

Company Registration No. 00891686 (England and Wales)

Moorepay Limited
Annual Report and Financial Statements
For the year ended 30 April 2021

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MOOREPAY LIMITED COMPANY INFORMATION

Directors

Alan Kinch

John Petter

Secretary

Elizabeth Leppard (resigned 19 April 2021)

Helen Copestick (appointed 19th April 2021,
resigned 16 August 2021)

Chris Fox (appointed 16 August 2021)

Company number

00891686

Registered office

740 Waterside Drive
Aztec West
Almondsbury
Bristol
England
BS32 4UF

Auditor

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

MOOREPAY LIMITED

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MOOREPAY LIMITED STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2021

The Directors present the strategic report and financial statements for the year ended 30 April 2021.

Principal activity

Moorepay Limited (the 'company') is a member of the Zellis group ('group'). The company operates from its regional offices and represents the majority of the group's small and medium enterprise ('SME') division. The Group is the market leading provider of payroll and HR software business in the UK.

Throughout the year the principal activities of the company were the provision of outsourced payroll services, the development and supply of IT solutions & software, and the provision of related consultancy and support services.

Business review

Moorepay Limited remains a leader in providing vital Payroll and HR services to SMEs. The Moorepay HR product is steady for both market penetration and customer retention levels. Turnover is up 5% in the year from £17.8m in 2020 to £18.7m in the current year.

The operating profit before significant separately disclosed items, property provisions, amortisation and depreciation items was £3.9m (2020: £2.7m).

Moorepay aims to maintain its cost base in the future, following the introduction in earlier years of a structured customer centric approach, account management and dedicated payroll specialists per customer and stable infrastructure. Along with a constant aim to improve efficiency through product enhancement, Moorepay has a stable base to deliver ongoing sustainability of service offerings.

The key performance indicators for the company continue to be cost per payslip processed, client retention rate, turnover, and operating profit. Cost levels per payslip processed remain under tight control and client retention rates are increasing steadily.

Business Model and Strategy

The company's core business remains the provision of outsourced payroll & related services to clients in the UK. Despite a sustained challenging market, growth opportunities focused around the new MoorepayHR platform are strong.

Future developments

The company has defined small and medium business segments in the UK as a key growth segment. We have put detailed growth plans and integrated sales and delivery organisation structures in place.

Customer satisfaction has been a particular focus area in FY21. Improved Service Level Agreement ('SLA') performance continued to reflect increased levels of client satisfaction and we continued to see company-wide delivery improvements, both in terms of quality and efficiency.

Principal risks and uncertainties

The Board has overall responsibility for the company's approach to assessing risk and recognises that creating value is the reward for taking and accepting risk. Executive management implements the Board's policies on risk and control and provides assurance on compliance with these policies.

The company's financial assets and liabilities mainly comprise cash, trade payables and receivables and other payables and receivables arising directly from operations.

The company remains profitable with an improved net assets position compared to prior year. It is being funded by its ultimate parent company and participates in the group's syndicated Senior facility. The company has also received written assurance from its parent company for financial and other support, within 12 months of the Company's financial statement approval date.

MOOREPAY LIMITED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

Principal risks and uncertainties (continued)

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The company does not require collateral in respect of financial assets.

At the balance sheet date the exposure to credit risk has been reassessed in light of the Covid-19 pandemic. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, principally trade and other receivables.

The main operational risks are economic and market risk. The economic environment can affect the performance of the company's businesses in terms of both sales and costs. Through development of our products and services the company works to ensure that we deliver value to all our customers. The company works hard to mitigate the impact of external cost pressures on our customers and the company's overall profitability through the delivery of cost savings.

In addition, as part of Zellis group, Moorepay has a highly skilled and dedicated team that closely manage the cyber security risk. A risk-based approach is adopted whereby all threats are analysed and monitored continuously such that mitigating controls are in place. Zellis has attained ISO 27001 (Information Security Management) accreditation status and follows NIST (National Institute for Standards and Technology) methodologies to ensure thorough and timely proactive response to threats and incidents.

Covid-19 pandemic

The outbreak of coronavirus (COVID-19) in China in January 2020 quickly evolved into a global pandemic unlike anything we have seen in our lifetimes. It has had a major social and economic impact around the world, and many anticipate long-lasting ramifications ahead.

The company operates across the UK, but also has a service delivery centre in Kochi, India. Both countries have experienced several national lockdowns since the initial outbreak, and these have heavily affected many consumers and businesses alike.

However, given the nature of our business, we are relatively well positioned to address these challenges. We provide business-critical payroll and HR services to our customers, with a high proportion of our revenues being committed and recurring (approximately 80%). Since many of our employees were classified as key workers, we were required to continue operations during the pandemic to ensure that the businesses we support could themselves continue to operate.

Our response to the pandemic

Following the outbreak of COVID-19, we acted rapidly to support our customers, ensure the safety of our people, and mitigate the potential adverse impacts on our business. As the outbreak developed into a global pandemic, we realised the need for quick decision making and created a COVID-19 taskforce responsible for decision making and business continuity planning, led by our CEO, John Petter. This taskforce met daily throughout the pandemic and enabled decisions to be made quickly and ensured timely actions were implemented.

