

Company Registration No. 03165847 (England and Wales)

ZUPA TECH LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

PAGES FOR FILING WITH REGISTRAR

Approved for filing on behalf of the directors

Abbey House
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ZUPA TECH LIMITED

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ZUPA TECH LIMITED

COMPANY INFORMATION

Directors	Mr J. Brand Mr M. Ridgway Mr M. McCarthy	
Secretary	Mr M. McCarthy	(Appointed Mr M.McCarthy 27 September 2019)
Company number	03165847	
Registered office	Abbey House Hickleys Court South Street Farnham Surrey GU9 7QQ	
Accountants	TC Group Abbey House Hickleys Court South Street Farnham Surrey GU9 7QQ	

ZUPA TECH 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 software development.

Directors

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

Mr J. Brand

Mr M. Ridgway

Mr M. McCarthy

(Appointed 15 October 2018)

Investment programme

I have pleasure in posting an update on the zupaPlatform development project, which continues to be the first major launch of the larger infrastructure that will provide our B2B replacement for the current Caternet system.

Through 2019 we started to fully understand how our business blueprint was going to evolve into a 'Business Operating Platform' which manages the day to day operating within any business sector. The Platform continues to be timed for launch in early 2021, and this will be via a three/four month staged service launch so that our current clients can trial the software and provide us with comments and specific requirements to build our backlog ready for priority sessions for the ongoing sprints.

Post financial year closure update

It would be wrong to not update these accounts with information on the Covid-19 crisis and the impact it has had on our business. The biggest hit to the project has been the loss of income given our Caternet product is trading exclusively in the Hospitality sector. We were denied a CBIL due to an administrative error by not isolating the investment from the trading business which was frankly irritating red tape. We press on regardless and our launch remains our priority. One positive story here is the way all our staff have taken to remote working and we have seen productivity grow.

To the end of 2019, our investment has been £3.7m. Through 2020 to date, due to employing more developers and support personnel we are anticipating further investment than forecast in 2020 and 2021 up to the launch (which will release us to build new business in any business sector). The Brand Family Investment Plan remains in place, with loans currently repayable over 10 years.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr J. Brand

Director

15 December 2020

ZUPA TECH LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	3		1,728,790		583,536
Tangible assets	4		64,490		52,700
			<u>1,793,280</u>		<u>636,236</u>
Current assets					
Debtors	5	533,577		536,027	
Cash at bank and in hand		1,172,079		1,730,042	
		<u>1,705,656</u>		<u>2,266,069</u>	
Creditors: amounts falling due within one year	6	<u>(1,437,672)</u>		<u>(2,709,784)</u>	
Net current assets/(liabilities)			<u>267,984</u>		<u>(443,715)</u>
Total assets less current liabilities			<u>2,061,264</u>		<u>192,521</u>
Creditors: amounts falling due after more than one year	7		<u>(2,406,332)</u>		<u>-</u>
Net (liabilities)/assets			<u>(345,068)</u>		<u>192,521</u>
Capital and reserves					
Called up share capital	10		1,425,937		1,425,937
Profit and loss reserves			<u>(1,771,005)</u>		<u>(1,233,416)</u>
Total equity			<u>(345,068)</u>		<u>192,521</u>

ZUPA TECH LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 15 December 2020 and are signed on its behalf by:

Mr M. McCarthy

Director

Company Registration No. 03165847

The notes on pages 5 to 11 form part of these financial statements

ZUPA TECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Zupa Tech Limited (03165847) is a private company limited by shares incorporated in England and Wales. The registered office is Abbey House, Hickleys Court, South Street, Farnham, Surrey, GU9 7QQ.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 pound.

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

1.2 Going concern

At the balance sheet date, the company had net current assets of £267,984 (2018: net current liabilities of £443,715). At the time of approving the financial statements, the directors 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

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

Development Costs	8 years straight line after completion
Software	8 years straight line

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.5 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:

Computer equipment	3 - 5 years straight line
Fixtures and fittings	3 - 5 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.

1.6 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.

