

Zynstra Limited

Unaudited Financial Statements

Period Ended

30 November 2019

Company Number 07864369



Zynstra Limited
Registered number:07864369

Statement of Financial Position
As at 30 November 2019

	Note	9 months ended 30 November 2019 £	9 months ended 30 November 2019 £	3 months ended 28 February 2019 £	3 months ended 28 February 2019 £
Fixed assets					
Tangible assets	6		100,394		89,631
			<u>100,394</u>		<u>89,631</u>
Current assets					
Debtors: amounts falling due within one year	8	5,121,957		3,450,566	
Cash at bank and in hand		153,682		3,006,458	
		<u>5,275,639</u>		<u>6,457,024</u>	
Creditors: amounts falling due within one year	9	(996,448)		(856,144)	
Net current assets			<u>4,279,191</u>		<u>5,600,880</u>
Total assets less current liabilities			<u>4,379,585</u>		<u>5,690,511</u>
Net assets			<u><u>4,379,585</u></u>		<u><u>5,690,511</u></u>
Capital and reserves					
Called up share capital	10		8,855		8,514
Share premium account	12		20,040,349		20,012,625
Share option reserve	12		820,699		521,086
Profit and loss account	12		(16,490,318)		(14,851,714)
			<u>4,379,585</u>		<u>5,690,511</u>

Zynstra Limited
Registered number: 07864369

Statement of Financial Position (continued)
As at 30 November 2019

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

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 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

15th October 2021



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Thomas Hertrich
Director

The notes on pages 5 to 15 form part of these financial statements.

Zynstra Limited

Statement of Changes in Equity For the Period Ended 30 November 2019

	Called up share capital £	Share premium account £	Share Option Reserve £	Profit and loss account £	Total equity £
At 1 March 2019	8,514	20,012,625	521,086	(14,851,714)	5,690,511
Comprehensive income for the period					
Loss for the period	-	-	-	(1,666,669)	(1,666,669)
Total comprehensive income for the period	-	-	-	(1,666,669)	(1,666,669)
Shares issued during the period	341	27,724	-	-	28,065
Reserves transfer	-	-	(28,065)	28,065	-
Share option scheme charge	-	-	327,678	-	327,678
At 30 November 2019	8,855	20,040,349	820,699	(16,490,318)	4,379,585

The notes on pages 5 to 15 form part of these financial statements.

Zynstra Limited

Statement of Changes in Equity For the Period Ended 28 February 2019

	Called up share capital	Share premium account	Share Option Reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 December 2018	8,169	20,009,520	566,315	(15,934,196)	4,649,808
Comprehensive income for the period					
Profit for the period	-	-	-	989,817	989,817
Total comprehensive income for the period	-	-	-	989,817	989,817
Shares issued during the period	345	3,105	-	-	3,450
Reserves transfer	-	-	(92,665)	92,665	-
Share option scheme charge	-	-	47,436	-	47,436
At 28 February 2019	8,514	20,012,625	521,086	(14,851,714)	5,690,511

The notes on pages 5 to 15 form part of these financial statements.

Zynstra Limited

Notes to the Financial Statements For the Period Ended 30 November 2019

1. General information

Zynstra Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is University of Bath Innovation Centre, Carpenter House, Broad Quay, Bath, BA1 1UD and its principal activity is software development.

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 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 company is exempt from the requirement to prepare consolidated accounts on the basis that it qualifies as a small group.

The following principal accounting policies have been applied:

2.2 Going concern

The accounts disclose that the company made a loss for the 9 month period ended 30 November 2019 before tax of £1,566,669 (3 month period ended 28 February 2019: profit of £766,228). The company is continuing to invest in the development of the Software Defined Store product as cornerstone to NCR's next-generation store architecture for the retail and hospitality industries. Based on this and the improved profitability and sales pipeline, the directors are satisfied that the company has access to adequate funds for a period of 12 months from the date of approval of these financial statements to meets its day to day working capital requirements.

2.3 Research and development

All research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

2.4 Turnover

Turnover comprises revenue recognised by the company in respect of the provision of hardware and software services, perpetual licence fees, support and maintenance services and subscription fees exclusive of Value Added Tax. Perpetual licence fees are recognised on delivery of the licences to the customer and support and maintenance income and subscriptions are recognised over the term of the agreement. Revenue from other contracts are recognised in line with the fair value of the delivery of each aspect of the service.

Other operating income includes marketing development funds received as a contribution that the company is free to use at its own discretion. Where the funds are not tied to actual expenditure, they are presented gross as other income.

