

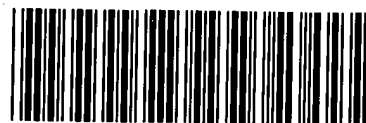
Registered number: 06487730

ZETA COMPLIANCE GROUP PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2019

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ZETA COMPLIANCE GROUP PLC

COMPANY INFORMATION

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

ZETA COMPLIANCE GROUP PLC

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ZETA COMPLIANCE GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2019

The directors present their report and the financial statements for the year ended 31 January 2019.

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
L R Braine
A Sleeth

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 profit for the year, after taxation, amounted to £106,298 (2018 - loss £299,640).

The directors do not recommend a final dividend for the year ended 31 January 2019.

ZETA COMPLIANCE GROUP PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2019**

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.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

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: - 7 JUN 2019

ZETA COMPLIANCE GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 2019, 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 2019 and of the Group's profit 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

ZETA COMPLIANCE GROUP PLC

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

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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement 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.

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 financial statements.

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. This description forms part of our Auditor's report.

ZETA COMPLIANCE GROUP PLC

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZETA COMPLIANCE GROUP PLC
(CONTINUED)**

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: *11 June 2019*

ZETA COMPLIANCE GROUP PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2019**

	Note	2019 £	2018 £
Turnover	4	3,983,373	3,669,525
Cost of sales		(2,504,832)	(2,466,546)
Gross profit		1,478,541	1,202,979
Administrative expenses		(1,370,720)	(1,260,676)
Exceptional administrative expenses		-	(259,966)
Operating profit/(loss)	5	107,821	(317,663)
Dividends receivable		1,283	-
Profit on disposal of investments		21,908	-
Profit/(loss) before taxation		131,012	(317,663)
Tax on profit/(loss)	10	(24,714)	18,023
Profit/(loss) for the financial year		106,298	(299,640)
Other comprehensive income		-	-
Total comprehensive income for the year		106,298	(299,640)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		106,298	(299,640)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		106,298	(299,640)
		106,298	(299,640)

The notes on pages 12 to 26 form part of these financial statements.

ZETA COMPLIANCE GROUP PLC
REGISTERED NUMBER: 06487730

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	27,619	31,723
Current assets			
Debtors	14	1,093,235	1,062,713
Cash at bank and in hand	15	87,766	20,443
		<u>1,181,001</u>	<u>1,083,156</u>
Creditors: amounts falling due within one year	16	(928,211)	(955,725)
Net current assets		<u>252,790</u>	<u>127,431</u>
Total assets less current liabilities		<u>280,409</u>	<u>159,154</u>
Net assets		<u><u>280,409</u></u>	<u><u>159,154</u></u>
Capital and reserves			
Called up share capital	19	94,312	94,312
Share premium account	20	580,605	580,605
Capital redemption reserve	20	(16,121)	(32,242)
Other reserves	20	4,501	5,665
Profit and loss account	20	(382,888)	(489,186)
		<u>280,409</u>	<u>159,154</u>

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



R G Nicoll
Director

Date: - 7 JUN 2019

The notes on pages 12 to 26 form part of these financial statements.

ZETA COMPLIANCE GROUP PLC
REGISTERED NUMBER: 06487730

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	13	650,001	650,001
Current assets			
Debtors	14	860	46,221
Cash at bank and in hand	15	40,614	6,606
		<u>41,474</u>	<u>52,827</u>
Creditors: amounts falling due within one year	16	(9,938)	(11,039)
Net current assets		<u>31,536</u>	<u>41,788</u>
Total assets less current liabilities		<u>681,537</u>	<u>691,789</u>
Net assets		<u>681,537</u>	<u>691,789</u>
Capital and reserves			
Called up share capital	19	94,312	94,312
Share premium account	20	580,605	580,605
Profit and loss account	20	6,620	16,872
		<u>681,537</u>	<u>691,789</u>

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



R G Nicoll
Director

Date: - 7 JUN 2019

The notes on pages 12 to 26 form part of these financial statements.

