

Company Registration No. 03248469 (England and Wales)

**CINTRA HR & PAYROLL SERVICES LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2021**



# CINTRA HR & PAYROLL SERVICES LTD

## COMPANY INFORMATION

---

<b>Directors</b>	S Aspland D Brooker E M Dunmore M Marinos
<b>Company number</b>	03248469
<b>Registered office</b>	Maling Exchange Hoults Yard Walker Road Newcastle Upon Tyne NE6 2HL
<b>Auditor</b>	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 2021

---

The directors present the strategic report for the year ended 31 March 2021.

#### 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 2021 the Board can report a small growth in turnover to £6.1 million (prior period pro-rata 12 months; £5.9 million). Gross profit margin in the year decreased to 54% compared to 59% in the nine months to 31 March 2020 due to an increase in salary costs.

The year saw a £264k operating loss (prior period pro-rata 12 months; £552k profit), with net profit margins reducing by 13.6%. Administrative costs rose pro-rata by just over £0.5m, with redundancy costs and professional fees from the restructure offset by reduction in travel costs due to the pandemic. One-off costs in relation to software projects amounted to over £0.5m and had a significant impact on the operating loss. Adding these one-off costs back shows a positive operating result of £274k.

As at 31 March 2021 the company was in a healthy position with net assets of £3.45m (2020: £3.70m) and net current assets of £2.09m (2020: £2.26m).

#### 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 2021	31 Mar 2020
	12 months	9 months
	£000s	£000s
Turnover	6,084	4,446
Gross profit	3,302	2,616
Gross profit margin	54%	59%
EBITDA (after exceptional costs)	98	554
EBITDA margin	2%	12%
Net assets	3,450	3,699

# CINTRA HR & PAYROLL SERVICES LTD

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### **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.

#### *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 the year the Coronavirus pandemic continued to cause unprecedented uncertainty. The Company continued to react quickly and efficiently, initiating home working for staff when needed. The Company is well placed being an essential service to our customers and expects to benefit from new business opportunities in the current year.

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.

**CINTRA HR & PAYROLL SERVICES LTD**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

---

On behalf of the board



E M Dunmore

Director

Date: 27/1/22

# CINTRA HR & PAYROLL SERVICES LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

---

The directors present their annual report and financial statements for the year ended 31 March 2021.

### Results and dividends

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

No ordinary dividends were paid (2020: £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	(Appointed 11 December 2020)
D Brooker	(Appointed 27 July 2020)
E M Dunmore	
C Staehr	(Resigned 26 February 2021)
L Donelly	(Appointed 27 July 2020 and resigned 18 December 2020)
M Marinos	(Appointed 24 March 2021)

### 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: .....

27/1/22

# **CINTRA HR & PAYROLL SERVICES LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 MARCH 2021**

---

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 Ltd (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 2021 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. 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 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 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 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 and board meeting minutes inquiries with directors and those charged with governance.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment legislation, data protection and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with the regulators where relevant as well as reviewed latest registration status on the Health and Safety Executive Website.

The audit engagement team identified the risk of management override of controls and revenue recognition around cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to the risk of management override of internal controls included but were not limited to testing journal entries and other adjustments made and evaluating the business rationale in relation to significant transactions that are unusual or outside the normal course of business. Audit procedures performed in relation to the cut off risk of revenue recognition included 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

.....  
28 January 2022

# CINTRA HR & PAYROLL SERVICES LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

---

		Year ended 31 March 2021 £	Period ended 31 March 2020 £
	Notes		
<b>Turnover</b>		6,084,107	4,445,648
Cost of sales		(2,782,002)	(1,829,390)
<b>Gross profit</b>		<u>3,302,105</u>	<u>2,616,258</u>
Administrative expenses		(3,454,022)	(2,207,217)
Other operating income		55,506	4,825
Exceptional item	3	(167,603)	-
<b>Operating (loss)/profit</b>	6	<u>(264,014)</u>	<u>413,866</u>
Interest receivable and similar income	7	885	2,220
<b>(Loss)/profit before taxation</b>		<u>(263,129)</u>	<u>416,086</u>
Tax on (loss)/profit	8	14,280	(32,601)
<b>(Loss)/profit for the financial year</b>		<u><u>(248,849)</u></u>	<u><u>383,485</u></u>

