit		2,616,258	1,908,629
Administrative expenses		(2,207,217)	(1,480,527)
Other operating income		4,825	25,477
Operating profit	6	413,866	453,579
Interest receivable and similar income	7	2,220	2,918
Interest payable and similar expenses	8	-	(9,592)
Profit before taxation		416,086	446,905
Tax on profit	9	(32,601)	(72,001)
Profit for the financial period		383,485	374,904

CINTRA HR & PAYROLL SERVICES LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020		2019 as restated	
		£	£	£	£
Fixed assets					
Goodwill	11		997,500		1,065,000
Tangible assets	12		479,607		508,440
			<u>1,477,107</u>		<u>1,573,440</u>
Current assets					
Stocks	13		-		1,909
Debtors	15	2,530,697		1,623,583	
Cash at bank and in hand	14	1,404,142		2,108,774	
			<u>3,934,839</u>		<u>3,734,266</u>
Creditors: amounts falling due within one year	16	(1,676,179)		(1,415,260)	
Net current assets			<u>2,258,660</u>		<u>2,319,006</u>
Total assets less current liabilities			<u>3,735,767</u>		<u>3,892,446</u>
Creditors: amounts falling due after more than one year	17		-		(550,063)
Provisions for liabilities	19		(37,155)		(27,256)
Net assets			<u><u>3,698,612</u></u>		<u><u>3,315,127</u></u>
Capital and reserves					
Called up share capital	22		100		100
Other reserves	23		-		16,148
Profit and loss reserves	23	3,698,512		3,298,879	
Total equity			<u><u>3,698,612</u></u>		<u><u>3,315,127</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 May 2021 and are signed on its behalf by:



E M Dunmore
Director

CINTRA HR & PAYROLL SERVICES LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
As restated for the period ended 30 June 2019:					
Balance at 1 July 2018		100	25,740	3,233,050	3,258,890
Correction of prior period error		-	-	(241,167)	(241,167)
As restated		100	25,740	2,991,883	3,017,723
Period ended 30 June 2019:					
Profit and total comprehensive income for the period (as restated)		-	-	374,904	374,904
Dividends	10	-	-	(77,500)	(77,500)
Transfers		-	(9,592)	9,592	-
Balance at 30 June 2019 (as restated)		100	16,148	3,298,879	3,315,127
Period ended 31 March 2020:					
Profit and total comprehensive income for the period		-	-	383,485	383,485
Transfers		-	(16,148)	16,148	-
Balance at 31 March 2020		100	-	3,698,512	3,698,612

CINTRA HR & PAYROLL SERVICES LTD

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(555,992)		633,696
Interest paid			-		(9,592)
Income taxes refunded/(paid)			35,301		(155,000)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(520,691)		469,104
Investing activities					
Purchase of tangible fixed assets		(43,615)		(21,477)	
Interest received		2,220		2,918	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(41,395)		(18,559)
Financing activities					
Repayment of borrowings		(142,546)		(4,543)	
Dividends paid		-		(77,500)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(142,546)		(82,043)
Net (decrease)/increase in cash and cash equivalents			(704,632)		368,502
Cash and cash equivalents at beginning of period			2,108,774		1,740,272
			<u> </u>		<u> </u>
Cash and cash equivalents at end of period			1,404,142		2,108,774
			<u> </u>		<u> </u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies

Company information

Cintra HR & Payroll Services Ltd (the 'company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Computer House, 353 High Street, Gateshead, Tyne and Wear, NE8 1ET.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

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", including the early adoption of the triennial review amendments issued in December 2017 ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The Company is part of a group headed by Payroll Software and Services Group Topco Limited. The group manages its day to day working capital requirements, at a group level, through its available cash resources, cash flow from operating activities and shareholder loan notes.

The Directors have considered the Group's forecast financial performance for the period to 31 March 2022. The Group have also confirmed that they will continue to ensure financial support is provided to the Company for, at least, a period of 12 months from the date of approval of the financial statements.

Consequently, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing the financial statements.

Reporting period

The company changed its reporting period to 31 March 2020 to be in line with its parent company. The accounts represent a 9 month period and so the amounts in the financial statements are not entirely comparable to the previous 12 months ended 30 June 2019.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Payroll bureau services - revenue from payroll bureau services is recognised on a straight line basis over the period to which the bureau service relates.

Software implementation services - revenue is recognised as work is performed. For fixed price implementation projects, revenue is recognised based on the stage of completion of the work, taking into account expected costs to completion

Software maintenance services revenue is recognised on a straight-line basis over the period to which the maintenance services relates.

