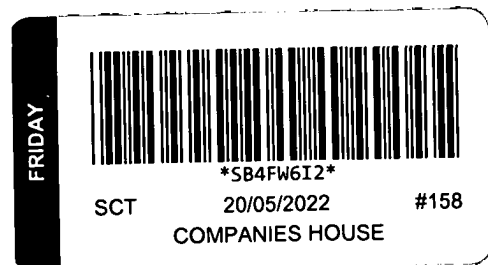
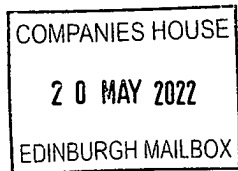

SAFEGUARD WORLD INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



SAFEGUARD WORLD INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	Mr B Reynolds Mr B Thew Mr P Goepel
Company Secretary	Mr B Reynolds
Registered number	06439329
Registered office	Edwin Foden Business Centre Moss Lane Sandbach Cheshire CW11 3AE
Independent auditor	Ernst & Young Chartered Accountants & Statutory Auditor G1 Building, 5 George Square, G2 1DY Glasgow United Kingdom
Bankers	HSBC Bank Plc 8 Canada Square London E14 5HQ JPMorgan Chase Bank – London Branch 25 Bank Street London E14 5JP
Solicitors	Streathers Solicitors LLP 44 Baker Street London W1U 7AL

SAFEGUARD WORLD INTERNATIONAL LIMITED

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SAFEGUARD WORLD INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The principal activity of the Company continues to be the provision of international payroll and employment outsourcing services.

Business review

The consolidated gross profit in fiscal year 2020 increased 28.8% to £13.6m as compared to £10.6m in fiscal year 2019.

2020 EBITDA was £9.6m against £3.7m in 2019, and this was in line with expectations, following an increase in investment in new staff and operating infrastructure. After charges for depreciation and amortisation of £0.1m (2019: £0.7m) and £2.0m (2019: credit of £0.7m) in foreign exchange differences, an operating income of £8.7m was generated, compared to a loss of £11.2m in fiscal year 2019 (due to an impairment adjustment on the intercompany loan held with Safeguard World International LLC of £15.0m).

The directors consider the results to be satisfactory and in line with expectations.

Principal risks and uncertainties

The Company is subject to a number of risks and uncertainties. The principal risks it faces are described below.

Information technology risk

The Company's systems and networks store and transmit our customers propriety information. As a result unauthorised access or security breaches could result in the loss of information, litigation, other liabilities and have an adverse impact on our reputation. We have a number of security measures in place to protect customer information and prevent data loss. We are continually reviewing and updating these measures to ensure they are adequate.

In addition, we rely on data centres operated by third parties and any disruption to these centres could impact our business. We have strong controls over the use of third party data centres to reduce the risk of possible disruption.

Markets

The markets for Business Process Outsourcing "BPO" and global employment outsourcing are highly competitive. We expect that the introduction of new technology and new entrants to the market to lead to competition persisting and potentially intensifying in the future. Therefore, there will continue to be pressure on margins within the sector.

International risk

A key element of the Company's growth strategy is to expand operations and customer base internationally. This leads to a number of risks:

- different regulations relating to data security and access to information;
- differing labour regulations and a lack of a skilled labour pool;
- foreign exchange rate fluctuations;
- inherent difficulties in managing a workforce across diverse geographical locations;
- different laws and business practices; and
- changing laws and regulations, international hostilities or changes in political conditions.

SAFEGUARD WORLD INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial risk

The Company needs to continue to expand its sales, marketing and administrative functions to grow its customer base and meet its sales targets. In order to do this the Company needs to ensure that it has adequate financial resources to meet its day to day working capital needs.

Credit Risk

The Group monitors exposure to credit risk by keeping a diverse list of clients and monitoring the activity of all material debtors on a weekly basis. At any time that collectability of a receivable is determined to be potentially at risk an allowance is recorded

Interest Risk

The risk on interest rate changes is monitored by our internal treasury department in review of our bank agreements and loan interest. Any material fluctuations are reviewed with our senior leadership. The Group does not anticipate a material risk related to interest rates.

Future prospects

The Company is operating in the highly expanding but highly competitive BPO and global employment outsourcing market. The directors consider the current future growth prospects of these markets to be in line with expectations. In order to take advantage of these global market opportunities the Company will continue to expand its sales, marketing and administrative support functions.

Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic around the outbreak of the novel coronavirus ("COVID-19"). The spread of COVID-19 prompted governments and businesses to take unprecedented measures that included, but were not limited to, restrictions on travel and shelter-in-place orders.

The global spread of COVID-19 created significant volatility, uncertainty and economic disruption. The restrictions noted above disrupted the standard workspace resulting in increased unemployment, closure of businesses, volatility in global markets, and strain on healthcare resources. During the pandemic, our office staff shifted primarily to working remotely as dictated by local conditions. We as a company are subject to the impacts related to the COVID-19 pandemic for so long as our clients are exposed to those heightened risks and uncertainties. Our clients are sensitive to negative changes in economic conditions. Our clients may decrease their workforce, which could decrease their demand for our services. Additionally, because of spending constraints on our clients and competition in the industry, we may face pricing pressure on our services, which would impact our results of operations.

Ultimately, the Company did not experience a material impact as a result of COVID-19 during 2020 however we did appropriately react to the potential risk to our business and managed our projects and actions throughout the year which innately impacted our overall approach to our growth and management of the business during the year. Additionally, in response to the risks identified through the pandemic, we will continue to evaluate the nature and extent of changes to the market and economic conditions related to COVID-19 and will assess the potential impact on our business and financial position.

SAFEGUARD WORLD INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

The following financial statements have been prepared on a going concern basis given the company has support from its parent Safeguard World International Holdings Limited to meet its funding needs.

The Group has made an operating profit of £3.6m and generated adjusted operating profit before exceptional items, depreciation and amortisation of intangibles of £4.4m. One off exceptional costs include costs related to additional growth investment in the Group. The Directors have approved a forecast through to June 2023, which indicate the Group will be able to operate within its current banking facility.

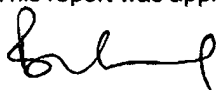
A primary view of the business and its ability to continue as a going concern is through the budget and forecast process of the Group. A review of the profit and loss as well as the cash forecast of the Group was prepared and reviewed with management. Additionally, the group applies sensitivity considerations based on plausible downside scenarios to the forecasts. The two main scenarios applied are removing any revenue growth assumptions and then further reducing the anticipated revenue by applying different levels of loss in customer base. In the case of both scenarios the Company takes a detailed approach to reviewing the offsetting expenses and available controllable mitigations. In each case, with the reduced expense measures, there was no significant risk to cash that would result in not being able to meet covenants or provide for the operating expenses of the business during the time reviewed.

At the end of the year 2020 the Group was in a net liability position due to the leveraged model including the JP Morgan term loan and our preference share liability. This net liability position is due to non-current obligations which is not uncommon for a high growth private group like Safeguard. The Group is able to comfortably meet short term liability obligations from current assets. The Group is generating healthy cash flows as evidenced by increasing working capital noted above that will be sufficient for meeting debt service obligations and is building towards a strong anticipated acquisition pipeline to continue to move towards the anticipated budgeted growth.

As detailed in Post balance sheet events note, part of the funding for the Global Upside acquisition, the Group amended it's 2020 debt facility with JPMorgan Chase Bank on 25 January 2022. This amendment increased the total term debt to approximately £63m and added a line of credit of approximately £7.5m. Subordinated debt agreements were entered into and raised approximately £8.9M which was used to fund the acquisition. In addition, the group entered into seller notes of approximately £14.8M as part of the acquisition.

The Directors have an expectation that the Group has adequate resources to continue as a going concern and support the company, for a period of at least twelve months from the date of signing of these financial statements. Therefore, these accounts have been prepared on a going concern basis.

This report was approved by the board in May 2022 and signed on its behalf.



Mr B Reynolds
Director

Date: 19 May 2022

SAFEGUARD WORLD INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £9.3m (2019 - loss £14.3m).

Directors

The directors who served during the year were:

Mr B Reynolds

Mr B Thew

Mr P Goepel

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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, including *FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*). 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 and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SAFEGUARD WORLD INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Post balance sheet events

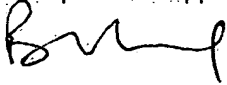
On 25 January 2022, the Company's parent entity, Safeguard World International Holdings Limited, acquired a company. As part of the funding for the Global Upside acquisition, the Group amended its 2020 debt facility with JPMorgan Chase Bank on 25 January 2022. This amendment increased the total term debt to approximately £63m and added a line of credit of approximately £7.5m. We entered into 12 subordinated debt agreements and raised approximately £8.9M which was used to fund the acquisition. In addition, we entered into seller notes of approximately £14.8M as part of the acquisition.

