

ZENOFFICE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company Number 01189115

FRIDAY



A8EWROXC

A39

27/09/2019

#287

COMPANIES HOUSE

ZENOFFICE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

Officers and professional advisers	1
Statement of directors' responsibilities	2
Strategic report	3
Directors' report	4 - 6
Independent auditor's report	7 - 9
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 30

ZENOFFICE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

OFFICERS AND PROFESSIONAL ADVISERS

Directors

- G B Davie
- S Hitchman
- S Horne
- A Mobbs
- O Morley
- D Needham
- M Waterhouse

Company secretary P Maynard

Registered office

- Unit 4
- 500 Purley Way
- Croydon
- Surrey
- CR0 4NZ

Bankers

- Lloyds Bank PLC
- Market Street
- Manchester
- BX1 1LT

Auditor

- BDO LLP
- 2 City Place
- Beehive Ring Road
- Gatwick
- West Sussex
- RH6 0PA

ZENOFFICE LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors are responsible for preparing the Annual Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 '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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ZENOFFICE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their strategic report for the year ended 31 December 2018.

PERFORMANCE OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The overall performance of the Company for the year ended 31 December 2018 has been strong, with gross profit margins increasing to 34.9% from 30.5% in the year ended 31 December 2017. The Directors are extremely pleased with the performance of the Company and anticipate further growth in the business in 2019.

The Company's key performance indicators include a sales per day increase in the year of 1.3% and an improvement in gross margin of 4.4%. This increase has arisen through increased investment in the sales force and marketing initiatives.

PRINCIPAL RISKS

Despite operating in a highly competitive market, a culmination of business diversification, improving economic outlook, strong sales order growth and a large consumer base, to mitigate the risk of key dependency, has allowed us to trade successfully in supplying directly related business services to the expanding customer base. Within our region we have a strong position in the market, with a broad spectrum of clients to mitigate our bad debt exposure.

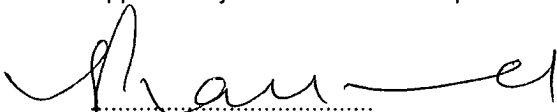
Brexit risk

The Brexit vote decision was declared on 23 June 2016 and the post Article 50 provisions continue to be enacted by the UK Government with a planned leave date of 31 October 2019. The decision therefore leads to uncertainty over what the impact would be on overall economic conditions of UK and Company. The Directors are taking a proactive approach in identifying, monitoring and dealing with any such effects.

BUSINESS DEVELOPMENTS

The Company is committed to a long term programme of investment in technology and people to ensure that we retain and enhance our competitive position. The Directors remain confident that with the investment programme the Company is well placed to deliver sustainable growth that is underpinned by fiscal prudence.

Approved by the Board on 26 September 2019 and signed on its behalf by:



.....
P Maynard
Company Secretary

ZENOFFICE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their annual report together with the financial statements and auditor's report of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is a provider of a range of business supplies products and services to many SME organisations primarily based in the North West of England.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2017: £nil).

DIRECTORS

The Directors who held office at the date the balance sheet was signed were as follows:

G B Davie

S Hitchman

S Horne

A Mobbs

O Morley

D Needham

M Waterhouse

All Directors held office throughout the year, with the exception of the following:

S Horne appointed 4 March 2019

A Mobbs appointed 11 April 2018

O Morley appointed 11 April 2018

D Needham appointed 11 April 2018

The following Director was appointed during the year and resigned after the year end:

J Whiteway appointed 11 April 2018 resigned 18 January 2019

The following Director held office during the year but resigned after the year end:

L Kerr resigned 5 June 2019

ZENOFFICE LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note, note 1 of the financial statements.

FINANCIAL RISK MANAGEMENT

The Directors wish to report on various additional matters in relation to the management of financial risks to which the business is exposed. The company does not use financial derivatives to mitigate these risks.

Price risk

There has been upward pressure on the cost price of goods for resale caused by the weakening of the pound. The Company does not mitigate this exposure. Where appropriate, price rises resulting from this pressure have been, and will continue to be, passed on to customers, in line with market conditions.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. Credit checks are undertaken on new customers. The amounts presented in the balance sheet are net of allowances for doubtful debtors. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The cash flow and liquidity risks of the Company are addressed by focusing on profit growth and improvements in working capital. Tight control is maintained over working capital with key elements reviewed by Management on a daily basis. The Company meets its day to day working capital requirements by use of a bank facility. The Directors have prepared forecasts for the Company, for the twelve months after the Balance Sheet was signed, for the purposes of the going concern review and these forecasts show that the Company will operate well within its facility throughout the forecast period.

