

Company Registration No. 03248469 (England and Wales)

CINTRA HR & PAYROLL SERVICES LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022

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CINTRA HR & PAYROLL SERVICES LTD

COMPANY INFORMATION

Directors	S Aspland D E Brooker E M Dunmore M Marinos L J Stone
Company number	03248469
Registered office	Maling Exchange Hoults Yard Walker Road Newcastle Upon Tyne NE6 2HL
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 YEAR ENDED 31 MARCH 2022

The Directors present their strategic report together with the audited financial statements for the year to 31 March 2022.

Principal activity

The principal activity of the Company in the year 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 year to 31 March 2022 the Board can report a growth in turnover to £6.15 million (2021: £6.08 million) and EBITDA of £0.3M after expensing £0.2M on moving new business acquired onto the Cintra product set and £0.2M on non-capitalised software development.

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 March 2022	31 March 2021 (as restated)
	£000s	£000s
Turnover	6,150	6,084
Gross profit	2,301	3,302
Gross profit margin	37%	54%
EBITDA *	295	848
EBITDA margin	4.8%	13.9%
Net assets	4,098	4,349

* EBITDA is shown after excluding exceptional costs

CINTRA HR & PAYROLL SERVICES LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 is exposed to the risk of a downturn in general economic conditions affecting the customers of the operating subsidiaries and mitigates this by widening the customer base, particularly through further penetration into the education sector which is less exposed. It has also been developing the product range and continues to do so in order that penetration into the existing customer base deepens.

Data protection risk

The Company makes protecting customers' data a key priority and has a dedicated team who continually review, test and update our systems and processes to provide the highest level of protection, along with external GDPR support. The Company complies with ISO9001 and ISO27001. 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. Towards the end of the year under review increased cyber risk warnings were raised in the UK and in response the Company instigated a full cyber review to make recommendations of how the Company can mitigate those risks.

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 direct geopolitical risks. Potential changes in taxation and UK employment regulations are identified, monitored and where possible mitigated.

Outlook and future developments

During 2022 the Company solidified its position through product and service improvements and we continue to develop the Cintra suite of software products to broaden their 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.

The strategy of the parent, Payroll Software and Services Group Limited to expand through the acquisition of similar and related businesses resulted in addition of three new businesses in the group during the year. In the year ahead the customers of those businesses will be migrated onto the Cintra product set which will mean the Company benefits from a significant boost to economies of scale. Since April '22 the Group has acquired two further businesses and has pipeline for further targets.

CINTRA HR & PAYROLL SERVICES LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board



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E M Dunmore
Director

Date: 02/02/23

CINTRA HR & PAYROLL SERVICES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid (2021: £nil). The directors do not recommend payment of a final dividend.

Directors

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

S Aspland

D E Brooker

E M Dunmore

M Marinos

L J Stone

(Appointed 31 May 2022)

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal activities and future developments.

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: 02/02/23

CINTRA HR & PAYROLL SERVICES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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;
- 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 Limited (the 'company') for the year ended 31 March 2022 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment legislation and data protection. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with the regulators where relevant.

The audit engagement team identified the risk of management override of controls and revenue recognition in respect of cut off as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in respect of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed in respect of revenue recognition in respect of cut off included but were not limited to testing revenue transactions around the year end to assess if they were recognised in the correct period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

Rachel Fleming

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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02/02/23

CINTRA HR & PAYROLL SERVICES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	as restated £
Turnover		6,149,572	6,084,107
Cost of sales		(3,914,659)	(2,782,002)
Gross profit		2,234,913	3,302,105
Administrative expenses		(3,473,464)	(2,880,408)
Other operating income		1,153,726	55,506
Exceptional item	4	-	(167,603)
Operating (loss)/profit	7	(84,825)	309,600
Interest receivable and similar income	8	-	885
(Loss)/profit before taxation		(84,825)	310,485
Tax on (loss)/profit	9	(166,150)	(94,707)
(Loss)/profit for the financial year		(250,975)	215,778

CINTRA HR & PAYROLL SERVICES LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		817,500		907,500
Other intangible assets	11		1,365,077		1,109,731
Total intangible assets			2,182,577		2,017,231
Tangible assets	12		619,102		494,596
			2,801,679		2,511,827
Current assets					
Debtors	14	4,304,461		3,379,093	
Cash at bank and in hand		653,230		299,499	
		4,957,691		3,678,592	
Creditors: amounts falling due within one year	15	(3,239,528)		(1,583,988)	
Net current assets			1,718,163		2,094,604
Total assets less current liabilities			4,519,842		4,606,431
Provisions for liabilities	16		(422,172)		(257,786)
Net assets			4,097,670		4,348,645
Capital and reserves					
Called up share capital	19		100		100
Profit and loss reserves	20		4,097,570		4,348,545
Total equity			4,097,670		4,348,645