The potential impact of the sanctions and other measures being imposed in response to the Russia-Ukraine conflict are not expected to have a material impact on our consolidated results and supply chain.

Auditor

The auditor, Ernst and Young UK LLP, replaced Grant Thornton LLP for the 2020 audit and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board in May 2022 and signed on its behalf.



Mr B Reynolds
Director

Date: 19 May 2022

SAFEGUARD WORLD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAFEGUARD WORLD INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Safeguard World International Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 27, 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 company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 the period to June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

SAFEGUARD WORLD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAFEGUARD WORLD INTERNATIONAL LIMITED (CONTINUED)

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 this 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

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 or 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.

SAFEGUARD WORLD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAFEGUARD WORLD INTERNATIONAL LIMITED (CONTINUED)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to domestic and overseas operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how Safeguard World International Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business and a review of Board minutes to identify any noncompliance with laws and regulations.

SAFEGUARD WORLD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAFEGUARD WORLD INTERNATIONAL LIMITED (CONTINUED)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. As a result of our assessment, we have identified accounting for revenue recognition as a result incorrect recording of revenue at the year-end in line with contractual terms and conditions along with inappropriate capitalisation of development spend to be fraud risks. In response to the identified fraud risks we have performed substantive testing over a sample of revenue transactions around the year end date together with a review of contract terms to determine appropriate revenue recognition and substantive testing over a sample of capitalised development costs to determine the costs met the appropriate criteria for capitalisation.

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.

Ernst & Young LLP

Paul Copland (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

20 May 2022

SAFEGUARD WORLD INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Note	£'000	£'000
Turnover	4	32,992	33,768
Cost of sales		(16,848)	(23,181)
Gross profit		16,144	10,587
Distribution costs		(185)	(258)
Administrative expenses		(7,214)	(21,569)
Operating profit/(loss)	5	8,745	(11,240)
Interest receivable and similar income	9	1	31
Interest payable and expenses	10	(310)	(2,808)
Profit/(Loss) before tax		8,436	(14,017)
Tax on profit/(loss)	11	811	(325)
Profit (Loss) for the financial year		9,247	(14,342)
Other comprehensive income for the year			
Total comprehensive income for the year		9,247	(14,342)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 13 to 35 form part of these financial statements.

SAFEGUARD WORLD INTERNATIONAL LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

REGISTERED NUMBER:06439329

			2020	2019
	Note		£'000	£'000
Fixed assets				
Intangible assets	12		1,863	259
Tangible assets	13		98	56
Investments	14		5,313	4,985
			7,274	5,300
Current assets				
Debtors: amounts falling due after more than one year	15	117	132	
Debtors: amounts falling due within one Year	15	10,789	14,113	
Cash at bank and in hand	16	5,631	6,581	
		16,537	20,826	
Creditors: amounts falling due within one Year	17	(25,190)	(54,124)	
Net current liabilities			(8,653)	(33,298)
Total assets less current liabilities			(1,379)	(27,998)
Creditors: amounts falling due after more than one year	18		(18,342)	(970)
Net liabilities			(19,721)	(28,968)
Capital and reserves				
Called up share capital	21		8	8
Share premium account	22		5,913	5,913
Profit and loss account	22		(25,642)	(34,889)
			(19,721)	(28,968)

The financial statements were approved and authorised for issue by the board and were signed on its behalf in May 2022.


Mr B Reynolds
Director

The notes on pages 13 to 35 form part of these financial statements.

Date: 19 May 2022

SAFEGUARD WORLD INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	8	5,913	(20,547)	(14,626)
Comprehensive income for the year				
Loss for the year	-	-	(14,342)	(14,342)
At 1 January 2020	8	5,913	(34,889)	(28,968)
Comprehensive income for the year				
Income for the year	-	-	9,247	9,247
At 31 December 2020	<u>8</u>	<u>5,913</u>	<u>(25,642)</u>	<u>(19,721)</u>

The notes on pages 13 to 35 form part of these financial statements.

SAFEGUARD WORLD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

General information

Safeguard World International Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Edwin Foden Business Centre, Moss Lane, Sandbach, Cheshire, CW11 3AE.

1. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company has taken advantage of the exemption granted under section 400 of the Companies Act 2006 not to prepare group accounts. These financial statements therefore present information about the Company as an individual undertaking.