**CINTRA HR & PAYROLL SERVICES LTD****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	9		907,500		997,500
Tangible assets	10		494,596		479,607
			<u>1,402,096</u>		<u>1,477,107</u>
<b>Current assets</b>					
Debtors	12	3,379,093		2,530,697	
Cash at bank and in hand		299,499		1,404,142	
		<u>3,678,592</u>		<u>3,934,839</u>	
<b>Creditors: amounts falling due within one year</b>	13	(1,583,988)		(1,676,179)	
<b>Net current assets</b>			<u>2,094,604</u>		<u>2,258,660</u>
<b>Total assets less current liabilities</b>			<u>3,496,700</u>		<u>3,735,767</u>
<b>Provisions for liabilities</b>	14		(46,937)		(37,155)
<b>Net assets</b>			<u><u>3,449,763</u></u>		<u><u>3,698,612</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Profit and loss reserves	18		3,449,663		3,698,512
<b>Total equity</b>			<u><u>3,449,763</u></u>		<u><u>3,698,612</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27/1/22 and are signed on its behalf by:



E M Dunmore  
Director

# CINTRA HR & PAYROLL SERVICES LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

---

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 July 2019</b>	100	16,148	3,298,879	3,315,127
<b>Period ended 31 March 2020:</b>				
Profit and total comprehensive income for the period	-	-	383,485	383,485
Transfers	-	(16,148)	16,148	-
<b>Balance at 31 March 2020</b>	100	-	3,698,512	3,698,612
<b>Year ended 31 March 2021:</b>				
Loss and total comprehensive income for the year	-	-	(248,849)	(248,849)
<b>Balance at 31 March 2021</b>	100	-	3,449,663	3,449,763

---

---

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### 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, Hoult's 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, Hoult's 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 2021

---

#### 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.

#### **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).

#### **Cash and cash equivalents**

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

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### 1 Accounting policies (Continued)

##### **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 2021

---

#### 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.

#### 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.

#### 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.

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 3 Exceptional item

	2021	2020
	£	£
<b>Expenditure</b>		
Exceptional item - Administrative costs	167,603	-

Exceptional items relate to redundancy and settlement costs following the company restructure.

### 4 Employees

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

	2021	2020
	Number	Number
Administration	9	9
Direct	100	94
Total	109	103

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	3,486,523	2,407,624
Social security costs	349,038	241,507
Pension costs	65,718	49,012
	3,901,279	2,698,143

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 5 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	224,879	141,045
Company pension contributions to defined contribution schemes	16,975	987
	<u>241,854</u>	<u>142,032</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

In the year to 31 March 2021, one director was paid via another group company and the cost was recharged to this company for the period of which they were a director. The amount of the recharge was £54,475 being a recharge of directors remuneration of £52,500 and pension contributions of £1,975.

In addition to the above directors' remuneration, included within exceptional costs is an amount of £88,388 relating to compensation for the loss of office of a director.

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

	2021	2020
	£	£
Remuneration for qualifying services	172,379	-
Company pension contributions to defined contribution schemes	15,000	-
	<u>187,379</u>	<u>-</u>

As total directors' remuneration was less than £200,000 in the previous year, no disclosure is provided for that year.