1.7 Cash and cash equivalents

Cash at bank and in hand 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its 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.

ZUPA TECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 and loans from fellow group companies 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.

1.9 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.

1.10 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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

ZUPA TECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.11 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.

1.12 Retirement benefits

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

1.13 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.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 44 (2018 - 31).

3 Intangible fixed assets

	Software £	Capitalised development £	Total £
Cost			
At 1 January 2019	370,000	583,536	953,536
Additions	-	1,145,254	1,145,254
At 31 December 2019	370,000	1,728,790	2,098,790
Amortisation and impairment			
At 1 January 2019 and 31 December 2019	370,000	-	370,000
Carrying amount			
At 31 December 2019	-	1,728,790	1,728,790
At 31 December 2018	-	583,536	583,536

Development costs are not amortised until the asset to which they relate has been brought into use.

ZUPA TECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Tangible fixed assets

	Computer equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2019	67,659	5,400	73,059
Additions	30,365	11,514	41,879
	<hr/>	<hr/>	<hr/>
At 31 December 2019	98,024	16,914	114,938
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
At 1 January 2019	19,780	579	20,359
Depreciation charged in the year	26,715	3,374	30,089
	<hr/>	<hr/>	<hr/>
At 31 December 2019	46,495	3,953	50,448
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2019	51,529	12,961	64,490
	<hr/>	<hr/>	<hr/>
At 31 December 2018	47,879	4,821	52,700
	<hr/>	<hr/>	<hr/>

5 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	182,712	183,118
Corporation tax recoverable	284,390	311,783
Amounts owed by group undertakings	5,228	-
Other debtors	-	227
Prepayments and accrued income	61,247	40,899
	<hr/>	<hr/>
	533,577	536,027
	<hr/>	<hr/>

ZUPA TECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Creditors: amounts falling due within one year

		2019	2018
		£	£
Other borrowings	8	96,627	-
Trade creditors		56,800	30,450
Taxation and social security		98,407	113,660
Other creditors		1,166,206	2,536,186
Accruals and deferred income		19,632	29,488
		<u>1,437,672</u>	<u>2,709,784</u>

7 Creditors: amounts falling due after more than one year

	Notes	2019	2018
		£	£
Other borrowings	8	2,406,332	-
		<u>2,406,332</u>	<u>-</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	1,988,608	-
	<u>1,988,608</u>	<u>-</u>

8 Other borrowings

	2019	2018
	£	£
Other loans	2,502,959	-
	<u>2,502,959</u>	<u>-</u>
Payable within one year	96,627	-
Payable after one year	2,406,332	-
	<u>2,502,959</u>	<u>-</u>

During the year a formal loan agreement was put in place for amounts owed to a director. The director loaned the company £2,542,959 on 28 September 2019 upon which interest is payable on the unpaid principal at a rate of 0.71% per annum, calculated annually in arrears. The loan is repayable in monthly instalments of £10,000 with the balance outstanding at 31 August 2029 repayable in full. Included in accruals is interest in relation to the loan totalling £5,964.

During the year £40,000 was repaid, and the balance outstanding at the year end was £2,502,959.

ZUPA TECH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****9 Deferred taxation**

Deferred tax is not recognised in respect of tax losses as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

10 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
874,937 Ordinary shares of £1 each	874,937	874,937
	<u> </u>	<u> </u>
Preference share capital		
Issued and fully paid		
Preference shares classified as equity	551,000	551,000
	<u> </u>	<u> </u>
Total equity share capital	<u>1,425,937</u>	<u>1,425,937</u>

The preference shares have no specific date of redemption. Redemption is at the discretion of the directors. Distributions to the holders of the preference shares are also at the discretion of the directors. In accordance with FRS25, the preference shares are shown as equity, rather than debt.

11 Operating lease commitments

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

2019	2018
£	£
63,375	119,621
<u> </u>	<u> </u>

12 Directors' transactions

Included in other creditors is a loan with one of the directors and a close family member. At the year end, the company owed them £1,151,129 (2018 - £2,529,839).

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.