

**ZETA COMPLIANCE GROUP PLC**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2021**

## ZETA COMPLIANCE GROUP PLC

### COMPANY INFORMATION

<b>Directors</b>	J Caines R G Nicoll G Brown
<b>Company secretary</b>	G Brown
<b>Registered number</b>	06487730
<b>Registered office</b>	Zeta House Avonbury Business Park Howes Lane Bicester Oxfordshire OX26 2UB
<b>Independent auditor</b>	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG

# ZETA COMPLIANCE GROUP PLC

## CONTENTS

	Page
<b>Directors' Report</b>	1 - 2
<b>Independent Auditor's Report</b>	3 - 5
<b>Consolidated Statement of Comprehensive Income</b>	6
<b>Consolidated Statement of Financial Position</b>	7
<b>Company Statement of Financial Position</b>	8
<b>Consolidated Statement of Changes in Equity</b>	9
<b>Company Statement of Changes in Equity</b>	10
<b>Consolidated Statement of Cash Flows</b>	11
<b>Notes to the Financial Statements</b>	12 - 30

## ZETA COMPLIANCE GROUP PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2021

The Directors present their report and the financial statements for the year ended 31 January 2021.

The Directors have chosen to apply the exemption in Section 414B of the Companies Act from preparing a strategic report.

#### **Directors**

The Directors who served during the year were:

J Caines  
R G Nicoll  
G Brown

#### **Directors' responsibilities statement**

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £78,220 (2020 - profit £62,503).

The Directors do not recommend a final dividend for the year ended 31 January 2021.

#### **Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director 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 and the Group's auditor is aware of that information.

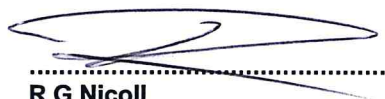
**ZETA COMPLIANCE GROUP PLC**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2021**

**Auditor**

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**R G Nicoll**  
Director

Date: 20 MAY 2021

## ZETA COMPLIANCE GROUP PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZETA COMPLIANCE GROUP PLC

#### Opinion

We have audited the financial statements of Zeta Compliance Group PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 Group's and of the parent Company's affairs as at 31 January 2021 and of the Group's loss 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## ZETA COMPLIANCE GROUP PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZETA COMPLIANCE GROUP PLC (CONTINUED)

#### Other information

The Directors are 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.

#### Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are 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 Directors determine 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 Directors are responsible for assessing the Group's and the parent 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 Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## ZETA COMPLIANCE GROUP PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZETA COMPLIANCE GROUP PLC (CONTINUED)

#### 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 Group financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance and the Group's solicitors around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

Date: 20 May 2021



**ZETA COMPLIANCE GROUP PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2021**

	Note	2021 £	2020 £
Turnover	4	4,163,718	4,278,162
Cost of sales		<b>(2,783,921)</b>	(2,679,938)
<b>Gross profit</b>		<b>1,379,797</b>	1,598,224
Administrative expenses		<b>(1,581,489)</b>	(1,535,721)
Other operating income	5	<b>122,362</b>	-
<b>Operating (loss)/profit</b>	6	<b>(79,330)</b>	62,503
Tax on (loss)/profit	10	<b>1,110</b>	-
<b>(Loss)/profit for the financial year</b>		<b>(78,220)</b>	62,503
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent Company		<b>(78,220)</b>	62,503

There was no other comprehensive income for 2021 (2020:£NIL).


The notes on pages 12 to 30 form part of these financial statements.

**ZETA COMPLIANCE GROUP PLC**  
**REGISTERED NUMBER: 06487730**

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

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	51,073	67,211
<b>Current assets</b>			
Stocks		8,019	-
Debtors	14	1,132,881	1,184,521
Cash at bank and in hand	15	102,947	35,317
		1,243,847	1,219,838
Creditors: amounts falling due within one year	16	(986,914)	(945,499)
<b>Net current assets</b>		<b>256,933</b>	<b>274,339</b>
<b>Total assets less current liabilities</b>		<b>308,006</b>	<b>341,550</b>
Creditors: amounts falling due after more than one year	17	(44,676)	-
<b>Net assets</b>		<b>263,330</b>	<b>341,550</b>
<b>Capital and reserves</b>			
Called up share capital	21	94,312	94,312
Share premium account	22	580,605	580,605
Employee Benefit Trust Reserve	22	(16,121)	(16,121)
Other reserves	22	3,139	3,139
Profit and loss account	22	(398,605)	(320,385)
<b>Equity attributable to owners of the parent Company</b>		<b>263,330</b>	<b>341,550</b>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