Safeguarding our People

Safeguarding our people by ensuring a safe working environment for all colleagues has been a major priority throughout the pandemic. We quickly transitioned colleagues to homeworking wherever possible, which included the provision of additional hardware and devices, increased software security and the distribution of 4G dongles to locations where secure fixed line connections could not be achieved.

MOOREPAY LIMITED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

Principal risks and uncertainties (continued)

In addition to enabling remote working, measures taken where office working was necessary included increased spacing between workstations, provision of appropriate personal protective equipment (PPE), staggered shifts and breaks, enhanced cleaning processes, and contingency planning.

We have also expanded our employee wellbeing programme by increasing our number of qualified Mental Health First Aiders, introducing a mandatory one-hour meeting-free slot for all colleagues each day, and encouraging regular use of our internal colleague recognition platform.

In India, we organised a vaccination drive for all of our Kochi colleagues and their immediate families.

Supporting our Customers

We continue to provide our payroll and HR solutions to customers throughout the pandemic with minimal disruption.

Nonetheless, many of our customers' businesses have been impacted by COVID-19. Governments have taken unprecedented steps to protect public health, the economy, and jobs. This has led to a wave of new regulatory measures in the UK and Ireland for our customers to comply with.

A crucial aspect of our response has therefore been to ensure both our technology and managed services customers remain compliant with these changes by developing dedicated payroll functionality in our software for:

- The Coronavirus Job Retention Scheme (UK) and The Temporary Wage Subsidy Scheme (ROI)
- Changes to Statutory Sick Pay (UK) and Social Welfare Payments (ROI)
- Changes to the ROI Employer COVID-19 Refund Scheme

We approximate that just under 2,000 hours of development time have been spent on these new software patches.

Furthermore, we have introduced new offerings such as our Furlough Advisory Service and Coronavirus Job Retention Scheme Support to give our non-managed services customers the option of advice and hands-on support from our payroll experts. We also directly supported a small number of non-Zellis customers that faced business continuity challenges in their payroll functions, helping them to keep their employees paid accurately and on-time.

As a result of our response, we have experienced a significant improvement in our Net Promoter Score (NPS) score over the COVID-19 pandemic. We know that NPS is often linked to situational context and that providing excellent responses to customer issues in times of need often drives improvement in this area.

MOOREPAY LIMITED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

Principal risks and uncertainties (continued)

Impact of Brexit

On 1 January 2021 the UK and the EU started a new relationship, following the end of the Brexit transition arrangement. The new EU-UK Trade and Cooperation Agreement has been passed by both the UK and European Parliaments. As a result, the agreements between the UK and the EU came into force on 1 May 2021. This was the last official step in the formalising the new relationship between the EU and the UK.

We have considered, as part of our broad risk management, the potential impact of Brexit on our ability to service our clients with the new trade relationship. The Company's contracts, cashflows and finances are denominated predominantly in sterling thus the exposure to foreign exchange rate shifts is limited. Our services are mainly oriented around people and technology and the Company's suppliers are predominantly based in the UK, therefore the impact on supply chain is also considered minimal. There is some indirect exposure to downshifts in the UK employment levels given we are a payroll and HR service provider and our software is used by organisations to pay UK based employees.

The Company's main risk relating to Brexit is surrounding its customer base, more specifically the ability of customers to continue to trade and settle their liabilities as and when due. The Company hasn't experienced, nor does not currently foresee any material adverse impact on day-to-day operations due to the domestic nature of our UK business and customer needs. Additionally, we have low numbers of UK and EU colleagues based outside their home countries. Where this is the case, the risk has been mitigated due to protections put in place by the UK and certain EU governments to enable such citizens to continue to reside and work outside their home countries.

The management team is continuing to monitor the Brexit developments and will continue to look at ways to mitigate any risks as they arise.

On behalf of the board



Alan Kinch
Director
21 January 2022

MOOREPAY LIMITED DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2021

The Directors present their annual report and financial statements for the year ended 30 April 2021.

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to future developments which would otherwise be required by Schedule 7 of the 'Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008' to be contained in a Directors' Report.

Results and dividends

The results for the year are set out on page 11.

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:

Alan Kinch
John Petter

Supplier payment policy

Business units are responsible for agreeing the terms and conditions under which they conduct transactions with their suppliers. The company does not have a code or standard concerning payment to suppliers.

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, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Grant Thornton UK LLP, has indicated their willingness to continue in office as auditor. The reappointment of the auditor will be approved by the Annual General Meeting.

Going concern

The Directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements as detailed in note 2 on page 16 of the financial statements.

