

Company Registration No. 04920388 (England and Wales)

INTEGRATED INTERNATIONAL PAYROLL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

INTEGRATED INTERNATIONAL PAYROLL LIMITED

COMPANY INFORMATION

Directors	Mr E Bowman Mr R D Foster Mr T J Jakob Mr E Olkkola
Company number	04920388
Registered office	Festival House Jessop Avenue Cheltenham England GL50 3SH
Auditor	Baldwins Audit Services Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS

INTEGRATED INTERNATIONAL PAYROLL LIMITED

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INTEGRATED INTERNATIONAL PAYROLL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair Review of the Business

The results for the year and the financial position at the year-end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Turnover for the year increased by 60% to £9.3m due to 97% customer retention and the roll out of new payrolls from customers acquired in 2017, 2018 and 2019

The total loss for the year was £2.5m.

Description of Principal Risks and Uncertainties

The business is subject to a number of risks and uncertainties. The directors consider the following to be the key risks and uncertainties of the business.

Covid-19

Since the pandemic outbreak the business has operated entirely remotely and has maintained its high level of customer service. The business has been fortunate in that its customer base is not weighted towards travel and retail sectors that have been heavily affected by the pandemic. However, we do expect the imminent worldwide recession to have a potential negative impact on customer headcount and this in turn will contribute to lower revenues. Given the business is currently rolling out new payrolls in 2020 for customers acquired in 2018 and 2019 we are confident that any negative impact from COVID-19 will be more than offset with new customer revenues and the business expects to continue to grow significantly year on year.

BREXIT

The business has reviewed the impact of BREXIT upon its operations and has concluded that given its service orientation and that the customer base is geographically dispersed there will be minimal adverse impact to its revenues and its wider operations.

Funding and liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate cash flow risk

The company is exposed potential upward movements in EUR Libor rate above 0.00%, currently -0.44%. Given the general economic climate the business does not expect to see any material growth in interest expense over the coming year.

Competition

The business operates in a highly competitive environment. To date, the business has been very successful in growing and maintaining its customer base. We expect competitive pressures to increase with advancements in technology and efficiencies.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The risk is minimised through partial hedging with traded currencies (receipts and payments) limited as far as possible to GBP, USD and EUR.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Description of Principal Risks and Uncertainties (continued)

Data protection risk

The business is responsible to its customers for ensuring that customer data is adequately protected. The business has developed robust infrastructure and follows industry accepted policies and procedures as required under the certification of ISO 27001 and SOC 1. The business has outsourced its data centre operations to third parties who operate at industry recognised standards. A material data breach would have an adverse financial impact.

Technology risk

The business has built its own robust proprietary technology that has been in operation for a number of years with frequent upgrades and new functionality. Business continuity plans have been developed to ensure that the business will continue to operate under various scenarios.

Analysis of Development and Performance

The directors consider the following factors to be key in analysing the development and performance of the business.

- Revenue growth
- Gross profit improvement
- Lower EBITDA losses
- Value of new contracts won

Research and development ("R&D")

Part of the company's activities are directed towards R&D. In its widest sense, R&D encompasses the use of scientific or technological knowledge in order to produce new or substantially improved materials, devices, products or services to install new processes and systems prior to the commencement of commercial production or application, or to improve substantially materials, devices, products or services already produced or installed.

The directors consider that the development of new software applications and other advancements being developed fall within this definition.

On behalf of the board

Mr T J Jakob
Director
28 May 2020

INTEGRATED INTERNATIONAL PAYROLL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the provision of international payroll services.

Directors

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

Mr E Bowman
Mr R D Foster
Mr T J Jakob
Mr E Olkkola

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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.