To the extent that invoices profiles, per customer agreements, differ from revenue recognition as described above, adjustments are made through other debtors and other creditors as required.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years for goodwill on the incorporation of the company and 2 years for purchased goodwill.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long term leasehold property	2% straight line
Plant and equipment	33% reducing balance
Fixtures and fittings	15%-33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Prior period adjustment

Changes to the statement of financial position

	At 30 June 2019			As restated £
	As previously reported £	Adjustment at 1 Jul 2018 £	Adjustment at 30 Jun 2019 £	
Creditors due within one year				
Corporation tax	(101,316)	-	19,430	(81,886)
Accruals and deferred income	(515,554)	(241,167)	(102,265)	(858,986)
Net assets	<u>3,639,129</u>	<u>(241,167)</u>	<u>(82,835)</u>	<u>3,315,127</u>
Capital and reserves				
Profit and loss	<u>3,622,881</u>	<u>(241,167)</u>	<u>(82,835)</u>	<u>3,298,879</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

3 Prior period adjustment (Continued)

Changes to the income statement

	Period ended 30 June 2019		
	As previously reported	Adjustment	As restated
	£	£	£
Cost of sales	(3,571,685)	(102,265)	(3,673,950)
Taxation	(91,431)	19,430	(72,001)
Profit after taxation	<u>457,739</u>	<u>(82,835)</u>	<u>374,904</u>

During the prior period the cost of software licenses used by the company were under accrued as a result of an error in interpretation of available information. The usage has now been fully reassessed and the license fees correctly included in the financial statements.

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2020 Number	2019 Number
Administration	9	4
Direct	94	91
	<u>103</u>	<u>95</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,407,624	3,092,590
Social security costs	241,507	301,315
Pension costs	49,012	47,747
	<u>2,698,143</u>	<u>3,441,652</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

5	Directors' remuneration	2020	2019
		£	£
	Remuneration for qualifying services	141,045	185,469
	Company pension contributions to defined contribution schemes	987	934
		<u>142,032</u>	<u>186,403</u>
6	Operating profit	2020	2019
	Operating profit for the period is stated after charging:	£	£
	Fees payable to the company's auditor for the audit of the company's financial statements	10,000	8,790
	Depreciation of owned tangible fixed assets	72,448	96,972
	(Profit)/loss on disposal of tangible fixed assets	-	1,508
	Amortisation of intangible assets	67,500	90,000
		<u>150,948</u>	<u>197,270</u>
7	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Interest on bank deposits	2,220	2,918
		<u>2,220</u>	<u>2,918</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	2,220	2,918
		<u>2,220</u>	<u>2,918</u>
8	Interest payable and similar expenses	2020	2019
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	-	9,592
		<u>-</u>	<u>9,592</u>
9	Taxation	2020	2019
		£	as restated £
	Current tax		
	UK corporation tax on profits for the current period	92,358	117,048
	Adjustments in respect of prior periods	(69,656)	(35,184)
	Total current tax	<u>22,702</u>	<u>81,864</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

9 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	9,899	(9,863)
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Total tax charge	32,601	72,001
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The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020	2019
	£	as restated £
Profit before taxation	416,086	446,905
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	79,056	84,912
Tax effect of expenses that are not deductible in determining taxable profit	1,724	995
Tax effect of income not taxable in determining taxable profit	-	(568)
Change in unrecognised deferred tax assets	3,645	1,868
Adjustments in respect of prior years	(69,656)	(35,184)
Group relief	(7,972)	-
Tax at marginal rate	-	1,358
Fixed asset differences	22,169	18,620
Remeasurement of deferred tax for changes in tax rates	3,635	-
Taxation charge for the period	32,601	72,001

10 Dividends

	2020	2019
	£	£
Interim paid	-	77,500

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2019 and 31 March 2020	1,807,896
Amortisation and impairment	
At 1 July 2019	742,896
Amortisation charged for the period	67,500
At 31 March 2020	810,396
Carrying amount	
At 31 March 2020	997,500
At 30 June 2019	1,065,000

Goodwill is made up of amounts purchased on incorporation of the business and other purchased goodwill. Purchased goodwill is amortised over the useful life of 2 years. Goodwill on incorporation is amortised over the useful life of 20 years. The directors believes this life to be reasonable and appropriate based on the long life of other software products in the market, the high product development costs as past of the barrier to market entry, the conservative behaviour of customers and the relative stability of the market.