  
 .....  
**R G Nicoll**  
 Director

Date: 20 MAY 2021

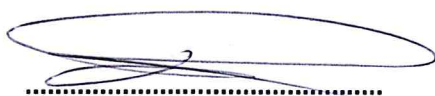
The notes on pages 12 to 30 form part of these financial statements.

**ZETA COMPLIANCE GROUP PLC**  
**REGISTERED NUMBER: 06487730**

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

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	12	650,001	650,001
<b>Current assets</b>			
Debtors	14	12,116	1,166
Cash at bank and in hand	15	10,139	32,526
		22,255	33,692
Creditors: amounts falling due within one year	16	(8,951)	(8,964)
<b>Net current assets</b>		13,304	24,728
<b>Total assets less current liabilities</b>		663,305	674,729
<b>Net assets</b>		663,305	674,729
<b>Capital and reserves</b>			
Called up share capital	21	94,312	94,312
Share premium account	22	580,605	580,605
Profit and loss account	22	(11,612)	(188)
		663,305	674,729

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



.....  
**R G Nicoll**  
 Director

Date: 20 MAY 2021

The notes on pages 12 to 30 form part of these financial statements.

ZETA COMPLIANCE GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2021

	Called up share capital	Share premium account	Employee Benefit Trust Reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 February 2020	94,312	580,605	(16,121)	3,139	(320,385)	341,550
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(78,220)	(78,220)
<b>Total comprehensive income for the year</b>	-	-	-	-	(78,220)	(78,220)
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>At 31 January 2021</b>	<b>94,312</b>	<b>580,605</b>	<b>(16,121)</b>	<b>3,139</b>	<b>(398,605)</b>	<b>263,330</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2020

	Called up share capital	Share premium account	Employee Benefit Trust Reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 February 2019	94,312	580,605	(16,121)	4,501	(382,888)	280,409
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	62,503	62,503
<b>Total comprehensive income for the year</b>	-	-	-	-	62,503	62,503
Share based payment charge/(credit)	-	-	-	(1,362)	-	(1,362)
<b>Total transactions with owners</b>	-	-	-	(1,362)	-	(1,362)
<b>At 31 January 2020</b>	<b>94,312</b>	<b>580,605</b>	<b>(16,121)</b>	<b>3,139</b>	<b>(320,385)</b>	<b>341,550</b>

The notes on pages 12 to 30 form part of these financial statements.

**ZETA COMPLIANCE GROUP PLC**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 February 2019</b>	94,312	580,605	6,620	681,537
Loss for the year	-	-	(6,808)	(6,808)
<b>At 1 February 2020</b>	94,312	580,605	(188)	674,729
Loss for the year	-	-	(11,424)	(11,424)
<b>At 31 January 2021</b>	94,312	580,605	(11,612)	663,305

The notes on pages 12 to 30 form part of these financial statements.

**ZETA COMPLIANCE GROUP PLC**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2021**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	<b>(78,220)</b>	62,503
<b>Adjustments for:</b>		
Depreciation of tangible assets	<b>34,329</b>	23,278
Taxation charge	<b>(1,110)</b>	-
(Increase)/decrease in stocks	<b>(8,019)</b>	-
Decrease/(increase) in debtors	<b>52,752</b>	(91,286)
Increase in creditors	<b>36,089</b>	17,288
Share-based payment credit	<b>-</b>	(1,362)
<b>Net cash generated from operating activities</b>	<b>35,821</b>	10,421
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(18,191)</b>	(62,870)
<b>Net cash from investing activities</b>	<b>(18,191)</b>	(62,870)
<b>Cash flows from financing activities</b>		
New bank loans	<b>50,000</b>	-
<b>Net cash used in financing activities</b>	<b>50,000</b>	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>67,630</b>	(52,449)
Cash and cash equivalents at beginning of year	<b>35,317</b>	87,766
<b>Cash and cash equivalents at the end of year</b>	<b>102,947</b>	35,317
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>102,947</b>	35,317
	<b>102,947</b>	35,317

The notes on pages 12 to 30 form part of these financial statements.