On behalf of the board



Alan Kinch
Director
21 January 2022

MOOREPAY LIMITED DIRECTORS' RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 30 APRIL 2021

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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK accounting standards and applicable law), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By Order of the Board of Directors and signed on behalf of the Board:



Alan Kinch
Director
21 January 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOOREPAY LIMITED FOR THE YEAR ENDED 30 APRIL 2021

Opinion

We have audited the financial statements of Moorepay Limited (the 'company') for the year ended 30 April 2021, which comprise; Income statement, Statement of financial position, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 30 April 2021 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOOREPAY LIMITED (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Matter on which we are required to report under the Companies Act 2006

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 the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOOREPAY LIMITED (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the Company is complying with significant legal and regulatory frameworks through inquiries of management;
- The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified international accounting standards and Companies Act 2006, along with legislation relating to employment, health & safety, data protection and environmental issues, as those most likely to have a material effect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the Company's control environment;
 - the Company's relevant controls over areas of significant risks; and
 - the Company's business processes in respect of classes of transactions that are significant to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOOREPAY LIMITED (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

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

- Audit procedures performed by the engagement team included:
 - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
 - appropriate training, knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory requirements specific to the Company.
- We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

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.



Tim Lincoln
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
21 January 2022

MOOREPAY LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2021

	Note	2021	2020
		£'000	£'000
Revenue	4	18,652	17,827
Operating costs	5	(16,736)	(17,197)
Operating profit		1,916	630
Operating profit before significant separately disclosed items, property provisions, amortisation of intangibles and depreciation of tangible fixed assets			
		3,891	2,744
Amortisation of intangible assets		(1,402)	(1,238)
Depreciation of tangible fixed assets		(38)	(40)
Depreciation of lease assets		(96)	(251)
Significant separately disclosed items		(439)	(585)
Operating profit		1,916	630
Finance income	9	776	464
Other finance costs	10	(307)	(267)
Profit before taxation		2,385	827
Tax (charge) / credit on Profit	11	(145)	213
Profit for the financial year		2,240	1,040

The income statement has been prepared on the basis that all operations are continuing operations

The notes on pages 15 to 40 form an integral part of these financial statements.

MOOREPAY LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 APRIL 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible assets - goodwill	12	1,039	1,039
Other intangible assets	12	4,520	4,266
Property, plant and equipment	13	136	185
Right of use assets	16	488	579
Investments	14	9,041	9,041
Deferred tax asset	20	411	556
		15,635	15,666
Current assets			
Trade and other receivables	17	14,831	8,192
Cash and cash equivalents		2,130	2,915
		16,961	11,107
Current liabilities			
Trade and other payables	18	11,873	8,287
Taxation and social security		1,396	1,455
Lease liabilities	16	80	70
Contract liabilities	19	714	597
		14,063	10,409
Net current assets		2,898	698
Total assets less current liabilities		18,533	16,364
Non-current liabilities			
Lease liabilities	16	473	550
Contract Liabilities	19	215	218
		688	768
Provisions for liabilities			
Other provisions	21	98	89
Net assets		17,747	15,507

MOOREPAY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

	Note	2021 £'000	2020 £'000
Equity			
Called up share capital	23	50	50
Share premium account		2	2
Capital contribution		682	682
Retained earnings		17,013	14,773
Total equity		<u>17,747</u>	<u>15,507</u>

The notes on pages 15 to 40 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 21 January 2022 and are signed on its behalf by:

A. R. 

Alan Kinch
Director

Company Registration No. 00891686

MOOREPAY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2021

	Share capital	Share premium account	Capital Contribution	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2020	<u>50</u>	<u>2</u>	<u>682</u>	<u>13,733</u>	<u>14,467</u>
Change in accounting policy	-	-	-	-	-
Profit for the year	-	-	-	1,040	1,040
Balance at 30 April 2020	<u>50</u>	<u>2</u>	<u>682</u>	<u>14,773</u>	<u>15,507</u>
Year ended 30 April 2021					
Profit for the year	-	-	-	2,240	2,240
Balance at 30 April 2021	<u>50</u>	<u>2</u>	<u>682</u>	<u>17,013</u>	<u>17,747</u>

The notes on pages 15 to 40 form an integral part of these financial statements.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

1. General information

Company information

Moorepay Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is 740 Waterside Drive, Aztec West, Almondsbury, Bristol, England, BS32 4UF

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) in accordance with applicable accounting standards.

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

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirement of IAS 7 Statement of Cash Flows;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which a party to the transaction is wholly owned by such a member.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, Changes in Accounting Estimates and Errors to disclose a new IFRS that has been issued but not yet effective; and
- the requirements of paragraph 17 and 18A to disclose key management personnel compensation.
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

As the consolidated accounts of Zellis Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payments in respect of group settled share-based payments
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- and disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures as a non-financial institution

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

MOOREPAY LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Moorepay Limited is a wholly owned subsidiary of Zellis Holdings Limited and the results of Moorepay Limited are included in the consolidated financial statements of Zellis Holdings Limited which are available from its registered office: 740 Waterside Drive, Aztec West, Almondsbury, Bristol, England BS32 4UF.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 1-4. In addition, note 24 to the financial statements includes the wider Group's long-term debt position. The company's financial statements are prepared on a going concern basis for the following reasons:

The company has made a profit for the year as a result of increased revenue due to price increases, improved sales strategy and impact of revenue annualization.