Please refer to the Strategic Report for the future developments of the Company.

ZENOFFICE LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

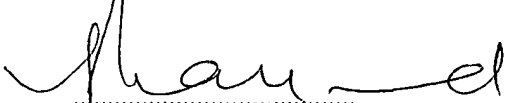
INDEPENDENT AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
2. the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Approved by the Board on 26 September 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P Maynard', written over a dotted line.

P Maynard
Company secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENOFFICE LIMITED

Opinion

We have audited the financial statements of Zenoffice Limited ("The Company") for the year ended 31 December 2018, which comprise Profit and loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity and the notes to the financial statements, 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 (Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENOFFICE
LIMITED
(CONTINUED)**

Other information (continued)

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 matter 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENOFFICE
LIMITED
(CONTINUED)**

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities (set out on page 2), 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 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 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.

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.

BDO LLP

.....
Mark Hutton (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

26 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ZENOFFICE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	As restated 2017 £
Turnover	3	14,975,175	14,779,705
Cost of sales		<u>(9,745,515)</u>	<u>(10,274,822)</u>
Gross profit		5,229,660	4,504,883
Distribution costs		(672,624)	(572,760)
Administrative expenses		<u>(4,206,951)</u>	<u>(4,269,002)</u>
		350,085	(336,879)
Other operating income		<u>146,627</u>	<u>153,300</u>
Operating profit/(loss)	4	496,712	(183,579)
Interest payable and similar expenses	5	<u>(138,600)</u>	<u>(137,791)</u>
Profit/(loss) before taxation		358,112	(321,370)
Tax on profit/ (loss)	8	<u>(126,652)</u>	<u>37,980</u>
Profit/(loss) for the financial year		<u><u>231,460</u></u>	<u><u>(283,390)</u></u>

The above results are derived from continuing operations.

The notes on pages 14 to 30 form part of these financial statements.

ZENOFFICE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018


	Note	2018 £	As restated 2017 £
Profit/(loss) for the year		<u>231,460</u>	<u>(283,390)</u>
Other comprehensive income			
Deferred tax relating to other comprehensive income		<u>(486)</u>	<u>2,165</u>
Other comprehensive income for the year, net of income tax		<u>(486)</u>	<u>2,165</u>
Total comprehensive income for the year		<u><u>230,974</u></u>	<u><u>(281,225)</u></u>

The notes on pages 14 to 30 form part of these financial statements.

ZENOFFICE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	As restated 2017 £
Fixed assets			
Intangible assets	9	73,274	99,033
Tangible assets	10	<u>1,523,664</u>	<u>1,850,065</u>
		<u>1,596,938</u>	<u>1,949,098</u>
Current assets			
Stocks	11	228,684	205,188
Debtors	12	3,262,168	3,282,689
Cash at bank and in hand		<u>246,467</u>	<u>178,597</u>
		3,737,319	3,666,474
Creditors: amounts falling due within one year	13	<u>(2,498,842)</u>	<u>(4,392,764)</u>
Net current assets/(liabilities)		<u>1,238,477</u>	<u>(726,290)</u>
Total assets less current liabilities		2,835,415	1,222,808
Creditors: amounts falling due after more than one year	13	(2,075,181)	(674,466)
Provisions for liabilities	16	<u>(20,242)</u>	<u>(39,324)</u>
Net assets		<u>739,992</u>	<u>509,018</u>
Capital and reserves			
Called-up share capital	17	100	100
Revaluation reserve	18	253,005	253,491
Profit and loss account	18	<u>486,887</u>	<u>255,427</u>
Total shareholders' funds		<u>739,992</u>	<u>509,018</u>

The financial statements of Zenoffice Limited, registered number 01189115, were approved and authorised for issue by the Board of Directors on 26 September 2019 and signed on its behalf by:



.....
A Mobbs
Director

The notes on pages 14 to 30 form part of these financial statements.