The following principal accounting policies have been applied:

2.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS102.

2.3 Going concern

The directors report the following on the basis that the company has support from its parent Safeguard World International Holdings Limited to meet its funding needs.

The Group has made an operating profit of £3.6m and generated adjusted operating profit before exceptional items, depreciation and amortisation of intangibles of £4.4m. One off exceptional costs include costs related to additional growth investment in the Group. The Directors have approved a forecast through to June 2023, which indicate the Group will be able to operate within its current banking facility.

A primary view of the business and its ability to continue as a going concern is through the budget and forecast process of the Group. A review of the profit and loss as well as the cash forecast of the Group was prepared and reviewed with management. Additionally, the group applies sensitivity considerations based on plausible downside scenarios to the forecasts. The two main scenarios applied are removing any revenue growth assumptions and then further reducing the anticipated revenue by applying different levels of loss in customer base. In the case of both scenarios the

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Company takes a detailed approach to reviewing the offsetting expenses and available controllable mitigations. In each case, with the reduced expense measures, there was no significant risk to cash that would result in not being able to meet covenants or provide for the operating expenses of the business during the time reviewed.

At the end of the year 2020 the Group was in a net liability position due to the leveraged model including the JP Morgan term loan and our preference share liability. This net liability position is due to non-current obligations which is not uncommon for a high growth private group like Safeguard. The Group is able to comfortably meet short term liability obligations from current assets. The Group is generating healthy cash flows as evidenced by increasing working capital noted above that will be sufficient for meeting debt service obligations and is building towards a strong anticipated acquisition pipeline to continue to move towards the anticipated budgeted growth.

As detailed in Post balance sheet events note, part of the funding for the Global Upside acquisition, the Group amended it's 2020 debt facility with JPMorgan Chase Bank on 25 January 2022. This amendment increased the total term debt to approximately £63m and added a line of credit of approximately £7.5m. Subordinated debt agreements were entered into and raised approximately £8.9M which was used to fund the acquisition. In addition, the group entered into seller notes of approximately £14.8M as part of the acquisition.

The Directors have an expectation that the Group has adequate resources to continue as a going concern, and support the company for a period of at least twelve months from the date of signing of these financial statements. Therefore, these accounts have been prepared on a going concern basis.

SAFEGUARD WORLD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is generated from global employee outsourcing and globally managed payroll services.

Globally employee outsourcing revenue relates to amounts billed for service fees, project fees, foreign exchange fees and ad hoc charges. This revenue is recognised in comprehensive income once the significant performance obligations have been satisfied in accordance with the terms of the contract, this is either over time or point in time recognition.

Globally managed payroll services revenue relates to amounts billed for payslip processing, project management fees, set up fees, technical build fees, tax year end fees and ad hoc charges. This revenue is recognised in comprehensive income once the significant performance obligations have been satisfied in accordance with the terms of the contract, this is either over time or point in time recognition.

Amounts invoiced in advance of the performance of the service are held within deferred income.

Turnover is recognised only when:

- The consideration received is fixed or determinable
- There are no significant vendor obligations remaining
- Collection of the amount due from the customer is reasonably assured

2.5 Deferred costs

The deferral of revenue relating to set up fees over the life of the relevant contract necessitates recognition of the related costs of set up fees over the period of payroll processing. The impact of this is to adjust costs of sales in comprehensive income and to record an appropriate amount of deferred costs in the Statement of Financial Position.

Costs in respect of set up fees are deferred until such work is considered complete and are then recognised ratably over the term of the related customer contract.

SAFEGUARD WORLD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Intangible assets

Intangible assets consist of internal and external development costs capitalised in respect of the Global software used for payroll processing to generate income. Direct research and development cost identified for the Unity software asset has been capitalised and at the time of this report the Unity software was still in initial development and therefore depreciation has not yet started for this asset.

Development costs are recognised as an intangible asset when all of the following criteria are demonstrated;

- The technical feasibility of completing the product so that it will be available for use or sale
- The intention to complete the product and use or sell it
- The ability to use the product or sell it
- How the product will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the product
- The ability to measure reliably the expenditure attributable to the product during its development.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. The range noted below is determined by management based on the expected usable life of the assets within the categories noted not to exceed ten years.