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Notes to the Financial Statements For the Period Ended 30 November 2019

2. Accounting policies (continued)

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:

Office equipment	- 33.3% straight line
Computer equipment	- 33.3% straight line

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.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 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.

2.8 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.

Zynstra Limited

Notes to the Financial Statements For the Period Ended 30 November 2019

2. Accounting policies (continued)

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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 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.

2.10 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.

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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 that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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Notes to the Financial Statements For the Period Ended 30 November 2019

2. Accounting policies (continued)

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.

2.13 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.

2.14 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 the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.16 Taxation

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.

Zynstra Limited

Notes to the Financial Statements For the Period Ended 30 November 2019

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

In preparing these financial statements, the members have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a leasee 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 leasee on a lease by lease basis;
- Determine whether there are indicators of impairment in the company's tangible fixed assets. Factors taken into consideration 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 performance of that unit;
- The financial statements have been prepared on the going concern basis. As disclosed in note 2.2 there are a number of assumptions and judgements made by management in this assessment;
- Share options are valued at grant using the Black-Scholes valuation model. There is a degree of estimation and judgement made in valuing share based payments;
- Determine whether there are any indicators of impairment of debtors and to ensure that adequate provisions are made against recoverability of all amounts due.
- Estimation of the tax recoverable in respect of R&D tax credits in respect of claims not yet submitted.

4. Employees

The average monthly number of employees, including directors, during the period was 54 (2019 - 41).

5. Taxation

	9 months ended 30 November 2019 £	3 months ended 28 February 2019 £
Corporation tax		
Current tax on profits for the year	-	(100,000)
Adjustments in respect of previous periods	100,000	(123,589)
	<u>100,000</u>	<u>(223,589)</u>
Total current tax	<u>100,000</u>	<u>(223,589)</u>

Factors affecting tax charge for the period

The company has a nil charge for the current period and £100,000 charge which relates to the reversal of the prior period R&D tax claims. The tax credits in the prior period relates to R&D tax claims.

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Notes to the Financial Statements For the Period Ended 30 November 2019

5. Taxation (continued)

Factors that may affect future tax charges

The company has an unrecognised deferred tax asset of £232,810 (2019: £166,370) which relates to tax losses carried forward of £10,889,292 (2019: £9,647,450). The deferred tax asset has not been recognised because its recoverability is uncertain.

6. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 March 2019	7,613	735,282	742,895
Additions	2,653	72,651	75,304
Disposals	-	(11,556)	(11,556)
At 30 November 2019	10,266	796,377	806,643
Depreciation			
At 1 March 2019	4,760	648,504	653,264
Charge for the period on owned assets	1,495	51,689	53,184
Disposals	-	(199)	(199)
At 30 November 2019	6,255	699,994	706,249
Net book value			
At 30 November 2019	4,011	96,383	100,394
At 28 February 2019	2,853	86,778	89,631

Zynstra Limited

Notes to the Financial Statements For the Period Ended 30 November 2019

7. Fixed asset investments

The subsidiary undertakings of the company are as follows:

Direct subsidiary undertakings:

Name	Country of incorporation	Holding	Principal activity
Zynstra Holdings Inc.	USA	100%	Holding company

Indirect subsidiary undertakings:

Name	Country of incorporation	Holding	Principal activity
Zynstra Inc.	USA	100%	Sales of software services

The registered address of the subsidiary undertakings is 4500, 140th Avenue N., Suite 101, Clearwater, FL 33762, USA.

8. Debtors

	2019 £	2019 £
Trade debtors	215,606	274,928
Amounts owed by group undertakings	4,282,166	2,456,862
Other debtors	37,958	52,107
Prepayments and accrued income	110,634	91,076
Tax recoverable	475,593	575,593
	<u>5,121,957</u>	<u>3,450,566</u>

All amounts shown under debtors fall due for payment within one year.

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Notes to the Financial Statements For the Period Ended 30 November 2019

9. Creditors: Amounts falling due within one year

	2019 £	2019 £
Trade creditors	163,765	181,372
Corporation tax	397	397
Other taxation and social security	104,353	88,810
Other creditors	18,353	18,346
Accruals and deferred income	709,580	567,219
	<u>996,448</u>	<u>856,144</u>

10. Share capital

	2019 £	2019 £
Allotted, called up and fully paid		
881,618 (2019 - 812,972) ordinary shares of £0.01000 each	8,816	8,475
333,334 (2019 - 333,334) A ordinary shares of £0.00010 each	33	33
645,542 (2019 - 645,542) B ordinary shares of £0.00001 each	6	6
	<u>8,855</u>	<u>8,514</u>

All shares rank pari passu.