The financial statements were approved by the board of directors and authorised for issue on 02/02/23 and are signed on its behalf by:



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E M Dunmore
Director

CINTRA HR & PAYROLL SERVICES LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2020 as restated*	100	4,132,767	4,132,867
Year ended 31 March 2021 as restated*			
Profit and total comprehensive income for the year	-	215,778	215,778
Balance at 31 March 2021 as restated*	100	4,348,545	4,348,645
Year ended 31 March 2022:			
Loss and total comprehensive income for the year	-	(250,975)	(250,975)
Balance at 31 March 2022	100	4,097,570	4,097,670

*The prior period adjustment relates to a change in accounting policy to capitalise software development costs.
Further information is contained in note 3 to the financial statements.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 Maling Exchange, Hoults Yard, Walker Road, Newcastle Upon Tyne, NE6 2HL.

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" ("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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments': Interest income/expense and net gains/losses for financial instruments not measured at fair value;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Payroll Software & Services Group Topco Limited. These consolidated financial statements are available from its registered office, Maling Exchange, Hoults Yard, Walker Road, Newcastle Upon Tyne, NE6 2HL.

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. 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.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for 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.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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.

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.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	20% straight line
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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).

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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.

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.

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.

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.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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.

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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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.

Capitalisation of development costs

The capitalisation of development expenditure is dependent on the costs meeting the recognition criteria in accordance with Section 18 of FRS 102 'Intangible Assets other than goodwill'. In assessing the criteria, management makes judgements over which costs/activities meet the definition to be capitalised in accordance with FRS102.

3 Prior period adjustment

During the current period the directors reassessed the accounting policy regarding development costs. They consider that given the sector in which the company operates, capitalising development costs more suitably reflects the asset base of the company. The directors therefore reassessed the total software development costs to date and have made a prior period adjustment accordingly, to capture and capitalise eligible development costs – moving costs from administrative expenses in the profit and loss account to intangible assets within the statement of financial position with an appropriate amortisation charge. As a result of these changes deferred tax liability increased to £257,786 split across the relevant periods as shown below.

The impact of the prior period adjustment is shown below:

Changes to the statement of financial position

	As previously reported £	At 31 March 2021		As restated £
		Adjustment at 1 Apr 2020 £	Adjustment at 31 Mar 2021 £	
Fixed assets				
Other intangibles	-	536,117	573,614	1,109,731
Provisions for liabilities				
Deferred tax	(46,937)	(101,862)	(108,987)	(257,786)
Net assets	<u>3,449,763</u>	<u>434,255</u>	<u>464,627</u>	<u>4,348,645</u>
Capital and reserves				
Profit and loss	<u>3,449,663</u>	<u>434,255</u>	<u>464,627</u>	<u>4,348,545</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Prior period adjustment (Continued)

Changes to the income statement

	Year ended 31 March 2021		
	As previously reported	Adjustment	As restated
	£	£	£
Administrative expenses	(3,454,022)	573,614	(2,880,408)
(Loss)/profit before taxation	(263,129)	573,614	310,485
Taxation	14,280	(108,987)	(94,707)
(Loss)/profit after taxation	(248,849)	464,627	215,778

4 Exceptional item

	2022	2021
	£	£
Expenditure		
Exceptional item - Administrative costs	-	167,603

Exceptional costs relate to exit costs, settlements and aborted project costs.

5 Employees

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

	2022	2021
	Number	Number
Administration	54	9
Direct	62	100
Total	116	109

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	4,130,305	3,486,523
Social security costs	402,586	349,038
Pension costs	79,436	65,718
	4,612,327	3,150,628

Wages and salaries costs include £581,748 (2021 - as restated: £750,651) which are capitalised in intangibles.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	-	224,879
Company pension contributions to defined contribution schemes	-	16,975
	<u>-</u>	<u>241,854</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 1).

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

	2022 £	2021 £
Remuneration for qualifying services	n/a	172,379
Company pension contributions to defined contribution schemes	n/a	15,000
	<u>n/a</u>	<u>15,000</u>

In the year to 31 March 2022 the directors were remunerated via another group company, Payroll Software and Services Group Limited. An apportionment of these costs to the company were included as part of the management charge of £100,000 (2021: £100,000).