ZENOFFICE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called-up share capital £	Profit and loss account £	Revaluation reserve £	Total £
At 1 January 2018	100	386,493	253,491	640,084
Prior year adjustment	-	(131,066)	-	(131,066)
At 1 January 2018 as restated	<u>100</u>	<u>255,427</u>	<u>253,491</u>	<u>509,018</u>
Profit for the year	-	231,460	-	231,460
Other comprehensive income	-	-	(486)	(486)
Total profit and loss	<u>-</u>	<u>231,460</u>	<u>(486)</u>	<u>230,974</u>
At 31 December 2018	<u><u>100</u></u>	<u><u>486,887</u></u>	<u><u>253,005</u></u>	<u><u>739,992</u></u>

	Called-up share capital £	As restated Profit and loss account £	Revaluation reserve £	As restated Total £
At 1 January 2017	100	538,817	251,326	790,243
Loss for the year	-	(283,390)	-	(283,390)
Other comprehensive income	-	-	2,165	2,165
Total profit and loss	<u>-</u>	<u>(283,390)</u>	<u>2,165</u>	<u>(281,225)</u>
At 31 December 2017	<u><u>100</u></u>	<u><u>255,427</u></u>	<u><u>253,491</u></u>	<u><u>509,018</u></u>

The notes on pages 14 to 30 form part of these financial statements.

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are summarised below.

General information

The Company is incorporated in England under the Companies Act. The address of the registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 4 to 6.

Basis of accounting

These financial statements have been prepared using the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

Cash generation from operating activities by the Company remains strong and the Directors do not anticipate that this will change.

The current bank facilities are with Lloyds Bank PLC and are committed until January 2020 providing certain financial covenants are complied with. Since the year end the facilities have been extended until July 2022. In negotiating the current facilities the Directors prepared monthly profit and loss, balance sheet and cashflow projections for the twelve months after the balance sheet was signed. Additionally, to accompany the projections the Directors have carried out some modelling of the financial covenants associated with the facilities and the revised debt position of the Group of which the Company is part. The current facilities are considered sufficient to provide the Company with adequate resources to continue trading for the foreseeable future.

Having prepared these projections, and considered the future prospects of the business and the current banking facilities in place, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis.

The principal risks identified in preparing Company projections are the level of sales and margin pressure from clients. The Directors use the key performance indicators of sales per day and gross margin percentage to monitor these risks and manage the business.

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (CONTINUED)

Financial reporting standard 102 - reduced disclosure exemption

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the applicable parts of Section 11 Basic Financial Instruments;
- the requirements of Section 12 Other Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures.

This information is included in the consolidated financial statements of the parent company. Details of the parent company are contained in note 23.

Goodwill

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired in connection with the acquisition of businesses in 2009 and 2014, is being amortised evenly over their estimated useful life of 20 and 5 years respectively. Provision is made for impairment.

Intangible assets - web development

Intangible assets are initially measured at cost. After initial recognition intangible assets are measured at cost less any amortisation and any accumulated impairment losses. Web development costs are amortised over 5 years,

Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the cost of assets, less estimated residual value, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% on cost
Plant and machinery	10% on cost
Fixtures and fittings	20% on cost
Motor vehicles	33% on cost
Improvements to property	10% on cost
Computer equipment	33% on cost

On transition to FRS102, the freehold property which was revalued in 2014, was treated as being held at deemed cost post transition.

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (CONTINUED)

Stocks

Stocks are stated at the lower of cost, calculated on a first-in, first-out basis, and net realisable value. Net realisable value is based on estimated net selling price. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

Current tax comprises UK corporation tax and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Revaluation Reserve

Surpluses or deficits arising on the revaluation of individual fixed assets other than investment properties are credited or debited to a non-distributable reserve known as a revaluation reserve.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less.

Financial instruments

The Company's trade and other debtors, cash at bank and in hand and amounts receivable/ payable to group undertakings, trade and other creditors are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method.

Advances received against debtors are measured at present value and are shown within other creditors.

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

Rendering of services

When the outcome of a transaction can be estimated reliably, turnover is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to a notable milestone.

Where the outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Directors do not consider there to be a source of estimation uncertainty at the end of 2018, that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities during 2019.

In the course of preparing the financial statements, the Directors have had to make the following judgements:

- Impairment of intangible assets - determine whether there are any indications of impairment of the company's intangible assets. Factors taken into consideration are the underlying performance and forecasted performance of the underlying intangible asset;
- Recoverability of trade and intercompany debtors - determine whether there are any indications that the trade and intercompany debtors are not fully recoverable. Factors taken into consideration are the trading history of the debtor, market and economic conditions; and
- Life of the tangible fixed assets - the tangible fixed assets are depreciated over their useful lives. The actual lives are assessed annually and may vary depending on factors such as technological innovation, product life cycles and maintenance programmes.

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3 TURNOVER

All turnover was derived from the sales in the United Kingdom.