34,146 share options were exercised in the period resulting in the issue of 34,146 ordinary shares for a total consideration of £28,065.

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Notes to the Financial Statements For the Period Ended 30 November 2019

11. Share-based payments

The company operates an equity-settled share option scheme for employees. The share based payment charge for the 9 month period ended was £327,678 (3 month period ended 28 February 2019: £47,436).

As permitted under the transitional provisions of FRS 102 the company has not applied the accounting requirements of FRS 102 to options that were granted before the date of transition to FRS 102. The Black-scholes option pricing model was used to value the share option scheme awards.

161,887 share options were issued in August 2016. A further 107,271 share options were issued in March 2018 and an additional 12,409 were issued in June 2018. 83,272 share options were granted in August 2019. The exercise of the share options is conditional upon the option holder making good any tax liability in relation to the option, or entering into arrangements acceptable to Zynstra Limited in respect of such tax liability, in accordance with rules of the Scheme. 1/48th of the shares under option vest monthly after the date of the grant (with rounding up of whole numbers of shares where necessary) so that the option shall be fully vested on the fourth anniversary from the date of the grant.

	Weighted average exercise price (pence) November 2019	Number November 2019	Weighted average exercise price (pence) February 2019	Number February 2019
Outstanding at the beginning of the period	10	127,382	10	161,887
Outstanding at the beginning of the period	10	104,971	10	104,971
Outstanding at the beginning of the period	439	12,409	439	12,409
Outstanding at the beginning of the period	300	2,300	300	2,300
Granted during the period	469	20,481	-	-
Granted during the period	300	10,370	-	-
Granted during the period	10	52,421	-	-
Exercised during the period	300	(8,500)	-	-
Exercised during the period	10	(25,646)	10	(34,505)
Outstanding at the end of the period		296,188		247,062

The key assumptions used to value the share options under the Black-scholes model are as follows:

	November 2019	February 2019
Expected volatility	45.2%	45.2%
Expected dividend growth rate	0%	0%
Risk-free interest rate	1.21%	1.21%

Zynstra Limited

Notes to the Financial Statements For the Period Ended 30 November 2019

12. 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.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Share option reserve

The share option reserve represents the fair value at the date of grant of share options issued to employees. On exercise of these options the distributable amount is transferred to the profit and loss reserve.

Profit and loss account

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

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £96,854 in the 9 month period ended 30 November 2019 (3 month period ended 28 February 2019: £13,926). Contributions totalling £10,322 (9 month period ended 28 February 2019 - £16,084) were payable to the fund at the 9 month period ended 30 November 2019 reporting date and are included in creditors.

14. Post balance sheet events

On 23 March 2020 the UK Government announced a national lockdown in response to the COVID-19 virus outbreak. Zynstra has been actively monitoring the global outbreak and spread of COVID-19 and taking steps to mitigate the potential risks posed by its spread and related circumstances and impacts. We continue to assess and update our business continuity plan in the context of this pandemic. We have taken precautions to help keep our workforce healthy and safe. Zynstra Ltd's ultimate beneficial owner, NCR Corp (NYSE: NCR), has taken several measures to maintain stability by driving an operating goal to reduce costs and preserve liquidity by keeping cash flows neutral. Further, issues having a potential impact on the business are being actively monitored on a quarterly basis. We expect the pandemic to create headwinds to our customers and our business until COVID-19 is contained, consumer confidence improves and the economic considerations rebound. Although, it is difficult to project how deep and how long the COVID-19 pandemic will last, the Directors expect it would have a minimal impact on Zynstra Ltd's business in the near future due to its strong sales pipeline, good recurring revenue stream ensuring liquidity, and support from Zynstra Ltd's immediate parent company NCR Limited.

Following the period end, NCR Ltd acquired Zynstra Limited for the sum of £102,885,000 by way of cash settlement. NCR Limited and Zynstra Limited have worked together for several years reflected in the launch of NCR Software Defined Store introduced in January 2019. Zynstra Limited's unique subscriptionbased virtualization solution is one of the critical pillars of NCR Limited's next-generation store architecture for the retail and hospitality industries.

Zynstra Limited

Notes to the Financial Statements For the Period Ended 30 November 2019

15. Controlling party

In the opinion of the directors there was no controlling party at the reporting date. On 21 December 2019, the immediate parent undertaking is NCR Limited which holds 100% of the share capital.

The ultimate parent undertaking and controlling party is NCR Corporation, a company incorporated in the USA. The consolidated financial statements of NCR Corporation are available publicly from 864 Spring St NW, Atlanta, GA 30308 USA.