Disclosure in the Strategic Report

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

INTEGRATED INTERNATIONAL PAYROLL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board

Mr T J Jakob
Director

28 May 2020

INTEGRATED INTERNATIONAL PAYROLL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF INTEGRATED INTERNATIONAL PAYROLL LIMITED

Opinion

We have audited the financial statements of Integrated International Payroll Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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 our 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.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF INTEGRATED INTERNATIONAL PAYROLL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Mark Minchella (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

4 June 2020

Statutory Auditor

Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

INTEGRATED INTERNATIONAL PAYROLL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	9,268,199	5,781,922
Cost of sales		(6,961,367)	(4,985,580)
Gross profit		<u>2,306,832</u>	<u>796,342</u>
Administrative expenses		(4,859,895)	(4,725,520)
Operating loss	4	<u>(2,553,063)</u>	<u>(3,929,178)</u>
Other interest receivable and similar income	7	147,488	136,415
Other interest payable and similar expenses	8	(248,480)	(166,674)
Loss before taxation		<u>(2,654,055)</u>	<u>(3,959,437)</u>
Tax on loss	9	169,268	100,594
Loss for the financial year		<u><u>(2,484,787)</u></u>	<u><u>(3,858,843)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	10		779,743		401,682
Tangible assets	11		254,741		291,906
Investments	12		18,997		-
			<u>1,053,481</u>		<u>693,588</u>
Current assets					
Debtors falling due after more than one year	14	1,352,763		764,315	
Debtors falling due within one year	14	8,716,442		7,171,463	
Cash at bank and in hand		760,716		693,088	
		<u>10,829,921</u>		<u>8,628,866</u>	
Creditors: amounts falling due within one year	15	<u>(5,017,114)</u>		<u>(4,341,644)</u>	
Net current assets			<u>5,812,807</u>		<u>4,287,222</u>
Total assets less current liabilities			<u>6,866,288</u>		<u>4,980,810</u>
Creditors: amounts falling due after more than one year	16		<u>(2,854,780)</u>		<u>(2,973,940)</u>
Net assets			<u><u>4,011,508</u></u>		<u><u>2,006,870</u></u>
Capital and reserves					
Called up share capital	19		18,545,907		14,056,482
Profit and loss reserves			<u>(14,534,399)</u>		<u>(12,049,612)</u>
Total equity			<u><u>4,011,508</u></u>		<u><u>2,006,870</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 May 2020 and are signed on its behalf by:

Mr T J Jakob
Director

Company Registration No. 04920388

INTEGRATED INTERNATIONAL PAYROLL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 January 2018	9,362,741	(8,190,769)	1,171,972
Year ended 31 December 2018:			
Loss and total comprehensive income for the year	-	(3,858,843)	(3,858,843)
Issue of share capital	19 4,693,741	-	4,693,741
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	14,056,482	(12,049,612)	2,006,870
Year ended 31 December 2019:			
Loss and total comprehensive income for the year	-	(2,484,787)	(2,484,787)
Issue of share capital	19 4,489,425	-	4,489,425
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<u>18,545,907</u>	<u>(14,534,399)</u>	<u>4,011,508</u>

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Integrated International Payroll Limited is a private company limited by shares incorporated in England and Wales. The registered office is Festival House, Jessop Avenue, Cheltenham, England, GL50 3SH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 401 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.

Integrated International Payroll Limited is a wholly owned subsidiary of Ibidem Capital Limited which, in turn, is a wholly owned subsidiary of TeakiiPay Holdings LLC. The results of Integrated International Payroll Limited and its immediate parent company, Ibidem Capital Limited, are included in the consolidated financial statements of the ultimate parent company, TeakiiPay Holdings LLC, which are available from 8226 Douglas Avenue #355, Dallas, Tx 75225, USA.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

The company continues to invest in the business and has delivered consistent revenue growth in line with expectations. The company has made a loss in 2019. The losses have been funded during the year by a substantial equity investment of £4.5m (2018: £4.7m) by the company's ultimate parent, TeakiiPay Holdings LLC, and the balance by a debt financing facility concluded on 31 January 2018 with Harbert European Speciality Lending Company II S.A.R.L for up to €3,500,000. As at 31 December 2019, this debt financing facility had been fully drawn by the company. On 11 March 2020, a further financing facility with Harbert European Speciality Lending Company II S.A.R.L was concluded for up to €5,000,000.