The directors have considered the cash flow of the company for a period of 12 months from the date of approval of these financial statements. Given that the cash generated by the company will be used to service external loans of the group (held in other group companies), cash available to the company to meet its obligations is impacted by the liabilities of the wider group. Accordingly, the directors manage the cash flow of the company together with the cash flow of the wider group headed by Zellis Holdings Limited and have prepared forecasts for the 12-month period from the date of approval of these financial statements for the group headed by Zellis Holdings Limited, which indicate the group is cash generative on a base and sensitised basis, taking into account reasonable possible changes in trading performance.

Going concern of the company is thus dependent on availability of short-term funding from the group, if needed, and also upon the group companies not seeking repayment of the amounts currently due to the group companies, which at 30 April 2021 amounted to £11.0m (2020: £7.2m).

The company has received written assurance from Zellis Holdings Limited for financial assistance to the company as it is necessary for it to continue as a going concern and to settle its liabilities as and when due for the period of at least 12 months from the date of approval of these financial statements.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. Therefore, these accounts have been prepared on a going concern basis.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Revenue

The recognition of the company's revenue was in line with the group's policy on revenue recognition, which is as follows:

The Group generates revenue from four types of services:

- Payroll setup and services;
- Consulting services;
- Sale of licenses.
- Sale of insurance contracts

Payments and receivables related to implementation prior to go live of HR and administration services are deferred to the Balance Sheet along with associated cost until go live, as the implementation service does not deliver a performance obligation to the customer. Implementation is not a performance obligation, nor are any operations cost incurred prior to go live. The release of deferred implementation revenue and costs will be recognised on a straight line basis over the life of the contract. The adjusted monthly revenue from the provision of services will be recognised each month that we provide the service for a performance obligation.

The Group also enters into contracts with customers for installation, customisation, maintenance or other technical services or consultancy on third party software. Each promise under these contracts is a separate performance obligation and revenue is recognised for such contracts on time and material basis or percentage of completion method. Timing of payments tends to be similar to timing of revenue.

The sale of a read only licence is recognised at contract date, as the performance obligation is met on 'delivery' of the licence.

The Group recognises revenue based on 5 basic principles described in IFRS15:

- Identify the contract with a customer;
- Identify all the individual performance obligations within the contract;
- Determine the transaction price;
- Allocate the price to the performance obligations;
- Recognise revenue as the performance obligations are fulfilled.

If a customer pays, or the Group has an unconditional right to receive consideration before the performance obligation is completed, then the revenue is not recognised, and contract liability is recognised.

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the revenue is recognised, and accrued income recorded.

There may be separate performance obligations within a single customer contract. Where the obligations are defined, these will be dealt with as a separate go live instance, and the transaction price will be apportioned appropriately. Where the separate obligations are not defined, then unless deemed to be material the contract will be treated as one performance obligation.

The transaction price for the contract is determined as the sum of fixed consideration, other variable items, less an estimate of volume discounts if any. Other variable items such as higher/ lower employee numbers for PEPM charge (per employee per month amount charged to customer), credits for service level, third party penalties or inflationary increases are taken in the month they are received or incurred. Termination fees are taken at a point in time when the termination is complete.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Provisions on contract losses

A provision for contract losses is recognised on onerous contracts that are expected to make net losses for the remainder of the contract term, after taking into consideration impairment of contract assets.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998, when Financial Reporting Standard 10 Goodwill and intangible assets was adopted, this was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Intangible assets other than goodwill

Other intangible assets excluding goodwill

Acquired intangibles and purchased software are stated at the cost less accumulated amortisation and impairment losses.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the company's software development is recognised only if all of the following conditions are met:

- a) an asset is created that can be identified;
- b) it is probable that the asset created will be technically and commercially feasible;
- c) the company has sufficient resources to complete development;
- d) the asset will generate future economic benefits; and
- e) the development cost of the asset can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over a useful economic life of 5 years, commencing from the date the asset is first ready for use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands, is recognised in the income statement when incurred.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Purchased / developed software	5 years
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Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Short leasehold improvements	Life of the lease
Fixtures, fittings and office equipment	2-10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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 recognised in the income statement.

Non-current investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the directors, there has been impairment to their value in which case they are immediately written down to their estimated recoverable amount.

Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Impairment of tangible and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under IFRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

Equity instruments

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivation that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost is correspondingly recognised in the profit and loss account over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds are dealt with as appropriate in the reconciliation of movements in shareholder's funds.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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 non-current 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

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Moorepay as a lessee

The company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	2-10 years
Equipment	1-3 years
Motor vehicles	1-3 years
Other	1-3 years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Foreign exchange

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Financial guarantee contracts

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Non-GAAP performance measures

The board have presented 'Operating profit before significant separately disclosed items, property provisions, amortisation of intangibles and depreciation of tangible fixed assets' as an adjusted profit measure. They believe that this measure provides additional useful information for the shareholders on the underlying performance of the business. These measures are consistent with how business performance is monitored internally. The adjusted operating profit is not a recognised profit measure under adopted IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies.

