

**ZETA COMPLIANCE SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 JANUARY 2021**

**ZETA COMPLIANCE SERVICES LIMITED**  
**REGISTERED NUMBER: 03351062**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	5	51,073	67,211
<b>Current assets</b>			
Stocks		8,019	-
Debtors: amounts falling due within one year	7	1,131,966	1,184,489
Cash at bank and in hand	8	90,570	553
		<u>1,230,555</u>	<u>1,185,042</u>
Creditors: amounts falling due within one year	9	<u>(989,064)</u>	<u>(937,569)</u>
<b>Net current assets</b>		<b>241,491</b>	247,473
<b>Total assets less current liabilities</b>		<u>292,564</u>	<u>314,684</u>
Creditors: amounts falling due after more than one year		(44,676)	-
<b>Net assets</b>		<u><b>247,888</b></u>	<u><b>314,684</b></u>
<b>Capital and reserves</b>			
Called up share capital		830	830
Share premium account	13	49,700	49,700
Other reserves	13	3,139	3,139
Profit and loss account	13	194,219	261,015
		<u><b>247,888</b></u>	<u><b>314,684</b></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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 20 May 2021.

**R G Nicoll**  
Director

The notes on pages 2 to 10 form part of these financial statements.

## **ZETA COMPLIANCE SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2021**

#### **1. General information**

Zeta Compliance Services Limited is a private limited company, limited by shares, incorporated in the United Kingdom and registered in England and Wales. The registered office of the Company is Zeta House, Avonbury Business Park, Howes Lane, Bicester, Oxon, OX26 2UB.

The principal activity of the Company is the provision of water and fire safety compliance 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 Company's functional and presentational currency is pound Sterling. The accounts are rounded to the nearest pound.

The following principal accounting policies have been applied:

##### **2.2 Going concern**

During the year ended 31 January 2021, the World entered into a global pandemic, COVID-19. This resulted in periods of lockdown in the UK during the year and certain businesses suspending trading due to the closure of premises. The Company's trading was initially impacted during the first lockdown in April and May 2020 with a slowdown in orders from customers on the High Street however the demand from NHS related customers remained strong. In line with other UK businesses, the Group furloughed employees, deferred its VAT liability for the first quarter of the financial year and received a Bounce Back loan of £50,000 under the UK Government's Coronavirus support programmes for businesses. The Company has repaid its deferred VAT liability by March 2021.

The Directors acknowledge that COVID-19 continues to present challenges to the business. However, the Directors have implemented a range of protocols to ensure services to customers continue with minimal disruption whilst maintaining the safety of its employees and other persons.

The Company has generated a loss before tax for the year ended 31 January 2021 (profit for the year ended 31 January 2020), has net assets as at 31 January 2021 of £247,888 (2020: £314,684) of which cash represents £90,570 (2020: £553). The Directors have prepared forecasts and projections using what they consider to be reasonable assumptions relating to the Company's financial performance, current financial position and existing financial resources for a period of at least 12 months from signing of the financial statements which show the Company to be a going concern. The forecasts are dependent on the Company returning to profitability and generating revenue from its long term customers and returning to what the Directors would consider to be normal trading conditions after the impacts of COVID-19.

Based on the above, the Directors are of the opinion that the going concern principle is applicable and that the Company has the necessary resources to continue as a going concern for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

**2. Accounting policies (continued)**

**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.

**2.4 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:

Fixtures & fittings	-	25%
Office equipment	-	33%

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 profit or loss.

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

**2. Accounting policies (continued)**

**2.7 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Stocks represent personal protective equipment.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**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.

**2.12 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

2. Accounting policies (continued)

2.13 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 profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Asset useful life and depreciation**

Tangible fixed assets are depreciated over their useful lives on a straight line basis. The useful lives of the assets are assessed annually and may vary depending on a number of factors. The useful lives of assets are reassessed based on technological innovation, future performance of that asset and its use on maintenance programmes.

**Tax on profit on ordinary activities**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**Share-based payments**

Estimating fair value for share-payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, and volatility. For the measurement of the fair value of equity settled transactions with employees at the grant date, the Company uses a Black-Scholes model. The assumptions used for estimating fair value for share-based payments are disclosed in note 17.

