
PayPartners Limited

Director's Report and Financial Statements

For the Year Ended 31 March 2020

PayPartners Limited

Company Information

Director	N C Smith MBE
Company secretary	N A Betton
Registered number	05056710
Registered office	Lancastrian Office Centre Talbot Road Stretford Manchester M32 0FP
Independent auditors	Hurst Accountants Limited Chartered Accountants and Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD

PayPartners Limited

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PayPartners Limited

**Director's Report
For the Year Ended 31 March 2020**

The director presents his report and the financial statements for the year ended 31 March 2020.

Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Director

The director who served during the year was:

N C Smith MBE

Disclosure of information to auditors
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The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

PayPartners Limited

Director's Report (continued)
For the Year Ended 31 March 2020

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

N A Betton
Secretary

Date: 11 August 2020

PayPartners Limited

Independent Auditors' Report to the Members of PayPartners Limited

Opinion

We have audited the financial statements of PayPartners Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

PayPartners Limited

Independent Auditors' Report to the Members of PayPartners Limited (continued)

Opinion 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement on page 1, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

PayPartners Limited

Independent Auditors' Report to the Members of PayPartners Limited (continued)

Auditors' 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 Auditors' 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 Auditors' Report.

Use of our report

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

Mike Jackson (Senior Statutory Auditor)
for and on behalf of
Hurst Accountants Limited
Chartered Accountants and Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

19 August 2020

PayPartners Limited

Statement of Income and Retained Earnings
For the Year Ended 31 March 2020

	2020 £	2019 £
Turnover	436,052	446,215
Gross profit	436,052	446,215
Administrative expenses	(341,729)	(322,051)
Operating profit	94,323	124,164
Interest receivable and similar income	4 15,600	14,950
Profit before tax	109,923	139,114
Tax on profit	(20,886)	(26,431)
Profit after tax	89,037	112,683
Retained earnings at the beginning of the year	825,666	762,957
	825,666	762,957
Profit for the year	89,037	112,683
Dividends declared and paid	-	(49,974)
Retained earnings at the end of the year	914,703	825,666

The notes on pages 8 to 14 form part of these financial statements.

PayPartners Limited
Registered number: 05056710

Balance Sheet
As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	6,345	12,624
Current assets			
Debtors: amounts falling due within one year	6	832,470	873,941
Cash at bank and in hand	7	3,307,316	2,931,622
		<u>4,139,786</u>	<u>3,805,563</u>
Creditors: amounts falling due within one year	8	(3,230,586)	(2,990,567)
Net current assets		<u>909,200</u>	<u>814,996</u>
Total assets less current liabilities		<u>915,545</u>	<u>827,620</u>
Provisions for liabilities			
Deferred tax		(841)	(1,953)
Net assets		<u><u>914,704</u></u>	<u><u>825,667</u></u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		914,703	825,666
		<u><u>914,704</u></u>	<u><u>825,667</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N C Smith MBE
Director
Date: 11 August 2020

The notes on pages 8 to 14 form part of these financial statements.

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PayPartners Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2020**

1. General information

PayPartners Limited is a private company limited by members capital incorporated in England and Wales. The address of the registered office and principal place of business is Lancastrian Office Centre, Talbot Road, Stretford, Manchester, M32 0FP. The nature of the company's operation and principal activity is payroll and human resource services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The ongoing COVID-19 pandemic is expected to affect most parts of the business community, including PayPartners Limited. The directors have reviewed the Company's business model and strategy and made relevant amendments to the risk register managed within our BS 9001:2015 British Quality Standard accreditation.

Government guidelines on all matters operational and financial have been followed as well as professional advice from our trade association the Recruitment and Employment Confederation.

The Company is well capitalised with a diversified business model to withstand the current and future climate.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

PayPartners Limited

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

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

2.5 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.6 Pensions

Defined contribution pension plan

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

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

2.7 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

PayPartners Limited

Notes to the Financial Statements
For the Year Ended 31 March 2020

2 Accounting policies (continued)

2.8 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%	straight line
Computer equipment	-	20%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

2.11 Creditors

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

PayPartners Limited

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 7 (2019 -7).

4. Interest receivable

	2020	2019
	£	£
Interest receivable from group companies	<u>15,600</u>	<u>14,950</u>

PayPartners Limited

Notes to the Financial Statements
For the Year Ended 31 March 2020

5. Tangible fixed assets

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost or valuation			
At 1 April 2019	5,600	40,885	46,485
Disposals	(4,851)	(8,766)	(13,617)
At 31 March 2020	<u>749</u>	<u>32,119</u>	<u>32,868</u>
Depreciation			
At 1 April 2019	5,278	28,583	33,861
Charge for the year on owned assets	120	6,159	6,279
Disposals	(4,851)	(8,766)	(13,617)
At 31 March 2020	<u>547</u>	<u>25,976</u>	<u>26,523</u>
Net book value			
At 31 March 2020	<u>202</u>	<u>6,143</u>	<u>6,345</u>
At 31 March 2019	<u>322</u>	<u>12,302</u>	<u>12,624</u>

PayPartners Limited

Notes to the Financial Statements
For the Year Ended 31 March 2020

6. Debtors

	2020	2019
	£	£
Trade debtors	218,324	240,890
Amounts owed by group undertakings	606,456	601,835
Prepayments and accrued income	7,690	31,216
	<u>832,470</u>	<u>873,941</u>

7. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	<u>3,307,316</u>	<u>2,931,622</u>

Included above is an amount of £2,979,451 (2019: £2,739,153) in relation to the Managed Account package provided by the company to service users. This represents funds received from local councils for the company to manage the draw down of funds and make payments for care and support as directed. There is a corresponding amount shown within creditors as due back to the councils if not utilised by the service users.

8. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	3,866	9,775
Amounts owed to group undertakings	25,377	1,372
Corporation tax	-	18,684
Other taxation and social security	29,619	24,079
Other creditors	2,250	1,873
Accruals and deferred income	3,169,474	2,934,784
	<u>3,230,586</u>	<u>2,990,567</u>

9. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £nil (2019: £nil) were payable to the fund at the balance sheet date and are included in creditors.

10. Financial commitments, guarantees and contingencies

The company had total commitments in respect of operating leases as at 31 March 2020 of £13,894 (2019: £3,439).

PayPartners Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2020**

11. Controlling party

The company is a wholly owned subsidiary undertaking of Kinetic Recruitment Services Limited, a company incorporated in England and Wales. The registered address of Kinetic Recruitment Services Limited is Lancastrian Office Centre, Talbot Road, Stretford, Manchester, M32 0FP. The smallest group in which the results of the company are consolidated is that headed by Kinetic plc. The consolidated accounts of this group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. No other group accounts include the results of the company.