3. Critical accounting estimates and judgements

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

3. Critical accounting estimates and judgements (continued)

Critical judgements

Revenue Recognition

The measurement of revenue and resulting profit recognition – due to the size and complexity of some of the contracts – requires significant judgements to be applied, including the measurement and timing of revenue recognition and the recognition of related balance sheet items (such as contract assets, accrued revenue and contract liabilities that result from the performance of the contract).

The implementation phase for Payroll and HR Admin services and for Consultancy takes between zero to 18 months, during which time the related performance obligation is not being delivered to the customer. Under the contracts, Moorepay is entitled to bill the customer during the implementation phase and hence contract liabilities are created. Correspondingly, costs incurred during this phase are assessed and, where they create a contract asset, are capitalised. Where revenue in implementation phase had previously been accrued to match the percentage of completion of that phase, this is no longer applicable and hence accrued revenue is smaller.

The company considers the services provided to the customers including the initial implementation and subsequent licencing, to be a combined single performance obligation. This is because these elements are not distinct and are interdependent. As a result, the company recognises revenue accordingly, which is spread over the contract period.

To recognise the switch in recognising gross revenue and costs for sales of third-party license, to recognising a net commission. Also, to change the timing from the life of the license to the point in time where benefits of ownership transfer to our customer.

Deferred tax impacts of these changes are nil.

Sales commissions are incremental costs to obtain a contract and hence, where significant, are deferred and released over the life of the contract. There was no impact of the new accounting standard IFRS 15 on the company's income statement or statement of financial position.

Where the timing of revenue and profit recognition has changed the future estimated losses on any individual contract, the difference has been adjusted through provisions.

Recognition of internally generated intangible assets from development

Under IFRS, internally generated intangible assets from the development phase are recognised if certain conditions are met. These conditions include the technical feasibility, intention to complete, the ability to use or sell the asset under development and the demonstration how the asset will generate probable future economic benefits. The cost of a recognised internally generated intangible asset comprises all directly attributable cost necessary to make the asset capable of being used as intended by management. In contrast, all expenditures arising from the research phase are expensed as incurred.

We believe that the determination whether internally generated intangible assets from development are to be recognised as intangible assets requires significant judgement, particularly in the following areas:

- The determination whether activities should be considered research activities or development activities;
- The determination whether the conditions for recognising an intangible asset are met requires assumptions about future market conditions, customer demand and other developments.
- The term 'technical feasibility' is not defined in IFRS, and therefore the determination whether completing an asset is technically feasible requires a company-specific and necessary judgemental approach;
- The determination of the future ability to use or sell the intangible asset arising from the development and the determination of probability of future benefits from sale or use, and

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

3. Critical accounting estimates and judgements (continued)

Recognition of internally generated intangible assets from development (continued)

- The determination whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development.

Impairment of intangible assets, including goodwill

Goodwill and other intangible assets are tested annually for impairment. The impairment tests involve estimation of future cash flows and the selection of a suitable discount rate. These require an estimation of the value-in-use of the cash generating units to which the intangible assets are allocated (note 12).

The recoverable amounts of goodwill are determined from value-in-use calculations which use discounted post-tax cash flows from approved budgets and five-year forecasts and extrapolated cash flows for the periods beyond these using estimated long-term growth rates.

The key assumptions are:

- Long term average growth rates are used to extrapolate cash flows. Growth rates are determined with reference to internal approved budgets and forecasts;
- Discount rates are specific to the company and reflect the individual nature and specific risks relating to the market in which it operates;
- Gross margins are based on past performance and management's expectations of market development. No improvements to margins beyond periods covered by approved budgets and forecasts have been assumed.

The Directors are required to review the goodwill at least annually for impairment of the carrying value as compared to the recoverable amount. The pre-tax discount rate used is 10.8%, 5-year forecasts and terminal growth rate of 2.5%. These have remained the same from prior financial year.

The surplus headroom above the carrying value of goodwill at 30 April 2021 was satisfactory.

Expected Credit Losses on Trade Receivables

IFRS 9 introduced an Expected Credit Loss ('ECL') model. This requires an entity to consider historic, current and forward-looking information while assessing trade receivables impairment.

Trade receivables in the company arise from revenue transactions in accordance with IFRS 15 with no existing significant financing arrangement. Therefore, the simplified approach under IFRS 9 is adopted and lifetime ECL is applied.

Based on analysis of actual write offs, a provision matrix is applied for the trade receivables as follows:

Not yet due	1%
0-89 days overdue	10%
90-179 days overdue	65%
180-269 days overdue	100%
270-359 days overdue	100%
Over 360 days overdue	100%

MOOREPAY LIMITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

3. Critical accounting estimates and judgements (continued)

Expected Credit Losses on Trade Receivables (continued)

Additional ECL has been provided for in light of Covid-19. For debtor balances arising from customers in the industries most affected by the pandemic listed below, 50% of the outstanding balances have been provided for, and the incremental provision is recorded as exceptional.

- Leisure
- Travel
- Retail & Wholesale (non-essential)
- Automotive & Transport

Development cost amortisation

The amortisation rate for development costs is 5 years, based on the useful life of the assets.