ZETA COMPLIANCE GROUP PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 February 2018	94,312	580,605	(32,242)	5,665	(489,186)	159,154
Comprehensive income for the year						
Profit for the year	-	-	-	-	106,298	106,298
Total comprehensive income for the year	-	-	-	-	106,298	106,298
Disposal of own shares	-	-	16,121	-	-	16,121
Share based payment charge/(credit)	-	-	-	(1,164)	-	(1,164)
Total transactions with owners	-	-	16,121	(1,164)	-	14,957
At 31 January 2019	94,312	580,605	(16,121)	4,501	(382,888)	280,409

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 February 2017	94,312	580,605	(32,242)	10,232	(189,546)	463,361
Comprehensive income for the year						
Loss for the year	-	-	-	-	(299,640)	(299,640)
Total comprehensive income for the year	-	-	-	-	(299,640)	(299,640)
Share based payment charge/(credit)	-	-	-	(4,567)	-	(4,567)
Total transactions with owners	-	-	-	(4,567)	-	(4,567)
At 31 January 2018	94,312	580,605	(32,242)	5,665	(489,186)	159,154

The notes on pages 12 to 26 form part of these financial statements.

ZETA COMPLIANCE GROUP PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2019**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 February 2017	94,312	580,605	542,018	1,216,935
Loss for the year	-	-	(525,146)	(525,146)
At 1 February 2018	94,312	580,605	16,872	691,789
Loss for the year	-	-	(10,252)	(10,252)
At 31 January 2019	94,312	580,605	6,620	681,537

The notes on pages 12 to 26 form part of these financial statements.

ZETA COMPLIANCE GROUP PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit/(loss) for the financial year	106,298	(299,640)
Adjustments for:		
Depreciation of tangible assets	18,592	16,830
Impairments of fixed assets	-	202,786
Loss on disposal of tangible assets	(21,908)	-
Dividends received	(1,283)	-
Taxation charge	20,623	(18,023)
(Increase) in debtors	(51,146)	(68,080)
(Decrease)/increase in creditors	(27,513)	192,617
Net fair value (gains) recognised in P&L	(1,164)	(4,567)
Net cash generated from operating activities	<u>42,499</u>	<u>21,923</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(14,488)	(18,377)
Proceeds from sale of investments	38,029	-
Dividends received	1,283	-
Net cash from investing activities	<u>24,824</u>	<u>(18,377)</u>
Net increase in cash and cash equivalents	<u>67,323</u>	<u>3,546</u>
Cash and cash equivalents at beginning of year	20,443	16,897
Cash and cash equivalents at the end of year	<u><u>87,766</u></u>	<u><u>20,443</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>87,766</u></u>	<u><u>20,443</u></u>

The notes on pages 12 to 26 form part of these financial statements.

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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.

2.3 Going concern

The directors consider the Group to be a going concern based on cashflow projections prepared in line with improved performance during the year which is expected to continue into future periods.

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

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.

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	-	20%
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 the Consolidated statement of comprehensive income.

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.

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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 non-puttable 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 the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.12 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 the Consolidated 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 Group in independently administered funds.

2.13 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 the Consolidated statement of comprehensive income 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.

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.16 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.

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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 life 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 a 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 21.

4. Turnover

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

	2019 £	2018 £
Water	3,331,457	3,145,312
Fire	651,916	524,213
	<u>3,983,373</u>	<u>3,669,525</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	3,983,373	3,648,436
Rest of the World	-	21,089
	<u>3,983,373</u>	<u>3,669,525</u>

ZETA COMPLIANCE GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

5. Operating profit/(loss)

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

	2019 £	2018 £
Depreciation of tangible fixed assets	18,592	16,830
Impairment of intangible fixed assets	-	202,786
Other operating lease rentals	(1,164)	(4,567)
	<u>17,428</u>	<u>215,089</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	12,275	11,900
	<u>12,275</u>	<u>11,900</u>
Fees payable to the Group's auditor in respect of:		
Other services relating to taxation	2,200	2,100
	<u>2,200</u>	<u>2,100</u>

7. Employees

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

	2019 No.	2018 No.
Technical staff	51	39
Sales and marketing staff	4	5
Administrative and support staff	15	15
	<u>70</u>	<u>59</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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

	2019 £	2018 £
Wages and salaries	2,206,776	2,140,517
Social security costs	225,274	223,038
Cost of defined contribution scheme	82,863	84,141
	<u>2,514,913</u>	<u>2,447,696</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	144,388	184,449
Company contributions to defined contribution pension schemes	4,170	2,295
	<u>148,558</u>	<u>186,744</u>

During the year retirement benefits were accruing to 2 directors (2018 - 1) in respect of defined contribution pension schemes.