The estimated useful life is as follows:

Software	-	3 years
Internally generated assets		3 years

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

SAFEGUARD WORLD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 3 years
Office equipment	- 3 years
Hardware	- 3 years

The assets' residual values, useful lives, amortisation, and depreciation methods are reviewed by management based on estimated usable life of the asset, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

SAFEGUARD WORLD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

SAFEGUARD WORLD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives of 3 years based on management's decision on the basis of the assets useful life.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.20 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.21 Impairment of fixed assets and intangible assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying these accounting policies the following key judgements and estimates have been made:

Estimation of level of costs to accrue on individual contracts

When contract costs have been incurred but not yet invoiced, estimate is made of the level of such costs to accrue within the period. This is based upon management's experience of historical contract cost rates.

The applicable depreciation and amortisation rates

When assets are acquired estimates are made of the expected useful lives of tangible and intangible assets. These assets are then written off over the period of these expected lives.

The appropriateness of the capitalisation of internally generated software costs

Management demonstrate judgement in distinguishing the research and development phases of a new internally developed asset, and determining whether the recognition requirements of FRS 102 have been met.

The level of bad debts provision

Management have considered the need for a provision against bad and doubtful debts. The provision is an estimate of the actual costs and timing of future cash flows and is dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such a determination is made.

The assessment of any impairment required to intangible assets

Management assesses at each reporting date whether there is any indication that an asset may be impaired, by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If management deem an impairment indicator to exist, an impairment review is undertaken to estimate the recoverable amount of the asset.

4. Turnover

The whole of the turnover is attributable to the principal activities of the business.

Analysis of turnover by type: Global Employee Outsourcing and Globally Managed Payroll.

	2020	2019
	£'000	£'000
Global Employee Outsourcing	19,268	20,322
Globally Managed Payroll	13,724	13,446
	<u>32,992</u>	<u>33,768</u>

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Operating profit

The operating profit is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets	46	19
Amortisation of intangible assets	19	637
Impairment of intangible assets	-	678
Difference on foreign exchange	156	(733)
Other operating lease rentals	254	252
Impairment of amounts owed by group undertakings	-	14,984

6. Auditor's remuneration

	2020	2019
	£'000	£'000
Auditor's remuneration	165	32
Auditor's remuneration - Non audit	-	68
	<u>165</u>	<u>100</u>

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	5,177	4,506
Social security costs	564	555
Cost of defined contribution scheme	158	148
	<u>5,899</u>	<u>5,209</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Employees	150	132
Directors	3	3
	<u>153</u>	<u>135</u>

8. Directors' remuneration

	2020	2019
	£'000	£'000
Wages and salaries	716	736
Social Security Costs	19	15
	<u>735</u>	<u>751</u>

The highest paid director received remuneration of £531,497 (2019: £564,832). Emoluments include rent £79,271 (2019: £79,986), healthcare £14,608 (2019: £12,695), employer paid taxes £13,175 (2019: £13,534), pension contributions £Nil (2019: £Nil).

9. Interest receivable

	2020	2019
	£'000	£'000
Other interest receivable	<u>1</u>	<u>31</u>

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10.	Interest payable and similar expenses	2020	2019
		£'000	£'000
	Bank interest payable	310	2,808
11.	Taxation	2020	2019
		£'000	£'000
	Corporation Tax		
		24	
	Current tax		
	Adjustments in respect of previous periods	(41)	-
	Total current tax	(17)	0
	Deferred tax		
	Adjustment in respect of prior period	-	86
	Origination and reversal of timing differences	(794)	-
	Other	-	(325)
	Total deferred tax	(794)	(230)
	Taxation on profit/(loss) on ordinary activities	(811)	(230)

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit/(loss) on ordinary activities before tax	8,436	(14,017)
<hr/>		
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,602	(2,663)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	2,847
Expenses not deductible for tax purposes	(352)	603
Adjustments to tax charge in respect of previous periods	(41)	-
Remeasurement of deferred tax for changes in tax rate	(209)	-
Movement in deferred tax not recognised	(1,778)	(704)
Adjustment to opening deferred tax to average rate of 19%	-	(289)
Adjustment to closing deferred tax to average rate of 19%	-	206
Utilization of RDEC credit	(25)	
Group relief surrendered	(8)	
Adjustments to deferred tax charge in respect of previous periods	-	325
Total tax charge for the year	(811)	325

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet were not booked as of December 31, 2019 so there was no financial statement impact.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's/group's deferred tax balances.