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

4. Revenue

Revenue represents the amounts derived from the provision of goods and services stated net of value added tax, and includes interest arising on sales of equipment and software licences on deferred payment terms.

The company's entire turnover derives from the company's principal activities, being the provision of outsourced payroll services, the development and supply of IT solutions & software, and the provision of related consultancy and support services. All turnover and operating profit arises in the United Kingdom and Ireland from the same class of business. The company has only one operating division into which all costs are attributed.

An analysis of the company's revenue is as follows:

	2021 £'000	2020 £'000
Continuing operations		
Licence, support and payroll services (UK)	18,652	17,827
	2021 £'000	2020 £'000
Deferred income / costs to contract assets & liabilities		
Contract fulfilment assets – current	-	-
Contract fulfilment assets – non-current	-	-
Contract liabilities – current	(714)	(597)
Contract liabilities – non-current	(215)	(218)
Net contract liabilities	(929)	(815)

Significant judgements in relation to revenue recognition have been disclosed in note 3.

Contract assets are costs to fulfil contracts. The nature of costs that are eligible include direct labour and associated costs, sub-contractor costs, contract management and materials. Other costs such as general & administration, wasted resources and expenses that relate to satisfied performance obligations are all recognised as expenses.

Under the contracts, Moorepay is entitled to bill the customer during the implementation phase, but revenue is not recognised until performance obligation is satisfied (at go live); hence contract liabilities are recognised for amounts billed during the implementation phase.

	2021 £'000	2020 £'000
Revenue recognised in relation to contract liabilities		
Revenue recognised that was included in the contract liability balance at the beginning of the periods	597	382

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

4. Revenue (continued)

No revenue has been recognised from performance obligations satisfied in previous periods.

	2021	2020
	£'000	£'000
Unsatisfied long-term contracts		
Aggregate amount of contracts partially or fully unsatisfied as at 30 April	20,341	17,926

Management expects that of the transaction price allocated to the unsatisfied contracts as of 30 April 2021 of £20.3m will be recognised as revenue in the next reporting periods. £10.9m, £5.8m, £2.6m, £0.7m and £0.4m will be recognised as revenue in reporting periods ending 30 April 2022, 30 April 2023, 30 April 2024, 30 April 2025 and 30 April 2026 respectively.

Performance obligations

A performance obligation is deemed the goods or services that we have agreed within the customer contract and are deemed fulfilled when the customer can utilise those goods or services. This is where the technology can be utilised for its intended purpose (project go live) or when the service has been completed (running an outsource payroll).

There may be separate performance obligations within a single customer contract. Where the obligations are defined, these will be dealt with as a separate go live instance, and the transaction price will be apportioned appropriately. Where the separate obligations are not defined, then unless deemed to be material the contract will be treated as one performance obligation.

5. Operating costs

	2021	2020
	£'000	£'000
Operating profit for the year is stated after charging:		
- Wages and salaries	8,305	9,005
- Social security costs	891	914
- Pension costs	453	383
Amortisation of intangible assets	1,402	1,238
Depreciation of property, plant and equipment	38	40
Depreciation of leased assets	96	251
Management fees	895	884
Other operating charges	4,217	3,897
Significant separately disclosed items (note 6)	439	585
	16,736	17,197

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

6. Significant separately disclosed items

The company incurred the following significant costs in the year which are separately disclosed:

	2021	2020
	£'000	£'000
Severance and restructuring	321	65
Business transformation and integration	9	159
Significant events and external circumstances	109	2
	<u>439</u>	<u>226</u>

The costs relevant to the company are categorised into three main areas below.

1) Severance and restructuring.

Following the acquisition of the Zellis Group by Bain Capital, the Group undertook a major strategic review, engaged third party specialists and instigated a restructuring of the business. This included changes in personnel, rebranding, and the introduction of new business processes. In the year ended 30 April 2021 the main costs related to restructuring/redundancies costs in order to continue to optimise our structure post acquisition. We have also exited 5 office locations including our head office at Hemel Hempstead. As a result, our head office has been moved to Bristol which involved the change of registered address for majority of the legal entities. A number of colleagues based on these office locations were also made redundant.

2) Business Transformation and integration.

Post the carve out from the previous parent, the group have undertaken a number of business transformational projects. During FY20 and FY21 the main spend related to Finance and IT transformation focussed on structure and capabilities as well as IT security reviews, and finance system enhancements.

3) Significant events or external circumstances.

Following unprecedented changes in global landscape, we have made a specific bad debt provision against the potential credit losses predicted in light of the Covid-19 pandemic as well as incremental holiday pay accrual. In addition, we have ensured our properties are Covid-19 secure including PPEs, extra signs, hand sanitation stations, rearrangements of fixture & fittings, etc.

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

7. Auditor's remuneration

	2021	2020
	£'000	£'000
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the company	<u>15</u>	<u>39</u>

The remuneration of the auditor was borne by another group undertaking in the current and previous year and recharged to the company. Amounts paid to the company's auditor in respect of services to the company other than audit of these financial statements have not been disclosed as the information is instead disclosed on a consolidated basis in the Annual Report and Accounts of Zellis Holdings Limited.