7 Operating (loss)/profit

	2022 £	2021 as restated £
Operating (loss)/profit for the year is stated after charging/(crediting):	£	£
Government grants	-	(52,568)
Fees payable to the company's auditor for the audit of the company's financial statements	11,000	10,000
Depreciation of owned tangible fixed assets	82,425	104,161
Impairment of owned tangible fixed assets	54,470	-
Amortisation of intangible assets	416,402	267,037
Operating lease charges	159,376	-
	<u>159,376</u>	<u>-</u>

8 Interest receivable and similar income

	2022 £	2021 £
Interest income	-	885
Interest on bank deposits	-	-
	<u>-</u>	<u>-</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	14,369	-
Adjustments in respect of prior periods	(12,605)	(24,062)
Total current tax	<u>1,764</u>	<u>(24,062)</u>
Deferred tax		
Origination and reversal of timing differences	<u>164,386</u>	<u>118,769</u>
Total tax charge	<u>166,150</u>	<u>94,707</u>

The total tax charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 as restated £
(Loss)/profit before taxation	<u>(84,825)</u>	<u>310,485</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(16,117)	58,992
Tax effect of expenses that are not deductible in determining taxable profit	15,343	16,009
Adjustments in respect of prior years	(16,136)	(24,062)
Research and development tax credit	14,369	-
Deferred tax adjustments in respect of prior years	3,417	-
Fixed asset differences	63,953	43,768
Remeasurement of deferred tax for changes in tax rates	<u>101,321</u>	<u>-</u>
Taxation charge for the year	<u>166,150</u>	<u>94,707</u>

Factors that may affect the future, current and total tax charge:

In the Budget on 3 March 2021, the UK government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 31 March 2022.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Property, plant and equipment	12	54,470	-
Recognised in:			
Administrative expenses		54,470	-

11 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 April 2021 (as restated)	1,807,896	1,389,549	3,197,445
Additions	-	581,748	581,748
At 31 March 2022	1,807,896	1,971,297	3,779,193
Amortisation and impairment			
At 1 April 2021 (as restated)	900,396	279,818	1,180,214
Amortisation charged for the year	90,000	326,402	416,402
At 31 March 2022	990,396	606,220	1,596,616
Carrying amount			
At 31 March 2022	817,500	1,365,077	2,182,577
At 31 March 2021 (as restated)	907,500	1,109,731	2,017,231

More information on impairment movements in the year is given in note 10.

Amortisation of intangible assets is recognised in administrative expenses.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Long term leasehold property	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2021	400,000	627,115	89,236	1,116,351
Additions	-	163,730	97,671	261,401
At 31 March 2022	400,000	790,845	186,907	1,377,752
Depreciation and impairment				
At 1 April 2021	87,333	470,581	63,841	621,755
Depreciation charged in the year	62,667	-	19,758	82,425
Impairment losses	-	54,470	-	54,470
At 31 March 2022	150,000	525,051	83,599	758,650
Carrying amount				
At 31 March 2022	250,000	265,794	103,308	619,102
At 31 March 2021	312,667	156,534	25,395	494,596

More information on impairment movements in the year is given in note 10.

13 Cash held as client money

Included within cash at bank and in hand is a value of £292,539 (2021 - £208,342) held as client money.

14 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,056,554	846,614
Corporation tax recoverable	208,178	-
Amounts owed by group undertakings	2,547,866	2,403,539
Other debtors	243,005	6,110
Prepayments and accrued income	248,858	122,830
	<u>4,304,461</u>	<u>3,379,093</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	219,950	240,793
Amounts owed to group undertakings	1,455,179	264,775
Corporation tax	-	48,866
Other taxation and social security	280,793	231,759
Other creditors	536,306	208,342
Accruals and deferred income	747,300	589,453
	<u>3,239,528</u>	<u>1,583,988</u>

16 Provisions for liabilities

	Notes	2022 £	2021 as restated £
Deferred tax liabilities	17	<u>422,172</u>	<u>257,786</u>

17 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Fixed asset timing differences	532,062	260,887
Short term timing differences	(2,205)	(3,101)
Losses and other deductions	(107,685)	-
	<u>422,172</u>	<u>257,786</u>
Movements in the year:		2022 £
Liability at 1 April 2021 (as restated)		257,786
Charge to profit or loss		164,386
Liability at 31 March 2022		<u>422,172</u>

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

18 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	79,436	65,718

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 £20,647 (2021: £16,325).

19 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

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

20 Reserves

Profit and loss reserves

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

21 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 £250,000 (2021 - £312,667).

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

At 31 March 2022, the company and its fellow group companies have cross guarantee arrangements in connection with loan notes. The total group liability under these arrangements at 31 March 2022 amounted to £20,581,900 (2021: £15,208,910).

At 31 March 2022, the company has a charge in relation to BACS Bureau Sponsorship from Santander UK PLC.

CINTRA HR & PAYROLL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

22 Operating lease commitments

Lessee

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:

	2022 £	2021 £
Within one year	340,654	-
Between one and five years	877,975	-
	<u>1,218,629</u>	<u>-</u>

23 Related party transactions

Transactions with related parties

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

	Management charge	
	2022 £	2021 £
Other related parties	76,070	-
	<u>76,070</u>	<u>-</u>

24 Ultimate controlling party

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 and largest 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 Maling Exchange, Hoult's Yard, Walker Road, Newcastle Upon Tyne, NE6 2HL.

The ultimate controlling party is Tenzing PE I GP LLP.