The analysis of the company's turnover for the year by class of business is as follows:

	2018	2017
	£	£
Sale of goods	8,846,127	8,783,137
Rendering of services	<u>6,129,048</u>	<u>5,996,568</u>
	<u><u>14,975,175</u></u>	<u><u>14,779,705</u></u>

4 OPERATING PROFIT/ (LOSS)

This is stated after charging:

	2018	2017
	£	£
Depreciation and amounts written off tangible fixed assets	368,377	65,408
Amortisation of intangibles	38,260	30,029
Inventory recognised as an expense	5,542,797	6,395,583
Operating lease charges	192,244	196,665
Restructure related costs	<u>-</u>	<u>250,630</u>

The analysis of the auditor's remuneration is as follows:

Fees payable to the company's auditor for

	2018	2017
	£	£
Audit of the financial statements	<u>15,300</u>	<u>21,500</u>
Other fees to auditor		
All other non-audit services	<u>-</u>	<u>5,358</u>

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	238	245
Bank loan interest	39,906	45,473
Factor charges	98,456	92,073
	<u>138,600</u>	<u>137,791</u>

6 STAFF COSTS

The average number of employees (including executive directors) during the year was:

	2018	2017
	Number	Number
Sales	46	28
Operations and administration	21	36
Distribution	12	12
	<u>79</u>	<u>76</u>

Their aggregate remuneration (including directors' remuneration) was:

	2018	2017
	£	£
Wages and salaries	2,388,979	2,464,774
Social security costs	273,852	44,706
Pension costs, defined contribution scheme	54,370	61,069
	<u>2,717,201</u>	<u>2,570,549</u>

7 DIRECTORS' REMUNERATION

The remuneration of the directors for the year was as follows:

	2018	2017
	£	£
Remuneration	434,324	217,960
Contributions paid to money purchase pension schemes	12,043	40,413
	<u>446,367</u>	<u>258,373</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018	2017
	Number	Number
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>4</u>

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

7 DIRECTORS' REMUNERATION (CONTINUED)

Highest paid Director

The above amounts include the following in respect of the highest paid Director:

	2018	2017
	£	£
Remuneration	117,615	115,642
Company contributions to money purchase pension schemes	<u>6,500</u>	<u>6,500</u>

8 TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

Analysis of tax (credit)/ charge on ordinary activities

	2018	2017
	£	£
Current tax		
United Kingdom corporation tax at 19% (2017: 19.25%)	146,220	-
Deferred tax		
Timing differences, origination and reversal	(59,774)	(37,980)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>40,206</u>	<u>-</u>
Total deferred tax	<u>(19,568)</u>	<u>(37,980)</u>
	<u>126,652</u>	<u>(37,980)</u>

The tax charge for the year differs from the standard rate of UK corporation tax of 19% (2017: 19.25%) as explained below:

	2018	2017
	£	£
Profit/(loss) before tax	<u>358,112</u>	<u>(321,370)</u>
Tax charge at standard 19% (2017: 19.25%) rate	68,041	(61,060)
Effects of:		
Expenses not deductible for tax purposes	16,774	25,476
UK deferred tax charge relating to changes in tax rates or laws	6,077	-
Deferred tax charge/ (credit) from unrecognised temporary difference from a prior period	40,206	(34,381)
Transfer pricing adjustments	(760)	-
Tax increase from other short-term timing differences	447	-
Deferred tax (credit)/ charge from unrecognised tax loss or credit	(4,133)	7,083
Other timing differences	<u>-</u>	<u>24,902</u>
Total tax charge/(credit)	<u>126,652</u>	<u>(37,980)</u>

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

8 TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

Deferred tax

On 15 September 2016 the UK Government enacted a further reduction in the main tax rate down to 17% effective from 1 April 2020. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date which has been calculated at 17%.

Tax relating to items recognised in other comprehensive income or equity

	2018	2017
	£	£
Deferred tax related to items recognised as items of other comprehensive income - revaluation	<u>(486)</u>	<u>2,165</u>

9 INTANGIBLE FIXED ASSETS

	Web development costs	Goodwill	Total
	£	£	£
Cost			
At 1 January 2018	213,409	165,515	378,924
Additions	<u>12,501</u>	<u>-</u>	<u>12,501</u>
At 31 December 2018	<u>225,910</u>	<u>165,515</u>	<u>391,425</u>
Amortisation			
At 1 January 2018	171,234	108,657	279,891
Provided in the year	<u>11,539</u>	<u>26,721</u>	<u>38,260</u>
At 31 December 2018	<u>182,773</u>	<u>135,378</u>	<u>318,151</u>
Net book value			
At 31 December 2018	<u>43,137</u>	<u>30,137</u>	<u>73,274</u>
At 31 December 2017	<u>42,175</u>	<u>56,858</u>	<u>99,033</u>

