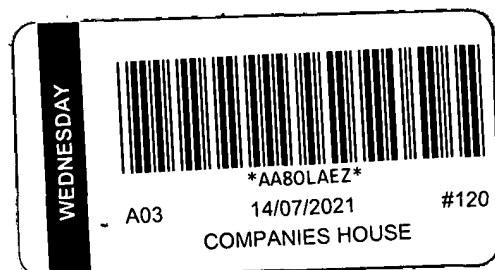


WAGESTREAM LTD
Unaudited Financial Statements
For the financial year ended 31 December 2020



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WAGESTREAM LTD

COMPANY INFORMATION

For the financial year ended 31 December 2020

DIRECTORS

P Briffett

P Wills

REGISTERED OFFICE

35 Gresse Street

London

W1T 1QY

United Kingdom

COMPANY NUMBER

11173225 (England and Wales)

ACCOUNTANT

Deloitte LLP

1 New Street Square

London

EC4A 3HQ

United Kingdom

**ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF
THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF WAGESTREAM LTD**

For the financial year ended 31 December 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Wagestream Ltd for the financial year ended 31 December 2020 which comprises the Balance Sheet and the related notes 1 to 9 from the Company's accounting records and from information and explanations you have given us.

We are subject to the ethical and other professional requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

It is your duty to ensure that Wagestream Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Wagestream Ltd. You consider that Wagestream Ltd is exempt from the statutory audit requirement for the financial year.

We have not been instructed to carry out an audit or a review of the financial statements of Wagestream Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

This report is made solely to the Board of Directors of Wagestream Ltd, as a body, in accordance with the terms of our engagement letter dated 09 April 2021. Our work has been undertaken solely to prepare for your approval the financial statements of Wagestream Ltd and state those matters that we have agreed to state to you in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wagestream Ltd and its Board of Directors as a body for our work or for this report.

Deloitte LLP

Deloitte LLP (Jul 5, 2021 18:31 GMT+1)

Deloitte LLP
Accountant
1 New Street Square
London
EC4A 3HQ
United Kingdom

Date: Jul 5, 2021

WAGESTREAM LTD
BALANCE SHEET
As at 31 December 2020

	Note	31.12.2020 £	31.12.2019 £
Fixed assets			
Tangible assets	4	86,000	89,148
		86,000	89,148
Current assets			
Debtors	5	4,905,629	911,562
Cash at bank and in hand		13,368,793	9,685,487
		18,274,422	10,597,049
Creditors			
Amounts falling due within one year	6	(17,885,083)	(2,525,527)
Net current assets		389,339	8,071,522
Total assets less current liabilities		475,339	8,160,670
Net assets		475,339	8,160,670
Capital and reserves			
Called-up share capital		1	1
Share premium account		14,498,981	14,498,981
Capital contribution reserve		29,806	7,315
Profit and loss account		(14,053,449)	(6,345,627)
Total shareholder's funds		475,339	8,160,670

For the financial year ending 31 December 2020 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the financial year in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements; and
- These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and a copy of the Profit and Loss Account has not been delivered.

The financial statements of Wagestream Ltd (registered number: 11173225) were approved and authorised for issue by the Board of Directors on Jul 5, 2021. They were signed on its behalf by:


P Wills
Director

WAGESTREAM LTD
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial period.

General information and basis of accounting

Wagestream Ltd (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 35 Gresse Street, London, W1T 1QY, United Kingdom.

The financial statements have been prepared under the historical cost convention, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of Wagestream Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

The directors have assessed the Balance Sheet and likely future cash flows at the date of approving these financial statements. Whilst the Company is loss making, this is due to the Company moving from the initial development stage in previous years, through to the expansion and scale phase. Financial support is being provided by the parent company who raised capital through equity funding to support the growth of the group, the directors of the parent company have confirmed that they will continue to provide support to this Company and have sufficient cash reserves at a group level to allow this Company to operate for a minimum of 12 months from the date of signing these financial statements. Taking these factors into account, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The rapid spreading of COVID-19 has become a significant emerging risk to the global economy. The directors continue to monitor the impact of the virus on the business as more information about the pandemic emerges. At the time of signing the directors do not consider COVID-19 to impact the Company's ability to continue as a going concern, due to the Company being able to meet its liabilities as they fall due for a minimum of 12 months from the date of the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in the Statement of Comprehensive Income.