## ZETA COMPLIANCE GROUP PLC

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

#### 1. General information

Zeta Compliance Group Plc is a public company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of its registered office and principal place of business is disclosed on the company information page.

The principal activity of the Group is the provision of water and fire safety compliance services. The principal activity of the Company is a holding company.

#### 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 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements

The functional and presentational currency of the Company is pound Sterling. The accounts are rounded to the nearest pound.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 February 2016.

## ZETA COMPLIANCE GROUP PLC

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

#### 2. Accounting policies (continued)

##### 2.3 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 Group 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 Group 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 £263,330 (2020: £341,550) of which cash represents £102,947 (2020: £35,317). The Directors have prepared forecasts and projections using what they consider to be reasonable assumptions relating to the Group and 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 Group and Company to be a going concern. The forecasts are dependent on the Group 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 Group and Company have the necessary resources to continue as a going concern for the foreseeable future.

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group 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.

##### 2.5 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.



## ZETA COMPLIANCE GROUP PLC

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

#### 2. Accounting policies (continued)

##### 2.5 Tangible fixed assets (continued)

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.

##### 2.6 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.

##### 2.9 Financial instruments

The Group 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.

##### 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 Operating leases: the Group as lessee

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

## ZETA COMPLIANCE GROUP PLC

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

#### 2. Accounting policies (continued)

##### 2.12 Government grants

Grants are accounted for 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 Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

##### 2.13 Borrowing costs

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

##### 2.14 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

##### 2.15 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 Group 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.

## ZETA COMPLIANCE GROUP PLC

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

#### 2. Accounting policies (continued)

##### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Group 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.

##### 2.17 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 and the Group operate and generate 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  
FOR THE YEAR ENDED 31 JANUARY 2021

2. Accounting policies (continued)

**2.18 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income 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 Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

**2.19 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.

## ZETA COMPLIANCE GROUP PLC

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

#### 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 are 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 23.

##### **Carrying value of investment**

The Company assesses at each reporting period, whether there is any indication that the investment held in its subsidiaries may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The determination of recoverable amounts requires Management to consider a range of estimates based on various factors.

**ZETA COMPLIANCE GROUP PLC**

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

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Water	3,671,196	3,722,502
Fire	492,522	555,660
	4,163,718	4,278,162

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,163,718	4,278,162
	4,163,718	4,278,162

**5. Other operating income**

	2021 £	2020 £
Government grants receivable	122,362	-
	122,362	-

**6. Operating (loss)/profit**

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

	2021 £	2020 £
Depreciation of tangible fixed assets	34,329	23,278
Share-based payment credit	-	(1,362)
Operating lease costs	262,951	236,427
	262,951	236,427

**ZETA COMPLIANCE GROUP PLC**

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

**7. Auditor's remuneration**

	<b>2021</b>	2020
	£	£
Fees payable to the Group's auditor for the audit of the Group's annual accounts	<b>13,525</b>	12,650
	<hr/>	<hr/>
	<b>13,525</b>	12,650
<b>Fees payable to the Group's auditor in respect of:</b>		
Other services relating to taxation	<b>2,370</b>	2,300
	<hr/>	<hr/>
	<b>2,370</b>	2,300
	<hr/> <hr/>	<hr/> <hr/>

**8. Employees**

The average monthly number of employees, including the Directors, during the year was as follows:

	<b>2021</b>	2020
	No.	No.
Technical staff	<b>52</b>	50
Sales and marketing staff	<b>4</b>	4
Administrative and support staff	<b>17</b>	16
	<hr/>	<hr/>
	<b>73</b>	70
	<hr/> <hr/>	<hr/> <hr/>

Staff costs, including Directors' remuneration, were as follows:

	<b>2021</b>	2020
	£	£
Wages and salaries	<b>2,474,532</b>	2,341,237
Social security costs	<b>260,696</b>	244,767
Cost of defined contribution scheme	<b>93,648</b>	89,902
	<hr/>	<hr/>
	<b>2,828,876</b>	2,675,906
	<hr/> <hr/>	<hr/> <hr/>

## ZETA COMPLIANCE GROUP PLC

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

#### 9. Directors' remuneration

Directors of the Group are remunerated in the subsidiary Zeta Compliance Services Limited. Information in respect of remuneration of the Directors of the Group are as follows:

	2021 £	2020 £
Directors' emoluments	301,021	271,943
Group contributions to defined contribution pension schemes	14,574	8,581
	315,595	280,524

During the year retirement benefits were accruing to 3 Directors (2020: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £86,946 (2020: £79,387).

The value of the Company's contributions to a defined contribution pension scheme in respect of the highest paid Director amounted to £4,400 (2020: £4,692).

#### 10. Taxation

	2021 £	2020 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,820	-
Adjustment in respect of prior period	(14,654)	-
Effect of tax rate change on opening balance	1,724	-
<b>Total deferred tax</b>	<b>(1,110)</b>	-
<b>Taxation on (loss)/profit on ordinary activities</b>	<b>(1,110)</b>	-



**ZETA COMPLIANCE GROUP PLC**

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

**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021</b>	2020
	£	£
(Loss)/profit on ordinary activities before tax	<b>(79,330)</b>	62,503
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>(15,073)</b>	11,876
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>2,062</b>	(11,876)
Remeasurement of deferred tax for changes in tax rates	<b>(2,932)</b>	-
Deferred tax not recognised	<b>2,510</b>	-
Adjustments to tax charge in respect of prior periods	<b>(14,654)</b>	-
Other timing differences leading to an increase (decrease) in taxation	<b>26,977</b>	-
<b>Total tax charge for the year</b>	<b>(1,110)</b>	-

**Factors that may affect future tax charges**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

ZETA COMPLIANCE GROUP PLC

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

11. Tangible fixed assets

Group

	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	<hr/> <hr/> 9,145	<hr/> <hr/> 41,928	<hr/> <hr/> 51,073
At 31 January 2020	<hr/> <hr/> 6,071	<hr/> <hr/> 61,140	<hr/> <hr/> 67,211

**ZETA COMPLIANCE GROUP PLC**

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

**12. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 February 2020	650,001
At 31 January 2021	650,001

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Zeta Compliance Services Limited	Zeta House, Howes Lane, Bicester, Oxfordshire, England, OX26 2UB	Ordinary	100%
Zeta Compliance Trustees Limited	Zeta House, Howes Lane, Bicester, Oxfordshire, England, OX26 2UB	Ordinary	100%

**13. Stocks**

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

The Company does not hold any stock.

**ZETA COMPLIANCE GROUP PLC**

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

**14. Debtors**

	<b>Group 2021 £</b>	Group 2020 £	<b>Company 2021 £</b>	Company 2020 £
Trade debtors	<b>722,313</b>	775,023	-	-
Amounts owed by Group undertaking	-	-	<b>11,201</b>	1,134
Other debtors	<b>1,915</b>	1,032	<b>915</b>	32
Prepayments and accrued income	<b>380,566</b>	381,489	-	-
Deferred taxation	<b>28,087</b>	26,977	-	-
	<b>1,132,881</b>	1,184,521	<b>12,116</b>	1,166

Amounts owed by the Group undertaking are unsecured, repayable on demand and are not interest bearing.

**15. Cash and cash equivalents**

	<b>Group 2021 £</b>	Group 2020 £	<b>Company 2021 £</b>	Company 2020 £
Cash at bank and in hand	<b>102,947</b>	35,317	<b>10,139</b>	32,526

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

	<b>Group 2021 £</b>	Group 2020 £	<b>Company 2021 £</b>	Company 2020 £
Bank loans	<b>5,324</b>	-	-	-
Trade creditors	<b>178,408</b>	260,153	-	-
Other taxation and social security	<b>332,477</b>	244,595	-	-
Other creditors	<b>221,404</b>	241,615	-	-
Accruals and deferred income	<b>249,301</b>	199,136	<b>8,951</b>	8,964
	<b>986,914</b>	945,499	<b>8,951</b>	8,964

See note 18 for details on securities over bank loans.