8. Employees

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

	2021	2020
	Number	Number
Sales	51	65
Operations	128	159
Product support	<u>22</u>	<u>2</u>
	<u>201</u>	<u>226</u>

Their aggregate remuneration comprised:

	2021	2020
	£'000	£'000
Wages and salaries	8,305	9,005
Social security costs	891	914
Pension costs	<u>453</u>	<u>383</u>
	<u>9,649</u>	<u>10,302</u>

Directors' remuneration

The directors' remuneration in respect of services to the company have not been disclosed as it is not possible to accurately allocate directors' time to each legal entity within the group. As a result, the full disclosure is presented in the consolidated financial statements of the parent entity, Zellis Holdings Limited.

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

9. Finance income

	2021	2020
	£'000	£'000
Interest income		
Interest receivable from group companies	775	464
Total finance income	<u>775</u>	<u>464</u>
Other income from investments		
Exchange differences	1	-
Total income	<u>776</u>	<u>464</u>

10. Finance costs

	2021	2020
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest payable on bank overdrafts and loans	15	89
Interest payable on group undertakings	236	103
Interest on obligations under finance lease	50	68
	<u>301</u>	<u>260</u>
Other finance costs:		
Unwinding of discount of provisions	5	6
Foreign exchange loss	1	1
Total finance costs	<u>307</u>	<u>267</u>

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

11. Income tax expense

	2021	2020
	£'000	£'000
Current tax		
Adjustment in respect of prior periods	-	6
Total UK current tax	-	6
Deferred tax		
Origination and reversal of temporary differences	66	127
Changes in tax rates	-	(275)
Adjustment in respect of prior periods	79	(72)
	145	(220)
Total tax (credit)/charge	145	(213)

The (credit)/charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	£'000	£'000
Profit before taxation	2,385	827
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	453	157
Effect of expenses not deductible in determining tax profit	41	7
Adjustment in respect of prior periods	79	(275)
Effect of change in UK corporation tax rate	-	(72)
Group relief	(428)	(31)
Taxation (credit)/charge for the year	145	(213)

Reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2018) was substantively enacted on 26 October 2015.

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

12. Intangible fixed assets

	Goodwill £'000	Software £'000	Total £'000
Cost:			
As at 1 May 2019	1,039	3,760	4,799
Transfer in	-	4,754	4,754
Additions – internally generated	-	1,552	1,552
Transfers to right to use assets	-	(254)	(254)
At 30 April 2020	<u>1,039</u>	<u>9,812</u>	<u>10,851</u>
Additions – internally generated	-	1,656	1,656
At 30 April 2021	<u>1,039</u>	<u>11,468</u>	<u>12,507</u>
Amortisation and impairment			
As at 1 May 2019	-	2,135	2,135
Charge for the year	-	1,237	1,237
Transfers	-	2,428	2,428
Written off	-	(254)	(254)
At 30 April 2020	<u>-</u>	<u>5,546</u>	<u>5,546</u>
Charge for the year	-	1,402	1,402
At 30 April 2021	<u>-</u>	<u>6,948</u>	<u>6,948</u>
Net book value			
At 30 April 2021	<u>1,039</u>	<u>4,520</u>	<u>5,559</u>
At 30 April 2020	<u>1,039</u>	<u>4,266</u>	<u>5,305</u>

Impairment assessment on goodwill is performed on an annual basis. No indication of impairment was identified.

The assessment applies a discounted cashflow model with financial forecasts from the group's 5-year plan which embedded the impact from Covid-19 pandemic and was agreed with the Board. The pre-tax discount rate (10.8%) and terminal growth rate (2.5%) applied was obtained from third party specialists at acquisition.

A sensitivity analysis was also performed which indicated that a combination of significant downturns in business performance will need to occur in order to result in impairment.

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

13. Property, plant and equipment

	Short leasehold improvements £'000	Fixtures & fittings and office Equipment £'000	Total £'000
Cost:			
At 1 May 2019	489	409	898
Additions	-	11	11
Write offs	(223)	(340)	(563)
At 30 April 2020	266	80	346
Additions	-	-	-
Write offs	(35)	-	(35)
At 30 April 2021	231	80	311
Accumulated depreciation and impairment:			
At 1 May 2019	311	356	667
Charge for the year	27	14	41
Write offs	(222)	(325)	(547)
At 30 April 2020	116	45	161
Charge for the year	23	15	38
Write offs	(24)	-	(24)
At 30 April 2021	115	60	175
Net book value			
At 30 April 2021	116	20	136
At 30 April 2020	150	35	185

14. Investments

	Note	2021	2020
		£'000	£'000
Investments in subsidiaries	15	9,041	9,041

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Annual impairment assessment has been performed on the goodwill and investments, which is disclosed in note 12 on page 34.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

14. Investments (continued)

Movements in non-current investments

	Shares in group undertakings £'000
Cost of valuation	
At 1 May 2020	19,631
Additions	-
Disposals	-
At 30 April 2021	19,631
Impairment	
At 1 May 2020	(10,590)
Liquidated	-
Disposals	-
At 30 April 2021	(10,590)
Carrying amount	
At 30 April 2021	9,041
At 30 April 2020	9,041

15. Subsidiaries

The company's subsidiary undertakings at 30 April 2021, the nature of whose business is the development and supply of software and related services, and have only ordinary share capital, were as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)
Business Information Management Limited	England and Wales	100.00
Moorepay Compliance Limited	England and Wales	100.00
Jamy Investments Limited	England and Wales	100.00

All of the subsidiaries listed above have the same principal place of business and registered office as that of this company.