12 Tangible fixed assets

	Long term leasehold property £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 July 2019	400,000	494,525	59,061	953,586
Additions	-	24,128	19,487	43,615
At 31 March 2020	400,000	518,653	78,548	997,201
Depreciation and impairment				
At 1 July 2019	73,333	323,700	48,113	445,146
Depreciation charged in the period	6,000	55,985	10,463	72,448
At 31 March 2020	79,333	379,685	58,576	517,594
Carrying amount				
At 31 March 2020	320,667	138,968	19,972	479,607
At 30 June 2019	326,667	170,825	10,948	508,440

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

13	Stocks		2020	2019
			£	£
	Finished goods and goods for resale		-	1,909
14	Cash held as client money			
	Included within cash at bank and in hand is a value of £145,743 held as client money.			
15	Debtors		2020	2019
				as restated
	Amounts falling due within one year:		£	£
	Trade debtors		1,068,894	1,477,235
	Amounts owed by group undertakings		1,226,101	-
	Other debtors		111,795	4,481
	Prepayments and accrued income		123,907	141,867
			<u>2,530,697</u>	<u>1,623,583</u>
16	Creditors: amounts falling due within one year		2020	2019
				as restated
		Notes	£	£
	Other borrowings	18	-	42,267
	Payments received on account		-	14,582
	Trade creditors		94,642	71,092
	Corporation tax		139,889	81,886
	Other taxation and social security		154,635	149,400
	Other creditors		204,443	197,047
	Accruals and deferred income		1,082,570	858,986
			<u>1,676,179</u>	<u>1,415,260</u>
17	Creditors: amounts falling due after more than one year		2020	2019
		Notes	£	£
	Other borrowings	18	-	100,279
	Other creditors		-	449,784
			<u>-</u>	<u>550,063</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

18 Borrowings

	2020 £	2019 £
Other loans	-	142,546
Payable within one year	-	42,267
Payable after one year	-	100,279

The long-term loans were secured by fixed and floating charges over the assets of the company.

19 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	20	37,155	27,256

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Fixed asset timing differences	37,992	27,256
Short term timing differences	(837)	-
	<u>37,155</u>	<u>27,256</u>
Movements in the period:		2020 £
Liability at 1 July 2019		27,256
Charge to profit or loss		9,899
Liability at 31 March 2020		<u>37,155</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

21 Retirement benefit schemes	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	49,012	47,747
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Accrued contributions due to the scheme are included in creditors and amount to £14,337 (2019: £16,643).

22 Share capital	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
	100	100
	<u> </u>	<u> </u>

The company has one class of ordinary shares which carry no right to fixed income and carry one vote per share.

23 Reserves

Other reserves

Other reserves are made up of amounts recognised as unrealised profits or losses on the initial recognition of financial instruments at the present value of future payments discounted at a market rate of interest for a similar debt instrument, and subsequently measured at amortised cost.

Profit and loss reserves

Cumulative profit and loss attributable to the company, net of distributions to owners.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

24 Cash generated from operations

	2020 £	2019 £
Profit for the period after tax	383,485	374,904
Adjustments for:		
Taxation charged	32,601	72,001
Finance costs	-	9,592
Investment income	(2,220)	(2,918)
(Gain)/loss on disposal of tangible fixed assets	-	1,508
Amortisation and impairment of intangible assets	67,500	90,000
Depreciation and impairment of tangible fixed assets	72,448	96,972
Movements in working capital:		
Decrease in stocks	1,909	1,214
(Increase) in debtors	(907,114)	(132,627)
(Decrease)/increase in creditors	(204,601)	123,050
Cash (absorbed by)/generated from operations	<u>(555,992)</u>	<u>633,696</u>

25 Analysis of changes in net funds

	1 July 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	2,108,774	(704,632)	1,404,142
Borrowings excluding overdrafts	(178,612)	178,612	-
	<u>1,930,162</u>	<u>(526,020)</u>	<u>1,404,142</u>

26 Financial commitments, guarantees and contingent liabilities

Bank guarantees given by the company are secured by a first legal mortgage and mortgage debenture, dated 20 December 2010, over all assets of the company and Computer House. Computer House, a property included within tangible fixed assets, has a net book value at the year end of £320,667 (2019 - £326,667).

During the year ended 2016, one of the directors personally guaranteed a loan, of which £nil (2019 - £42,718) is included within other creditors falling due within one year and £nil (2019 - £100,280) is included within other creditors falling after one year.

No liabilities are expected to arise in respect of the above guarantees.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

27 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	-	22,720

28 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

	2020	2019
	£	£
Amounts due to related parties		
Director loans	-	485,850
Other related parties	-	142,546

29 Directors' transactions

Dividends totalling £0 (2019 - £77,500) were paid in the period in respect of shares held by the company's directors.

30 Ultimate controlling party

On 20 December 2019, the entire share capital of Cintra HR & Payroll Services Ltd was acquired by Payroll Software & Services Limited.

Payroll Software & Services Group Limited, a company registered in England and Wales, is the immediate parent company.

Payroll Software & Services Group Topco Limited, a company registered in England and Wales, is the smallest group for which consolidated accounts including Cintra HR & Payroll Services Ltd are prepared. The consolidated accounts can be obtained from Payroll Software & Services Group Topco Limited's registered office which is Computer House, High Street, Gateshead, NE8 1ET.