### 6 Operating (loss)/profit

	2021	2020
	£	£
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	10,000	10,000
Depreciation of owned tangible fixed assets	104,161	72,448
Amortisation of intangible assets	90,000	67,500
	<u>151,593</u>	<u>150,000</u>

### 7 Interest receivable and similar income

	2021	2020
	£	£
<b>Interest income</b>		
Interest on bank deposits	885	2,220
	<u>885</u>	<u>2,220</u>

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 8 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	92,358
Adjustments in respect of prior periods	(24,062)	(69,656)
Total current tax	<u>(24,062)</u>	<u>22,702</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>9,782</u>	<u>9,899</u>
Total tax (credit)/charge	<u>(14,280)</u>	<u>32,601</u>

The total tax (credit)/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:

	2021	2020
	£	£
(Loss)/profit before taxation	<u>(263,129)</u>	<u>416,086</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(49,995)	79,056
Tax effect of expenses that are not deductible in determining taxable profit	16,009	1,724
Change in unrecognised deferred tax assets	-	3,645
Adjustments in respect of prior years	(24,062)	(69,656)
Group relief	-	(7,972)
Fixed asset differences	43,768	22,169
Remeasurement of deferred tax for changes in tax rates	-	3,635
Taxation (credit)/charge for the year	<u>(14,280)</u>	<u>32,601</u>

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

On 17 March 2020 the Finance Bill 2020 was substantively enacted which confirmed that the UK corporation tax rate would remain at 19%. The deferred tax recognised within these accounts has therefore been calculated at a rate of 19% to account for this. 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 19% which was the tax rate substantively enacted at 31 March 2021.

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 9 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	1,807,896
<b>Amortisation and impairment</b>	
At 1 April 2020	810,396
Amortisation charged for the year	90,000
At 31 March 2021	900,396
<b>Carrying amount</b>	
At 31 March 2021	907,500
At 31 March 2020	997,500

Amortisation of intangible assets is recognised in administrative expenses.

### 10 Tangible fixed assets

	Long term leasehold property £	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2020	400,000	518,653	78,548	997,201
Additions	-	108,462	10,688	119,150
At 31 March 2021	400,000	627,115	89,236	1,116,351
<b>Depreciation and impairment</b>				
At 1 April 2020	79,333	379,685	58,576	517,594
Depreciation charged in the year	8,000	90,896	5,265	104,161
At 31 March 2021	87,333	470,581	63,841	621,755
<b>Carrying amount</b>				
At 31 March 2021	312,667	156,534	25,395	494,596
At 31 March 2020	320,667	138,968	19,972	479,607

### 11 Cash held as client money

Included within cash at bank and in hand is a value of £208,342 (2020 - £145,743) held as client money.

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 12 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	846,614	1,068,894
Amounts owed by group undertakings	2,403,539	1,226,101
Other debtors	6,110	111,795
Prepayments and accrued income	122,830	123,907
	<u>3,379,093</u>	<u>2,530,697</u>

### 13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	240,793	94,642
Amounts owed to group undertakings	264,775	-
Corporation tax	48,866	139,889
Other taxation and social security	231,759	154,635
Other creditors	208,342	204,443
Accruals and deferred income	589,453	1,082,570
	<u>1,583,988</u>	<u>1,676,179</u>

### 14 Provisions for liabilities

	Notes	2021	2020
		£	£
Deferred tax liabilities	15	46,937	37,155
		<u>46,937</u>	<u>37,155</u>

### 15 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
	£	£
<b>Balances:</b>		
Fixed asset timing differences	50,038	37,992
Short term timing differences	(3,101)	(037)
	<u>46,937</u>	<u>37,155</u>

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 15 Deferred taxation (Continued)

	2021 £
<b>Movements in the year:</b>	
Liability at 1 April 2020	37,155
Charge to profit or loss	9,782
	<u>          </u>
Liability at 31 March 2021	46,937
	<u>          </u>

### 16 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	65,718	49,012
	<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 £16,325 (2020: £14,337).

### 17 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100
	<u>          </u>	<u>          </u>	<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.

### 18 Reserves

#### Profit and loss reserves

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

### 19 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 £312,667 (2020 - £320,667).

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

At 31 March 2021, 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 2021 amounted to £15,208,910 (2020: £nil).

# CINTRA HR & PAYROLL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### **20 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, Hoults Yard, Walker Road, Newcastle Upon Tyne, NE6 2HL.

The ultimate controlling party is Tenzing PE I GP LLP.