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Intangible assets

	Internally generated software £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2020	8,200	2,307	10,507
Additions	1,618	5	1,623
At 31 December 2020	<u>9,818</u>	<u>2,312</u>	<u>12,130</u>
Amortisation			
At 1 January 2020	8,005	2,243	10,248
Charge for the year	(12)	31	19
As 31 December 2020	<u>7,993</u>	<u>2,274</u>	<u>10,267</u>
Net book value			
At 31 December 2020	<u>1,825</u>	<u>38</u>	<u>1,863</u>
At 31 December 2019	<u>195</u>	<u>64</u>	<u>259</u>

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

	Fixtures and fittings £'000	Office equipment £'000	Hardware £'000	Total £'000
Cost or valuation				
At 1 January 2020	104	152	67	323
Additions	9	21	57	87
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	113	173	124	410
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2020	101	146	19	266
Additions	4	8	34	46
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	105	154	53	312
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2020	8	19	71	98
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>At 31 December 2019</i>	3	6	48	56
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SAFEGUARD WORLD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Fixed asset investments

	Investments in subsidiary companies £'000
Cost or valuation	
At 1 January 2020	4,985
Additions	328
At 31 December 2020	<u>5,313</u>
Net book value	
At 31 December 2020	<u>5,313</u>
<i>At 31 December 2019</i>	<u>4,985</u>

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
SAFEGUARD WORLD INTERNATIONAL LLC	USA	International payroll provider	100%
Safeguard World Asia Pacific Limited	Hong Kong	International payroll provider	100%
Safeguard World Payroll Services Private Limited	India	International payroll provider	100%
SGWI Grupo Mexico SA DE CV	Mexico	International payroll provider	100%
SGWI Nomiria Mexico SA DE CV	Mexico	International payroll provider	100%
Safeguard World Payroll Services Canada Limited	Canada	International payroll provider	100%
Safeguard World Hungary Kft	Hungary	International payroll provider	100%
Adm In Staff SA	Switzerland	International payroll provider	100%
Adm In ME SA	Switzerland	International payroll provider	100%
Adm In Swiss Sarl	Switzerland	International payroll provider	100%
Adm In France SRL	France	International payroll provider	100%
AIES Center SL	Spain	International payroll provider	100%
AIFR Center SRL	France	International payroll provider	100%
AIPT Center Lda	Portugal	International payroll provider	100%
AIIT Center SRL	Italy	International payroll provider	100%
Antex Hellas SRL	Greece	International payroll provider	100%
AIMS Center SRL	Moldova	International payroll provider	100%
HRPM Technologies Sarl	Switzerland	International payroll provider	100%
HRPM MS SRL	Moldova	International payroll provider	100%
WFIT CRM Services SRL	Italy	International payroll provider	100%
WFCRM Services Lda	Portugal	International payroll provider	100%

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
WFES CRM Services SL	Spain	International payroll provider	100%
WFFR CRM Services SRL	France	International payroll provider	100%
WFES BO Management SL	Spain	International payroll provider	100%
WFBO Management Lda	Portugal	International payroll provider	100%
Workfor Switzerland AG	Switzerland	International payroll provider	100%
Workfor PEO SRL	Italy	International payroll provider	100%
Workfor PEO ETT SL	Spain	International payroll provider	100%
Workfor France SRL	France	International payroll provider	100%
BOSS SRL	Moldova	International payroll provider	100%
Gesellschaft für Datenverwaltung GmbH	Germany	International payroll provider	100%
Safeguard Global New Zealand	New Zealand	International payroll provider	100%
WorkFor Safeguard Sweden AB	Sweden	International payroll provider	100%
Safeguard Global Poland	Poland	International payroll provider	100%
Safeguard Global SG PTE LTD	Singapore	International payroll provider	100%

The financial statements for the above subsidiaries have been consolidated in the financial statements of the Safeguard World International Holdings Limited.