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

10 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2018	1,738,075	1,687	167,030	2,000	162,870	2,071,662
Additions	9,875	-	1,719	-	30,382	41,976
At 31 December 2018	<u>1,747,950</u>	<u>1,687</u>	<u>168,749</u>	<u>2,000</u>	<u>193,252</u>	<u>2,113,638</u>
Depreciation						
At 1 January 2018	27,923	1,255	106,763	2,000	83,656	221,597
Charge for the year	246,713	169	47,464	-	74,031	368,377
At 31 December 2018	<u>274,636</u>	<u>1,424</u>	<u>154,227</u>	<u>2,000</u>	<u>157,687</u>	<u>589,974</u>
Net book value						
At 31 December 2018	<u>1,473,314</u>	<u>263</u>	<u>14,522</u>	<u>-</u>	<u>35,565</u>	<u>1,523,664</u>
At 31 December 2017	<u>1,710,152</u>	<u>432</u>	<u>60,267</u>	<u>-</u>	<u>79,214</u>	<u>1,850,065</u>

Included within the net book value of land and buildings above is £1,389,345 (2017: £1,510,157) in respect of freehold land and buildings.

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

10 TANGIBLE ASSETS (CONTINUED)

Cost or valuation at 31 December 2018 is represented by:

	Land and buildings
	£
Valuation in 2014	279,168
Cost	1,468,782
	1,747,950
	1,747,950

Cost or valuation at 31 December 2017 is represented by:

	Land and buildings
	£
Valuation in 2014	279,168
Cost	1,458,907
	1,738,075
	1,738,075

If the land and buildings had not been revalued they would have been included at the following historical cost:

	2018	2017
	£	£
Cost	1,468,782	1,458,907
	1,468,782	1,458,907
Aggregate depreciation	32,526	27,923
	32,526	27,923

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

10 TANGIBLE ASSETS (CONTINUED)

The land and buildings are measured at deemed cost following the transition to FRS102.

The Company's freehold property was valued on 10 July 2015 by an External Valuer, Stephen Jones BSc., FRICS of Fifield Glyn Limited, Chartered Surveyors, who is a RJCS Registered Valuer. The valuation was completed in accordance with the requirement of the RJCS Valuation - Professional Standards 2014 (revised April 2015) and FRS102 The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland. The revaluation of the property was recognised within the 31 December 2014 financial statements.

The valuation of the property was on the basis of Fair Value with the assumption it would be sold with vacant possession. The Valuer's opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms.

Stephen Jones BSc., FRICS, confirms he complies with the status of External Valuer. Neither Stephen Jones nor Fyfield Glyn Limited have had any previous involvement with the Company or the Company's property.

11 STOCKS

	2018	2017
	£	£
Finished goods	<u>228,684</u>	<u>205,188</u>

12 DEBTORS

Amounts falling due within one year:

	2018	2017
	£	£
Trade debtors	2,746,769	2,295,903
Other debtors	119,599	209,676
Amounts owed by group undertakings	261,343	256,843
Amounts owed by related parties	-	152,698
Prepayments and accrued income	<u>134,457</u>	<u>367,569</u>
	<u>3,262,168</u>	<u>3,282,689</u>

Amounts due from related and group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

13 CREDITORS

	2018	2017
	£	£
Bank loans and overdrafts	32,402	75,340
Trade creditors	1,013,511	1,593,052
Amounts owed to group undertakings	716,689	-
Other taxes and social security costs	302,866	433,582
Other creditors	7,237	1,056,427
Accruals and deferred income	279,917	1,234,363
Corporation tax	146,220	-
	<u>2,498,842</u>	<u>4,392,764</u>
Amounts falling due after more than one year:		
Bank loans	2,075,181	654,361
Accruals and deferred income	-	20,105
	<u>2,075,181</u>	<u>674,466</u>

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

14 LOANS AND BORROWINGS

An analysis of the maturity of the loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>32,402</u>	<u>75,340</u>
	2018	2017
	£	£
Amounts falling due after more than one year:		
Bank loans	<u>2,075,181</u>	<u>654,361</u>
	2018	2017
	£	£
Bank loans		
Amounts falling due:		
- between one and two years	34,270	76,902
- between two and five years	1,665,445	181,305
Repayable by instalments		
- in more than five years	375,466	396,154
	<u>2,075,181</u>	<u>654,361</u>

Bank loans comprise a loan of £557,945 and a receivables finance facility loan of £1,549,638.