Looking towards 2020 and beyond, the directors are confident that the business has sufficient cash resources in order for it to reach a cash break-even position utilising additional equity investment and debt financing facilities already at the company's disposal.

At the time of approving the financial statements, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured at the fair value of consideration received or receivable and represents amounts for services provided to third parties in the normal course of business during the period net of value added tax and any discounts, and results from the principal activity of the company

Each element of turnover (described below) is recognised only when:

- Provision of services has occurred;
- The consideration received is fixed or determinable;
- There are no significant vendor obligations remaining; and
- Collection of the amount due from the customer is reasonably assured.

Income from payroll processing and any related support, maintenance and unit based licencing arrangements is recognised rateably over the initial term of the related customer contract.

Any income arising from pure consultancy work is recognised in profit or loss on a time and materials basis.

Services that have been provided at the end of a financial period, but which have not been invoiced at the time, are recognised as turnover in profit or loss and shown within prepayments and accrued income on the balance sheet.

Implementation and set-up fees in connection with the provision of payroll processing services are deferred until such initial work is considered complete and is then recognised rateably over the remaining initial term of the related customer contract.

Advance payments from customers or advance invoicing at the end of the financial period are included within accruals and deferred income on the balance sheet. Such amounts are recognised in profit or loss when the services are provided to the customer in accordance with the points set out above.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets comprise both licence and development costs for computer software, and development costs on internally generated intangibles related to creating new and improved interfaces, dashboards and security features to enhance the customer experience. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful lives of 3 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

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

Computer software	3 years straight line
Development costs	3 years straight line

1.6 Tangible fixed assets

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

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

Leasehold improvements	5 years straight line
Fixtures and fittings	5 years straight line
Computers	3 years straight line

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

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

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

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

1.10 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

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

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.17 Deferred costs

Costs in respect of implementation and set-up fees are deferred until such initial work is considered complete and are then recognised rateably over the remaining initial term of the related customer contract. Deferred costs are included within prepayments and accrued income on the balance sheet.

1.18 Related parties

The company has taken advantage of exemption under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose related party transactions with wholly owned subsidiaries within the group.

1.19 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, 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 the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Deferred costs

Income generated from implementation and set-up fees for work performed on new customer contracts is deferred and released rateably over the remaining initial term of the customer contract when work is considered complete. The related costs are also deferred and released rateably over the same period. The value of costs deferred are a combination of an estimated allocation of internal staff costs and actual third party costs.

3 Turnover and other revenue

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

	2019	2018
	£	£
Turnover analysed by class of business		
Rendering of services	9,268,199	5,781,922

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3	Turnover and other revenue	(Continued)	
		2019	2018
		£	£
	Other significant revenue		
	Interest income	147,488	136,415
		<u> </u>	<u> </u>
		2019	2018
		£	£
	Turnover analysed by geographical market		
	United Kingdom	4,723,347	2,775,320
	Europe	2,535,537	1,445,231
	United States	1,414,101	867,225
	Rest of the World	595,214	694,146
		<u> </u>	<u> </u>
		<u>9,268,199</u>	<u>5,781,922</u>

4	Operating loss	2019	2018
		£	£
	Operating loss for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(226,378)	(59,554)
	Research and development costs	24,577	79,016
	Fees payable to the company's auditor for the audit of the company's financial statements	8,245	9,585
	Depreciation of owned tangible fixed assets	125,909	112,351
	(Profit)/loss on disposal of tangible fixed assets	-	1,256
	Amortisation of intangible assets	234,867	129,851
	Operating lease charges	177,837	143,615
		<u> </u>	<u> </u>

5 Employees

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

	2019	2018
	Number	Number
Directors	1	1
Operations	65	41
Support	39	32
	<u> </u>	<u> </u>
Total	<u>105</u>	<u>74</u>

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	4,261,699	3,044,934
Social security costs	470,991	354,261
Pension costs	112,909	78,703
	<u>4,845,599</u>	<u>3,477,898</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	221,891	282,924
Company pension contributions to defined contribution schemes	7,558	7,058
	<u>229,449</u>	<u>289,982</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