9. Income from investments

	2019 £	2018 £
Dividends receivable	<u>1,283</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	4,091	-
Deferred tax		
Origination and reversal of timing differences	20,644	(18,123)
Adjustments in respect of prior periods	(21)	100
Total deferred tax	<u>20,623</u>	<u>(18,023)</u>
Taxation on profit/(loss) on ordinary activities	<u>24,714</u>	<u>(18,023)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19.167%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>131,012</u>	<u>(317,663)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19.167%)	24,892	(60,886)
Effects of:		
Expenses not deductible for tax purposes	1,602	39,640
Income not allowable for tax purposes	(221)	(984)
Changes to tax rates	(3,301)	2,506
Deferred tax not recognised	1,742	1,601
Adjustments to tax charge in respect of prior periods	-	100
Total tax charge for the year	<u>24,714</u>	<u>(18,023)</u>

Factors that may affect future tax charges

Legislation has been passed to reduce the main rate of UK corporation tax to 17% from 1 April 2020. The future impact of the changes on the deferred tax liability have been accounted for.

ZETA COMPLIANCE GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

11. Exceptional items

	2019 £	2018 £
Compensation paid to an employee for loss of employment	-	57,180
Exceptional impairment of goodwill	-	202,786
	<u>-</u>	<u>259,966</u>

12. Tangible fixed assets

Group

	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation			
At 1 February 2018	10,465	64,481	74,946
Additions	-	14,488	14,488
At 31 January 2019	<u>10,465</u>	<u>78,969</u>	<u>89,434</u>
Depreciation			
At 1 February 2018	7,606	35,617	43,223
Charge for the year on owned assets	1,905	16,687	18,592
At 31 January 2019	<u>9,511</u>	<u>52,304</u>	<u>61,815</u>
Net book value			
At 31 January 2019	<u>954</u>	<u>26,665</u>	<u>27,619</u>
At 31 January 2018	<u>2,859</u>	<u>28,864</u>	<u>31,723</u>

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2018	1,165,827
At 31 January 2019	1,165,827
Impairment	
At 1 February 2018	515,826
At 31 January 2019	515,826
Net book value	
At 31 January 2019	650,001
At 31 January 2018	650,001

14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	780,847	780,894	-	900
Amounts owed by Group undertaking	-	-	99	44,658
Other debtors	1,761	1,663	761	663
Prepayments and accrued income	283,650	232,556	-	-
Deferred taxation	26,977	47,600	-	-
	<u>1,093,235</u>	<u>1,062,713</u>	<u>860</u>	<u>46,221</u>

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

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

15. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	87,766	20,443	40,614	6,606

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	236,973	259,588	512	2,065
Other taxation and social security	233,183	213,818	-	-
Other creditors	248,848	268,803	-	-
Accruals and deferred income	209,207	213,516	9,426	8,974
	928,211	955,725	9,938	11,039

17. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets measured at fair value through profit or loss	87,766	20,443	40,614	6,606
Financial assets that are debt instruments measured at amortised cost	782,608	782,557	860	46,221
	870,374	803,000	41,474	52,827
Financial liabilities				
Financial liabilities measured at amortised cost	(485,821)	(528,391)	(512)	(2,065)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade, intercompany and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors.

ZETA COMPLIANCE GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019**

18. Deferred taxation

Group

	2019 £
At beginning of year	47,600
Charged to the profit or loss	(20,623)
At end of year	<u>26,977</u>

The deferred tax asset is made up as follows:

	Group 2019 £	Group 2018 £
Accelerated capital allowances	(4,180)	(4,764)
Tax losses carried forward	29,501	50,144
Other short term timing differences	1,656	2,220
	<u>26,977</u>	<u>47,600</u>

19. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
9,431,200 (2018 - 9,431,200) Ordinary shares of £0.01 each	<u>94,312</u>	<u>94,312</u>

ZETA COMPLIANCE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

20. 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 capital redemption reserve is the nominal value of the Group's own shares redeemed or purchased.

Other reserves

The other reserve is the amount of the vest 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 formation of the Group to the year end date.

21. 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 (2018: 5 years).

During the year ended 31 January 2019 a share-based payment credit of £1,164 (2018: £4,567) was made in the profit and loss. 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 2019 and 31 January 2018 and therefore no share-based payment charges have been made in the financial statements.

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	12.65	99,420	12.65	99,420
Forfeited during the year		(16,920)		-
Outstanding and exercisable at the end of the year	12.65	82,500	12.65	99,420
			2019	2018
			£	£
Charge/(credit)			(1,164)	(4,567)

ZETA COMPLIANCE GROUP PLC

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26. Controlling party

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