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Debtors

	2020	2019
	£'000	£'000
Due after more than one year		
Deferred cost	117	132
	<u>117</u>	<u>132</u>
	2020	2019
	£'000	£'000
Due within one year		
Trade debtors	7,827	7,730
Amounts owed by group undertakings	-	4,071
Prepayments and accrued income	2,039	2,212
Deferred cost	89	100
Corporation Tax	41	-
Deferred Tax	793	-
	<u>10,789</u>	<u>14,113</u>

There was no impairment loss recorded in the year (2019: loss of £239,063). The prior year trade debtors are stated after provisions for impairment of £410,142.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16. Cash at bank and in hand

	2020	2019
	£'000	£'000
Cash at bank and in hand	5,631	6,581
	<u>5,631</u>	<u>6,581</u>

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Creditors: Amounts falling due within one year

	2020	2019
	£'000	£'000
Other loans	4,263	18,843
Trade creditors	4,485	5,584
Amounts owed to group undertakings	8,728	20,954
Other taxation and social security	2,754	1,529
Other creditors	531	1,315
Accruals and deferred income	4,429	5,899
	<u>25,190</u>	<u>54,124</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Secured loans

In 31 March 2020, the loan held with AB Private Credit Investors LLC was repaid in its entirety and was replaced by a new facility with JP Morgan LLC that was secured by the assets in Safeguard World International Limited as well as through a cross guarantee by Safeguardworld International LLC.

It is subject to a variable interest rate. The agreement includes a liquidity covenant of \$4m. The Company was in compliance throughout 2020 and through the date these financial statements were issued.

18. Creditors: Amounts falling due after more than one year

	2020	2019
	£'000	£'000
Other loans	17,613	-
Accruals and deferred income	729	970
	<u>18,342</u>	<u>970</u>

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Financial instruments

	2020	2019
	£'000	£'000
Financial assets		
Financial assets measured at fair value through profit or loss	5,631	6,580
Financial assets that are debt instruments measured at amortised cost	11,004	11,801
	16,635	18,381
Financial liabilities		
Financial liabilities measured at amortised cost	(43,508)	(51,368)
	(43,508)	(51,368)

Financial assets measured at amortised cost comprise debtors, other receivables, loans to group undertakings and cash balances.

Financial liabilities measured at amortised cost comprise trade creditors, other liabilities, loans and overdrafts.

20. Deferred taxation

	2020	2019
	£'000	£'000
At beginning of year	-	325
Charged to profit or loss	(794)	(325)
At end of year	(794)	-

The deferred tax asset is made up as follows:

	2020	2019
	£'000	£'000
Fixed asset timing differences	194	-
Short term timing differences	(34)	-
Losses and other deductions	(954)	-
Total deferred tax liability	(794)	-

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
8,173,000 (2019 - 8,173,000) Ordinary shares of £0.001 each	8	8
	<u>8</u>	<u>8</u>

There is a single class of ordinary voting shares. There are no restrictions on dividends and the repayment of capital.

22. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses of the Company.

23. Commitments under operating leases

The operating lease occupied by the Company is on a month-to-month renewal agreement. As of 31 December 2020 and 2019, there were no future minimum lease payments required.

24. Related party transactions

In the year £127,200 (2019: £127,200) was charged by Active Non Executive Services Limited, a company for which Bruce Thew is a director, for directors and other fees. There was £Nil (2019: £Nil) owing at year end.

In the year £54,892 (2019: £58,583) was charged by APPD Investments LLC, a company for which Pat Goepel is a director, for directors and other fees. There was £Nil (2019: £Nil) owing at year end.

In the year £2,596 (2019: £245) was charged to Asure Software, a company owned by Pat Goepel for payroll processing fees.

In the year £6,331 (2019: £22,882) was charged by MMC Ventures, a shareholder in Safeguard World International Holdings Limited. There was £Nil (2019: £8,693) owing at year end.

The Company has taken advantage of the exemption from disclosing transactions between members of the group and these transactions were entered into as an arm's length transaction.

SAFEGUARD WORLD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. Ultimate controlling party

The Company is a subsidiary of Safeguard World International Holdings Limited. The directors consider that there is no ultimate controlling party. Safeguard World International Holdings Limited represents the consolidated financial statements. The consolidated accounts of Safeguard World International Holdings Limited are available from Safeguard World International Holdings Limited, Edwin Foden Business Centre, Moss Lane, Sandbach, Cheshire, CW11 3AE.

26. Subsequent events

On 25 January 2022, the Company's parent entity, Safeguard World International Holdings Limited, acquired a company. As part of the funding for the Global Upside acquisition, the Group amended its 2020 debt facility with JPMorgan Chase Bank on 25 January 2022. This amendment increased the total term debt to approximately £63m and added a line of credit of approximately £7.5m. We entered into 12 subordinated debt agreements and raised approximately £8.9M which was used to fund the acquisition. In addition, we entered into seller notes of approximately £14.8M as part of the acquisition.

27. Ultimate controlling party

The directors consider that there is no ultimate controlling party.