

360incentives.com UK Limited

Director's Report and Financial Statements

Year Ended

31 December 2019

Company Number 08665019

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360incentives.com UK Limited

Company Information

Director	J Atkins
Company secretary	F&L Cosec Limited
Registered number	08665019
Registered office	New Penderel House 4th Floor 283-288 High Holborn London WC1V 7HP
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

360incentives.com UK Limited

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360incentives.com UK Limited

Director's Report For the Year Ended 31 December 2019

The director presents his report together with the audited financial statements for the year ended 31 December 2019.

Principal activity

The company's principal activity is that of operating a software platform for incentive schemes and cash back schemes.

Director

The director who served during the year was:

J Atkins

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post statement of financial position events

Since the year end, the recent COVID-19 pandemic resulted in restrictions imposed by governments around the world to travel and working practices.

The financial statements have been prepared on a going concern basis. COVID-19 has not had a significant impact on the company in 2020 and the company continues to perform well. The company has been successful in moving all its staff to working from home efficiently and effectively in response to COVID-19 restrictions and challenges. The company has minimal fixed costs, has downsized its footprint cost and in case of additional negative impact of COVID-19 will have the flexibility to further reduce costs in a very short period. In addition, the director has received a letter of support from the parent company, 360incentives.com Canada Inc., who confirms to provide financial support to ensure the company can meet its liabilities as they fall due for a period of at least 12 months from the date of signing these accounts. On the basis of the director's cash flow forecasts and in conjunction with the letter of support from 360incentives.com Canada Inc., the director considers the entity to be a going concern for a period of at least 12 months.

On 25 September 2020, the company acquired 100% of the shares of Corporate Rewards Limited for a purchase price of \$11.5million, which includes \$3.45million of deferred consideration. In the 2020 financial year, the acquisition is expected to add £1.0million and in 2021 £3.7million in revenues with no noticeable impact on net profit to the overall Group headed by 360incentives.com Canada Inc.

Auditor

The auditor, BDO LLP, 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.

360incentives.com UK Limited

**Director's Report (continued)
For the Year Ended 31 December 2019**

This report was approved by the board on *Oct 2, 2020* and signed on its behalf.



J Atkins
Director

360incentives.com UK Limited

Director's Responsibilities Statement For the Year Ended 31 December 2019

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

360incentives.com UK Limited

Independent Auditor's Report to the Members of 360incentives.com UK Limited

Opinion

We have audited the financial statements of 360incentives.com UK Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 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 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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.

360incentives.com UK Limited

Independent Auditor's Report to the Members of 360incentives.com UK Limited (continued)

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

360incentives.com UK Limited

Independent Auditor's Report to the Members of 360incentives.com UK Limited (continued)

Responsibilities of the director

As explained more fully in the director's responsibilities statement, 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.

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Mark Hutton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Guildford, UK
United Kingdom

Date: 5 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

360incentives.com UK Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover		457,306	426,490
Administrative expenses		(428,146)	(407,262)
Operating profit	4	29,160	19,228
Tax on profit	6	(2,400)	(3,900)
Profit for the financial year		26,760	15,328
Other comprehensive income		-	-
Total comprehensive income for the year		26,760	15,328

The notes on pages 10 to 17 form part of these financial statements.

360incentives.com UK Limited
Registered number:08665019

Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	7		962		121
Current assets					
Debtors: amounts falling due within one year	8	414,942		264,624	
Cash at bank and in hand		306,734		359,664	
		<u>721,676</u>		<u>624,288</u>	
Creditors: amounts falling due within one year	9	(616,753)		(545,284)	
Net current assets			<u>104,923</u>		79,004
Net assets			<u>105,885</u>		<u>79,125</u>
Capital and reserves					
Called up share capital	10		1		1
Profit and loss account	11		105,884		79,124
Total equity			<u>105,885</u>		<u>79,125</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 on



J Atkins
Director

Oct 2, 2020

The notes on pages 10 to 17 form part of these financial statements.

360incentives.com UK Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	79,124	79,125
Comprehensive income for the year			
Profit for the year	-	26,760	26,760
Total comprehensive income for the year	-	26,760	26,760
At 31 December 2019	1	105,884	105,885

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1	63,796	63,797
Comprehensive income for the year			
Profit for the year	-	15,328	15,328
Total comprehensive income for the year	-	15,328	15,328
At 31 December 2018	1	79,124	79,125

The notes on pages 10 to 17 form part of these financial statements.

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

360incentives.com UK Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the Director's Report.

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 Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

Since the year end, the recent COVID-19 pandemic resulted in restrictions imposed by governments around the world to travel and working practices.

