

OVERVIEW

TelPay for Business™ is designed to meet all of your bill payment and payroll payment needs as well as your requirements for accounting for those payments. We have also incorporated a collection of pre-authorized debits feature.

Some of the special features include the ability to view and pay e-mailed bills, date payments for next day payment, next scheduled payment date (usually each Wednesday) or future date payments up to two years. If the payment date can't be established at the time that the expense must be recorded in the company's accounts, you can accrue the payment to the Accounts Payable system within TelPay for Business™. This module includes comprehensive reporting; including aged trial balance and account history. These accounts can be released for payment when convenient. A "Funds Transfer" feature provides an easy method of paying employee expense accounts or any other payments where payment details are not required by the recipient. All of these payments and their accounting distribution can be exported to your general accounting system. In 2007, a version will be released that permits international payments to be made.

Transaction files can be accepted from other systems such as payrolls for direct deposit of employee pay and from Accounts Payable systems for electronic credit and transmission of payment details.

Accurate payment information is important to ensure correct and timely credit to biller accounts and bank accounts. Whenever possible the TelPay system will check these account numbers to ensure they meet the recipient's criteria.

All of these features are available to you as and when needed.

TELPAY FOR BUSINESS™ GENERATED PAYMENTS

Payments initiated with TelPay for Business™ generate payment transactions and provide for the appropriate accounting distribution of the payments. Automatic allocation of GST and one other accounting allocation is provided automatically. Additional distribution entries can be entered at the time the entry is made. The accounting entries can be exported to other Accounting Systems.

Categories of payments are:

"TelPay Standard Biller Payments" are to accounts to whom TelPay has been sending personal payments for many years. With the volume being handled, we can process these payments at low cost. We can also save you time because we already have the information needed to properly direct your payment. In most cases, we do not require an invoice number, only your account number with the biller. Once you have set up a "TelPay Standard Biller" for payment it will seem the same to you as any other biller except that you will be charged less for that payment and you will have to enter less data.

"Customer Specific Biller Payments" can be to anyone else you wish to make payments to. With these payments we will forward details of the payment made, such as a list of the invoice numbers paid. If we have already established a relationship with that Biller and have a bank account number, we will credit the bank account and fax or email the payment details. If not, we will mail a cheque with details attached and request information so that future payments can be made electronically. Payments to "Customer Specific Billers" will be made the next business day or on a date specified by you.

"Funds Transfer" (for employee expense accounts for example) also will be charged at a lower rate. For these payments we require that you provide the bank account number to be credited. This bank account number is retained for future payments. The system also automatically prints a notice of payment which you can distribute directly to the payee.

"Payroll Payments by Direct Deposit" can be accepted from any computerized payroll system that generates a deposit file. If your payroll system does not generate such a file, you can set one up on the TelPay system which can be easily changed and submitted for each payday.

A **"TelPay Accounts Payable System"** can be created within TelPay for Business™ by selecting the "Accrue to Accounts Payable" box instead of providing a payment date. In effect, these payments are your "Accounts Payable" and are treated as such for accounting purposes. That is, the transactions generated will be debited to expenses and credited to "Accounts Payable". Upon **"Release"** of these payments they will be debited to accounts payable and credited to your bank account. A reporting module will allow you to analyze those payments that have not been released. In other words, they are reported to you as an "Accounts Payable" system would. You may be able to export names, addresses, etc., from your existing accounts payable system to TelPay for Business™. Consult TelPay for details.

"TelPay File of Payments or Collections" You can maintain your own files of repetitive payments or collections which you then submit to TelPay for processing at the appropriate time. The files could be payroll payments, dividend or interest payments, rent collections, etc. The bank account number is required. Notice of payment is not provided. Due to requirements of the Canadian Payments Association, the use of the system collection features is restricted to certain situations.

IMPORTED FILES FROM OTHER PAYROLL OR OTHER ACCOUNTS PAYABLE SYSTEMS

Two payment methods involve importing a file from a **"Payroll System"** or an **"Accounts Payable"** system. These will require an interface program that will format the output of the customer's system into a file that can be handled by the TelPay system. Most common systems may be available "off-the-shelf". (See the System Administration screen for the list.) Others may have to be custom programmed.

"Payroll Payments" received via a file will be displayed for final review before forwarding for payment. Any bank account numbers that do not pass our validation check will be noted and must be either corrected or the payment deleted. A list of payments not accepted is provided so that an alternate payment method may be used. The accounting entry generated will be a debit to a TelPay Payment Clearing account and a credit to the bank account. The payable date and transmission date must meet the criteria for clearing and crediting of funds. In order that payroll funds appear in the employee's bank account on the morning of the payday, TelPay must submit the payment file to the banking system the day before payday. Funds to cover the payroll must be provided at dates that are based on the method used to send the funds.

"Accounts Payable" files that have been imported from another accounting system are handled in a manner similar to that of payroll files but the criteria differ. A bank account number is not required but a postal code and phone number are required; as are name, address, account number and supporting payment details. These are used in our system to consolidate payments to Billers and are essential for all **"Customer Specific Billers"**. Payment dates can be specified. TelPay will generate entries to debit "Accounts Payable" and credit the bank account specified. No other accounting distribution is provided as that will have been handled by the customer's Accounts Payable system.

NOTE: Customers providing us with payable files are encouraged not to make payments to our **"TelPay Standard Billers"** through their accounts payable system but rather by using TelPay for Business™ to generate those payments. Setting up and paying this type of bill is very efficient using TelPay for Business™ so we recommend that route. Because of volumes of payments being sent to TelPay Standard Billers we can process them at a lower transaction fee and pass these savings on to you.

Similarly, it may be found more convenient to make payments such as employee expense accounts using the TelPay software rather than recording them through Accounts Payable and then paying them through TelPay later.

APPROVAL OF PAYMENTS BEING MADE

The same authorization and approval requirements you have for payments by cheque can and should apply to payments using TelPay for Business™. Authorized signing officers can be given passwords. You can designate that two authorized officers must provide approval. A special feature provides for approval by e-mail.

FUNDING OF PAYMENTS

All funds are paid into and disbursed out of a Trust Account operated by TelPay Incorporated. Payment instructions transmitted to TelPay Trust Account will be remitted as requested by you, but subject to availability of the funds required. TelPay provides five methods of providing funds to cover the payments: use of your financial institution's bill payment service, transfer of funds to a TelPay account at your bank, wire transfer, debit by TelPay three days prior to requested payment date and release at TelPay's discretion with a possible hold of up to three days depending on the amount and TelPay's arrangements with the biller.