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

	2019 £	2018 £
Remuneration for qualifying services	<u>229,449</u>	<u>289,982</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	295	99
Other interest income	147,193	136,316
Total income	<u>147,488</u>	<u>136,415</u>
Disclosed on the profit and loss account as follows:		
Other interest receivable and similar income	<u>147,488</u>	<u>136,415</u>

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8	Interest payable and similar expenses	2019	2018
		£	£
	Other interest on financial liabilities	248,480	166,674
		<u> </u>	<u> </u>
	Disclosed on the profit and loss account as follows:		
	Other interest payable and similar expenses	248,480	166,674
		<u> </u>	<u> </u>
9	Taxation	2019	2018
		£	£
	Current tax		
	UK corporation tax on profits for the current period	(172,226)	(100,594)
	Adjustments in respect of prior periods	2,958	-
		<u> </u>	<u> </u>
	Total current tax	(169,268)	(100,594)
		<u> </u>	<u> </u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Loss before taxation	(2,654,055)	(3,959,437)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(504,270)	(752,293)
Tax effect of expenses that are not deductible in determining taxable profit	7,771	-
Unutilised tax losses carried forward	448,489	690,000
Adjustments in respect of prior years	2,958	-
Research and development tax credit	(127,573)	(100,594)
Other items	3,357	62,293
	<u> </u>	<u> </u>
Taxation credit for the year	(169,268)	(100,594)
	<u> </u>	<u> </u>

Taxable losses have been incurred and are available for use against future taxable profits. A deferred tax asset has not been recognised as the company does not anticipate these losses to be fully utilised in the immediate future. The approximate value of the unrecognised deferred tax asset measured at a standard rate of 17% is £2,950,000 (2018: £2,595,000).

Reductions to the UK corporation tax rate were substantially enacted as part of the Finance Act 2016 on 15 September 2016. These reduce the main rate of corporation tax to 17% from 1 April 2020.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Intangible fixed assets

	Computer software £	Development costs £	Total £
Cost			
At 1 January 2019	70,341	500,927	571,268
Additions	31,972	580,956	612,928
At 31 December 2019	102,313	1,081,883	1,184,196
Amortisation and impairment			
At 1 January 2019	8,525	161,061	169,586
Amortisation charged for the year	29,415	205,452	234,867
At 31 December 2019	37,940	366,513	404,453
Carrying amount			
At 31 December 2019	64,373	715,370	779,743
At 31 December 2018	61,816	339,866	401,682

Intangible assets held by the company are pledged as security for the borrowings of the company under fixed and floating charges. The amortisation charge is included in Administrative expenses in the Statement of Comprehensive Income.

11 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2019	247,413	88,332	202,886	538,631
Additions	4,343	12,950	71,451	88,744
At 31 December 2019	251,756	101,282	274,337	627,375
Depreciation and impairment				
At 1 January 2019	89,293	38,719	118,713	246,725
Depreciation charged in the year	50,028	19,111	56,770	125,909
At 31 December 2019	139,321	57,830	175,483	372,634
Carrying amount				
At 31 December 2019	112,435	43,452	98,854	254,741
At 31 December 2018	158,120	49,613	84,173	291,906

Tangible assets held by the company are pledged as security for the borrowings of the company under fixed and floating charges. The depreciation charge is included in Administrative expenses in the Statement of Comprehensive Income.

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	18,997	-

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2019	-
Additions	18,997
At 31 December 2019	18,997
Carrying amount	
At 31 December 2019	18,997
At 31 December 2018	-

Fixed asset investments held by the company are pledged as security for the borrowings of the company under fixed and floating charges.