The financial statements have been prepared on a going concern basis. COVID-19 has not had a significant impact on the company in 2020 and the company continues to perform well. The company has been successful in moving all its staff to working from home efficiently and effectively in response to COVID-19 restrictions and challenges. The company has minimal fixed costs, has downsized its footprint cost and in case of additional negative impact of COVID-19 will have the flexibility to further reduce costs in a very short period. In addition, the director has received a letter of support from the parent company, 360incentives.com Canada Inc., who confirms to provide financial support to ensure the company can meet its liabilities as they fall due for a period of at least 12 months from the date of signing these accounts. On the basis of the director's cash flow forecasts and in conjunction with the letter of support from 360incentives.com Canada Inc., the director considers the entity to be a going concern for a period of at least 12 months.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Turnover (continued)

Rendering of services

Turnover 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 turnover 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.

Internal sales are recognised on a cost plus basis based on costs incurred in the year.

External sales relate to the following categories:

- Transaction or entry fees are recognised based on the number of transactions that took place in the year.
- Licensing or admin fees are recognised on a monthly or quarterly basis in arrears as per relevant contracts. In line with the services rendered, revenue is accrued appropriately.
- Card issue fees are recognised based on number of cards issued in the year.
- Card load discount revenue is recognised when discounts are obtained from suppliers for cards issued during the year.
- Other fees are recognised as incurred.

2.4 Operating leases: the company as lessee

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

2.5 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.

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:

Computer equipment	- 2 years
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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 Comprehensive Income.

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 Financial instruments

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

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

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

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

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

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Foreign currency translation

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 Taxation

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

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

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

In preparing these financial statements, the director has made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the amounts owed by group undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the underlying company.

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Operating profit

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

	2019	2018
	£	£
Depreciation of tangible fixed assets	259	488
Exchange differences	(112)	(288)
Operating lease rentals	44,400	42,690
	44,400	42,690

5. Employees

The average monthly number of employees, including directors, during the year was 6 (2018 - 6).

6. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	4,466	3,900
Adjustments in respect of prior periods	(2,066)	-
Total current tax	2,400	3,900
Factors affecting tax charge for the year		

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	29,160	19,228
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	5,540	3,653
Effects of:		
Deferred tax not recognised	(219)	-
Adjustments to tax charge in respect of prior periods	(2,066)	-
Changes in tax rates/other timing differences	(855)	247
Total tax charge for the year	2,400	3,900

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

6. Taxation (continued)

Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly.

7. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2019	8,653
Additions	1,100
At 31 December 2019	9,753
Depreciation	
At 1 January 2019	8,532
Charge for the year	259
At 31 December 2019	8,791
Net book value	
At 31 December 2019	962
At 31 December 2018	121

8. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	236,788	97,624
Amounts owed by group undertakings	-	25,025
Other debtors	167,774	129,518
Prepayments and accrued income	10,380	12,457
	414,942	264,624

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	15,698	4,089
Amounts owed to group undertakings	12,756	10,743
Corporation tax	4,463	4,449
Other taxation and social security	36,543	17,305
Other creditors	406,591	451,442
Accruals and deferred income	140,702	57,256
	<u>616,753</u>	<u>545,284</u>

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

11. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

12. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	<u>20,400</u>	<u>23,430</u>

360incentives.com UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

14. Subsequent events

Following the end of the financial year ended 31 December 2019, the world has been impacted by the COVID-19 virus pandemic and this has adversely affected the United Kingdom and the global economy in general. The company has to date adapted well to the change in working practices as a result of the COVID-19 restrictions imposed across the globe. There has not been a significant impact on the company's performance or the company's ability to meet demand requirements from customers. Although the potential macroeconomic and microeconomic impacts of COVID-19 are at this stage unquantifiable, management are continuing to monitor the situation and any risks posed to best protect the interests of the company.

On 25 September 2020, the company acquired 100% of the shares of Corporate Rewards Limited for a purchase price of \$11.5million, which includes \$3.45million of deferred consideration. In the 2020 financial year, the acquisition is expected to add £1.0million and in 2021 £3.7million in revenues with no noticeable impact on net profit to the overall Group headed by 360incentives.com Canada Inc.

15. Controlling party

The immediate and ultimate controlling party is 360incentives.com Canada Inc. 360incentives.com Canada Inc. is the parent company of the largest and smallest group for which consolidated accounts are drawn up of which the company is a member. The registered office of the parent company is 420 Green Street, Suite 202, Whitby, ON L1N 8R1, Canada.

In the opinion of the director 360incentives.com Canada Inc. is the ultimate controlling party.