WAGESTREAM LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2020

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover represents amounts recoverable from clients for SaaS platform fees and usage fees during the period. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the Balance Sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the Balance Sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Employee benefits

The Company operates a defined contribution scheme. The amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are included as either accruals or prepayments in the Balance Sheet.

Share-based payment

In accordance with FRS 102 the Company reflects the economic cost of awarding shares and options to employees by recording an expense in the Profit and Loss Account equal to the fair value of the benefit awarded, fair value being determined by reference to Black-Scholes option pricing model. The expense is recognised in the Profit and Loss Account on a straight line basis over the vesting period. Where equity instruments are granted to persons other than employees, the Profit and Loss Account is charged with fair value of goods and services received.

Finance costs

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

Taxation

Current tax

Current tax is provided at amounts expected to be paid (or recoverable) using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

WAGESTREAM LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2020

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements - 3 years straight line

Office equipment - 3 years straight line

Computer equipment - 2 years straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Leases

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

WAGESTREAM LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2020

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Profit and Loss Account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

WAGESTREAM LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2020

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements that have a significant impact on the amounts recognised. The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

The Company calculates the cost of certain share-based payments by reference to the fair value of the equity instruments granted. The fair value of the instruments granted is subject to management estimate and any changes to these estimates may have a significant effect on the share-based payment charge to the Profit and Loss Account.

3. Employees

	Year ended 31.12.2020	Period from 01.07.2019 to 31.12.2019
	Number	Number
Monthly average number of persons employed by the Company during the year, including directors	60	39

WAGESTREAM LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2020

4. Tangible assets

	Leasehold improvements	Office equipment	Computer equipment	Total
	£	£	£	£
Cost/Valuation				
At 01 January 2020	6,000	627	109,494	116,121
Additions	-	80	60,089	60,169
At 31 December 2020	6,000	707	169,583	176,290
Accumulated depreciation				
At 01 January 2020	833	244	25,896	26,973
Charge for the financial year	2,000	209	61,108	63,317
At 31 December 2020	2,833	453	87,004	90,290
Net book value				
At 31 December 2020	3,167	254	82,579	86,000
At 31 December 2019	5,167	383	83,598	89,148

5. Debtors

	31.12.2020	31.12.2019
	£	£
Trade debtors	119,120	51,858
Amounts owed by Group undertakings	1,386,879	281,112
Amounts owed by directors	15,592	-
Prepayments and accrued income	342,359	379,800
Other taxation and social security	64,447	55,486
Other debtors	2,977,232	143,306
	4,905,629	911,562

The amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Included within other debtors is an amount of £2,869,800 (2019: £nil) relating to wages salary advances made on behalf of the Company's clients.

WAGESTREAM LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2020

6. Creditors: amounts falling due within one year

	31.12.2020	31.12.2019
	£	£
Bank loans and overdrafts	3,500,000	2,000,000
Trade creditors	155,918	107,769
Amounts owed to Group undertakings	-	4,817
Amounts owed to Parent undertakings	13,565,505	-
Other creditors	69,607	46,986
Accruals	362,549	226,181
Other taxation and social security	231,504	139,774
	<u>17,885,083</u>	<u>2,525,527</u>

Amounts owed to Parent and Group undertakings are unsecured, interest free and repayable on demand.

The bank loan is secured by fixed and floating charges over the assets of the Company.

7. Financial commitments

Pensions

The Company operates a defined contribution pension scheme for the directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

	31.12.2020	31.12.2019
	£	£
Unpaid contributions due to the fund (inc. in other creditors)	<u>35,622</u>	<u>21,009</u>

8. Related party transactions

The Company has taken advantage of the exemption available under FRS 102.33.1A not to disclose transaction with other wholly owned Group entities.

The directors received remuneration of £324,833 (2019: £168,603). The directors are the only key management personnel of this Company.

9. Ultimate controlling party

The Company's parent undertaking is Wagestream Holdings Ltd, a company incorporated in the United Kingdom with registered office address of 35 Gresse Street, London, United Kingdom, W1T 1HZ.

There is no ultimate controlling party.