Bank loans bear interest at the rate of 5.87%.

The Company's bankers have a first legal mortgage over the Company's freehold property dated 25 February 2011.

The Company's bankers also have an unlimited debenture over the Company dated 26 November 2010.

The Company's receivable finance loan is secured by way of an all assets debenture, dated 17 February 2011 and bears interest at 2% above the base rate and is committed until January 2020.

Prior to 11 April 2018 Mr L Kerr provided the bank with an all moneys guarantee on a second loan for a principal amount of £445,000 plus interest and other costs. This loan was repaid in September 2018. A life insurance was in place for Mr L Kerr for any potential liabilities incurred on this loan.

ZENOFFICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

15 FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
- within one year	155,475	163,244
- between one and five years	97,456	147,037
	<u>252,931</u>	<u>310,281</u>

16 PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred Tax		
At 1 January	39,324	79,469
Decrease in existing provisions	(19,568)	(37,980)
Increase relating to deferred tax associated with the revaluation reserve	486	(2,165)
Ar 31 December	<u>20,242</u>	<u>39,324</u>

The deferred tax provision relates to accelerated capital allowances.

17 SHARE CAPITAL

Authorised, allotted and fully paid:

	2018		2017	
	Number	£	Number	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

18 RESERVES

Revaluation reserve

The revaluation reserve represents the increase in the value of the freehold property following its valuation on 10 July 2015 by an External Valuer. An adjustment is made annually for the impact of deferred taxation on the revaluation reserve.

Profit and loss account

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

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Revaluation reserve	Total
	£	£
Deferred tax relating to other comprehensive income	<u>(486)</u>	<u>(486)</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Revaluation reserve	Total
	£	£
Deferred tax relating to other comprehensive income	<u>2,165</u>	<u>2,165</u>

19 CONTINGENT LIABILITIES

The Lloyds Bank facilities of The Spicers-OfficeTeam Group Limited are secured by ownership of certain trade debts, first legal charges over properties owned by all companies within the group and by debentures over all assets and undertakings. The amount outstanding at 31 December 2018 was £37,758,000 (31 December 2017: £nil).

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

20 RELATED PARTY TRANSACTIONS

Key management are considered to be the directors whose remuneration is disclosed in note 8.

Other related parties

	2018	2017
	£	£
Sales	182,660	57,940
Purchases	99,194	261,153
Management charge	136,125	148,500
Amount due from related party	-	231,682
Provisions for uncollectible receivables relating to amount of outstanding balances	-	80,682

Related parties refer to transactions with Zenoffice Business Interiors and Exteriors Limited, IPL Design and Build Limited and Seamless IT Limited. These are all companies which Mr L J Kerr is a shareholder and director.

In accordance with exemptions available to wholly owned subsidiaries, the Company has taken advantage of FRS102 Section 33, not to disclose transactions with other undertakings within the group.

21 PRIOR YEAR ADJUSTMENT

A prior year adjustment has been recognised within the 2017 comparative figures relating to a prepayment which did not exist. The prior year adjustment has impacted the profit and loss account, increasing the cost of sales figure by £131,066 and the balance sheet, decreasing the prepayments and accrued income figure by £131,066. There is no impact on the tax charge.

ZENOFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is incorporated and domiciles in England.

Stat Company Limited is the immediate parent company.

The ultimate controlling party and ultimate parent undertaking is BECAP12 Fund LP. This company is considered by the Directors to be the direct controlling party of the group.

The ultimate controlling party was Mr L J Kerr by virtue of his majority shareholding in the parent company. Following the acquisition by OfficeTeam Limited of 100% of the issued share capital of Stat Company Limited, the immediate parent company, on 11 April 2018 the ultimate controlling party changed to BECAP 12 Fund LP.

The parent of the smallest group into which the company is consolidated is OfficeTeam Group Limited. The financial statements of the company are available from the Company Secretary, Unit 4, 500 Purley Way, Croydon, Surrey, United Kingdom, CR0 4NZ. The parent of the largest group into which the company is consolidated is The Spicers-OfficeTeam Group Limited. The group financial statements are available from the Company Secretary, Unit 4, 500 Purley Way, Croydon, Surrey, United Kingdom, CR0 4NZ.