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

16. Leases

This note provides information for leases where the company is a lessee. The company has lease contracts for various items of buildings and equipment used in its operations. The company's obligations under its leases are secured by the lessor's title to the leased assets. The balance sheet shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Right-of-use asset		
Building	488	579
	488	579
Lease liabilities		
Current	80	70
Non-current	473	550
	553	620

The income statement shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation charge of right-of-use asset		
Building	96	103
Equipment	-	148
	96	251
Interest expense	50	68
Total recognised in the profit and loss	146	319

The total cash outflow for leases was £122k (2020: £138k). The company has not had any non-cash additions in the year

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

17. Trade and other receivables

	2021	2020
	£'000	£'000
Debt instruments at amortised costs		
Trade receivables	4,495	4,970
Less allowance for expected credit losses	(950)	(770)
Net trade receivables	3,545	4,200
Accrued income	288	547
Prepayment and other receivables	379	293
Amounts due from group undertakings	10,578	3,128
Other receivables	41	24
Total trade and other receivables	14,831	8,192

Included within the amounts due from group undertakings is a £426k (2020: £208k) IFRS 9 expected credit loss on the intercompany receivable balance.

Allowance for expected credit losses from trade receivables can be analysed as follows:

Movement in the allowance for expected credit losses:	£'000
At 1 May 2019	94
Provision for expected credit losses	765
Utilised in period	(89)
At 30 April 2020	770
Provision for expected credit losses	245
Utilised in period	(65)
At 30 April 2021	950

18. Trade and other payables

	2021	2020
	£'000	£'000
Trade payables	31	221
Amounts due to group undertakings	10,992	7,223
Accruals and deferred income	847	680
Other payables	3	163
Total trade and other payables	11,873	8,287

19. Contract liabilities

	2021	2020
	£'000	£'000
Balance to be recognised within one year	714	597
Balance to be recognised after one year	215	218
Contract liabilities	929	815

MOOREPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

20. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated Capital allowances	Tax losses	Other	Total
	£'000	£'000	£'000	£'000
At 1 May 2019	145	153	38	336
Adoption of accounting policy	-	-	-	-
(Credit)/charge to profit	389	(153)	(16)	220
Effect of change in tax rate – profit	-	-	-	-
At 30 April 2020	534	-	22	556
Charge/(credit) to profit	(185)	25	15	(145)
At 30 April 2021	349	25	37	411

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021	2020
	£'000	£'000
Deferred tax assets	411	556

21. Provision for liabilities

	2021	2020
	£'000	£'000
Property provisions	98	89

Movements on provisions

	£'000
At 1 May 2020	89
Addition	40
Utilisation	(31)
At 30 April 2021	98

The provision relates to legal fee provision and dilapidations provision for repairs and redecorations at the end of the lease.

22. Retirement benefit schemes

Defined contribution schemes

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.

The total costs charged to income in respect of defined contribution plans is £453k (2020: £383k).

MOOREPAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

23. Share capital

	2021	2020
	£'000	£'000
Authorised, issued and fully paid:		
1,000,000 Ordinary of 5p each	<u>50</u>	<u>50</u>

24. Contingent liabilities

The company has in the normal course of business issued guarantees securing the performance by itself and other group undertakings of certain contracts and undertakings from which no liabilities are expected to arise other than those provided for in these accounts.

The company participates in the group's syndicated banking facility agreement.

The group has syndicated Senior facility agreements with the bank providing £290m of available funding. Of this facility, the group has the following available committed floated rate borrowing activities as at 30 April 2021 in respect of which all conditions precedent had been met at that date:

	2021	2020
	£'000	£'000
Expiring between 2 and 10 years	<u>297,930</u>	<u>290,068</u>

25. Controlling party

The immediate parent company is Moorepay Group Limited, a company registered in England and Wales. The ultimate parent company is Zellis Holdco S.à.r.l, a company registered in Luxembourg. The Company is ultimately controlled by Bain Capital Europe Fund IV LP.

The smallest group in which the results of the company for the year ending 30 April 2021 are consolidated is that headed by Zellis Holdings Limited, a company registered in England and Wales, with a registered office of 740 Waterside Drive, Aztec West, Almondsbury, Bristol, England, BS32 4UF.

The largest group in which the results of the company for the year ending 30 April 2021 are consolidated is that headed by Zellis Holdco S.à.r.l. Copies of both group accounts can be obtained from 740 Waterside Drive, Aztec West, Almondsbury, Bristol, England, BS32 4UF.