**4. Employees**

The average monthly number of employees, including Directors, during the year was 73 (2020 - 70).

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5. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 February 2020	16,508	123,745	140,253
Additions	6,405	11,786	18,191
Disposals	(1,178)	(29,746)	(30,924)
	<hr/>	<hr/>	<hr/>
At 31 January 2021	21,735	105,785	127,520
<b>Depreciation</b>			
At 1 February 2020	10,437	62,605	73,042
Charge for the year on owned assets	3,331	30,998	34,329
Disposals	(1,178)	(29,746)	(30,924)
	<hr/>	<hr/>	<hr/>
At 31 January 2021	12,590	63,857	76,447
<b>Net book value</b>			
At 31 January 2021	<u>9,145</u>	<u>41,928</u>	<u>51,073</u>
<b>At 31 January 2020</b>	<u>6,071</u>	<u>61,140</u>	<u>67,211</u>

6. Stocks

	2021 £	2020 £
Personal protective equipment	<u>8,019</u>	<u>-</u>



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**7. Debtors**

	2021 £	2020 £
Trade debtors	722,313	775,023
Other debtors	1,000	1,000
Prepayments and accrued income	380,566	381,489
Deferred taxation	28,087	26,977
	<u>1,131,966</u>	<u>1,184,489</u>

**8. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	<u>90,570</u>	<u>553</u>

**9. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Bank loans	5,324	-
Trade creditors	178,408	260,153
Amounts owed to group undertakings	11,102	1,035
Other taxation and social security	332,477	244,595
Other creditors	221,404	241,615
Accruals and deferred income	240,349	190,171
	<u>989,064</u>	<u>937,569</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

See note 14 for details on securities over bank loans.

**10. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Bank loans	<u>44,676</u>	<u>-</u>

See note 14 for details on securities over bank loans.

**ZETA COMPLIANCE SERVICES LIMITED**

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**11. Loans**

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Bank loans	5,324	-
<b>Amounts falling due 1-2 years</b>		
Bank loans	10,648	-
<b>Amounts falling due 2-5 years</b>		
Bank loans	34,028	-
	<u>50,000</u>	<u>-</u>

Bank loans are secured over the assets of the Group, interest bearing at a rate of 2.5% and repayable by 1 July 2026. The bank loan is interest free and subject to a repayment holiday, both for a period of 12 months from the date upon which the loan was drawn down.

**12. Deferred taxation**

	2021 £	2020 £
At beginning of year	26,977	26,977
Charged to the profit or loss	1,110	-
<b>At end of year</b>	<u>28,087</u>	<u>26,977</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(9,316)	(4,180)
Loss and other deductions	34,586	29,501
Short term timing differences	2,817	1,656
	<u>28,087</u>	<u>26,977</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Reserves**

**Share premium account**

Share premium is the amount by which the amount received by the Company for a share issue exceeds its face value.

**Other reserve**

The share-based payment reserve is the amount of vested costs relating to share options granted to employees of the Company.

**Profit & loss account**

The profit & loss account includes all current and prior year profits and losses.

**14. Contingent liabilities**

During the year ended 31 January 2018, the Company was notified of a potential claim against it by a client. It is understood that the client has issued claims against a number of other parties in connection with this issue. The amount being claimed would be material to the financial statements, but the Directors and their advisers refute the basis of the claim. The Directors believe, on the advice of their legal advisers, that any potential claim would be covered by their insurers subject to an excess of £5,000.

**15. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension contributions payable by the Company to the fund amounted to £93,648 (2020: £89,902). Amounts payable at the year end amount to £8,876 (2020: £13,124).

**16. Controlling party**

The Company is a 100% subsidiary of Zeta Compliance Group Plc, a Company incorporated in England and Wales.

Copies of the parent company accounts may be obtained from Zeta Compliance Group Plc, Zeta House, Avonbury Business Park, Howes Lane, Bicester, OX26 2UB.

**17. Auditor's information**

The auditor's report on the financial statements for the year ended 31 January 2021 was unqualified.

The audit report was signed on 20 May 2021 by Sue Staunton MA FCA CF (Senior Statutory Auditor) on behalf of James Cowper Kreston.



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.