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Integrated International Payroll Shanghai Limited	1	Dormant	Ordinary shares	100.00
Integrated International Payroll (Hong Kong) Limited	2	Dormant	Ordinary shares	100.00
Integrated International Payroll SARL	3	Provision of international payroll services	Ordinary shares	100.00
Integrated International Payroll KFT	4	Provision of international payroll services	Ordinary shares	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 No.381, Huaihai Zhong Road, Luwan District, Shanghai, China
- 2 Room 602, Wan Yuen Building, 149 Queen's Road Central, Hong Kong
- 3 Immeuble le Leeds -253, Boulevard du Leeds, Lille, 59777, France
- 4 Duna Tower, Budapest Nefpurdó u.22 113, Hungary

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Debtors	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	1,650,485	1,312,616
Corporation tax recoverable	172,226	100,594
Amounts owed by group undertakings	5,427,925	4,789,809
Other debtors	427	1,529
Prepayments and accrued income	1,465,379	966,915
	<u>8,716,442</u>	<u>7,171,463</u>
	2019	2018
	£	£
Amounts falling due after more than one year:		
Prepayments and accrued income	1,352,763	764,315
	<u>1,352,763</u>	<u>764,315</u>
Total debtors	<u>10,069,205</u>	<u>7,935,778</u>

Debtors held by the company are pledged as security for the borrowings of the company under a fixed and floating charge.

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

15 Creditors: amounts falling due within one year	2019	2018
Notes	£	£
Other borrowings	17 967,912	677,741
Trade creditors	1,523,520	863,721
Amounts owed to group undertakings	809,004	1,579,409
Taxation and social security	317,937	229,361
Other creditors	44,215	31,130
Accruals and deferred income	1,354,526	960,282
	<u>5,017,114</u>	<u>4,341,644</u>

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

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Other borrowings	17	1,256,548	1,791,071
Accruals and deferred income		1,598,232	1,182,869
		<u>2,854,780</u>	<u>2,973,940</u>

17 Loans and overdrafts

	2019 £	2018 £
Other loans	2,224,460	2,468,812
	<u>2,224,460</u>	<u>2,468,812</u>
Payable within one year	967,912	677,741
Payable after one year	1,256,548	1,791,071
	<u>2,224,460</u>	<u>2,468,812</u>

Other borrowings are secured by fixed and floating charges over all the property and undertakings of the company. The immediate parent company, Ibidem Capital Limited, and the ultimate parent company, TeakiiPay Holdings LLC, have both provided guarantees over this loan facility to the lender.

Interest is charged on other borrowings at a rate of 10% per annum.

Other borrowings are repayable by monthly capital and interest payments with maturity dates ranging from 31 January 2022 to 31 July 2022.

18 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	112,909	78,703
	<u>112,909</u>	<u>78,703</u>

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

19 Share capital

Ordinary share capital Issued and fully paid	2019 £	2018 £
18,545,907 (2018: 14,056,482) Ordinary shares of £1 each	18,545,907	14,056,482
	<u>18,545,907</u>	<u>14,056,482</u>

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

INTEGRATED INTERNATIONAL PAYROLL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Operating lease commitments

Lessee

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

	2019	2018
	£	£
Within one year	236,357	236,357
Between two and five years	139,339	375,696
	<u>375,696</u>	<u>612,053</u>

Of the future minimum lease payments under non-cancellable operating leases noted above, £311,470 (2018: £515,714) relate to premises.

21 Events after the reporting date

After the balance sheet date but before the date of approval, the company entered into a new term loan agreement with a third party financing partner for a loan commitment of €5,000,000. The loan bears a fixed interest rate at the time of each drawdown of each tranche at the greater of 10% or the one year EUR Libor Rate plus 10%. Tranches two and three can be drawn upon only after the parent company, TeakiiPay Holdings LLC, receives funding from Teakwood Capital in the amounts of \$1,300,000, and an incremental total of \$2,000,000, respectively.

22 Capital commitments

There were no capital commitments at the balance sheet date (2018: £Nil).

23 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018: £Nil).

24 Ultimate controlling party

These financial statements are included within the consolidated financial statements of the ultimate parent company, TeakiiPay Holdings LLC. TeakiiPay Holdings LLC is a company registered in the United States of America with its registered office being 8226 Douglas Avenue #355, Dallas, Tx 75225, USA.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.