ZETA COMPLIANCE GROUP PLC

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

17. Creditors: Amounts falling due after more than one year

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

See note 18 for details on securities over bank loans.

18. Loans

	Group 2021 £	Group 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	-
	<b>50,000</b>	-

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.

**ZETA COMPLIANCE GROUP PLC**

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

**19. Financial instruments**

	<b>Group 2021 £</b>	Group 2020 £	<b>Company 2021 £</b>	Company 2020 £
<b>Financial assets</b>				
Cash and cash equivalents	<b>102,947</b>	35,317	<b>10,139</b>	32,526
Financial assets that are debt instruments measured at amortised cost	<b>724,228</b>	776,055	<b>11,201</b>	1,134
	<u><b>827,175</b></u>	<u>811,372</u>	<u><b>21,340</b></u>	<u>33,660</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u><b>(575,378)</b></u>	<u>(605,480)</u>	<u><b>(8,951)</b></u>	<u>(8,964)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by Group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, bank loans and accruals.

**ZETA COMPLIANCE GROUP PLC**

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

**20. Deferred taxation**

**Group**

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

The deferred tax asset is made up as follows:

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

**21. Share capital**

	<b>2021</b>	2020
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
9,431,200 (2020 - 9,431,200) Ordinary shares of £0.01 each	<b>94,312</b>	94,312

**ZETA COMPLIANCE GROUP PLC**

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

**22. Reserves**

**Share premium account**

Share premium is the amount which the Company received for a share issue in excess of its nominal value.

**Capital redemption reserve**

The Employee Benefit Trust reserve is the nominal value of the Group's interest in an Employee Benefit Trust.

**Other reserve**

The other reserve is the amount of the vested costs relating to share options granted to employees of the Group.

**Profit & loss account**

The profit & loss account is the Group's accumulated profits or losses from the date of formation of the Group to the year end date.

**23. Share based payments**

During the year, an EMI share option scheme existed, giving options on shares in Zeta Compliance Group Plc. The share options granted vest immediately and the maximum life of the share options is ten years. The share options will be settled in equity.

The weighted average remaining contractual life of the share options was 4 years (2019: 4 years).

No information in relation to the option pricing module used has been disclosed as there were no options granted in the years ended 31 January 2021 and 31 January 2020 and therefore no share-based payment charges have been made in the financial statements.

	<b>Weighted average exercise price (pence) 2021</b>	<b>Number 2021</b>	<b>Weighted average exercise price (pence) 2020</b>	<b>Number 2020</b>
Outstanding at the beginning of the year	12.65	72,500	12.65	82,500
Forfeited during the year		-		(10,000)
<b>Outstanding and exercisable at the end of the year</b>	<b>12.65</b>	<b>72,500</b>	<b>12.65</b>	<b>72,500</b>
			<b>2021 £</b>	<b>2020 £</b>
Charge/(credit)			-	(1,362)



## ZETA COMPLIANCE GROUP PLC

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

#### 24. Contingent liabilities

During the year ended 31 January 2018, the Company's subsidiary, Zeta Compliance Services Limited, 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.

#### 25. Pension commitments

The Group 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).

#### 26. Commitments under operating leases

At 31 January 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2021 £</b>	Group 2020 £
Not later than 1 year	<b>268,015</b>	232,969
Later than 1 year and not later than 5 years	<b>564,719</b>	222,453
	<b><u>832,734</u></b>	<u>455,422</u>

#### 27. Related party transactions

The Company has taken advantage of the exemption granted under FRS 102 to not disclose transactions with 100% owned members of the group headed by Zeta Compliance Group PLC.

During the year, the Group paid consultancy fees of £62,558 (2020: £63,896) to a company owned by a Director. At the year end, the Group owed £12,000 (2020: £nil) to this company.

During the year, the Group paid £3,008 (2020: £nil) to a Company controlled by a common Director for HR services. At the year end, the Group owed £nil (2020: £nil) to this company.

#### 28. Controlling party

In the opinion of the Directors there is no one controlling party.