Company Registration No. 10369607 (England and Wales)

Zodeq Ltd

Financial statements
for the year ended 31 December 2018

Pages for filing with the Registrar



Zodeq Ltd

Statement of financial position
As at 31 December 2018

	Notes	£	2018 £	£	2017 £
Non-current assets					
Property, plant and equipment	3		10,514		3,151
Current assets					
Trade and other receivables	4	14,171,437		6,253,664	
Cash and cash equivalents		107,857		64,250	
		14,279,294		6,317,914	
Current liabilities	5	(14,497,415)		(6,750,031)	
Net current liabilities			(218,121)		(432,117)
Total assets less current liabilities			(207,607)		(428,966)
Equity					
Called up share capital	6		10		10
Retained earnings			(207,617)		(428,976)
Total equity			(207,607)		(428,966)

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 9/8/2019 and are signed on its behalf by:

Michael Lowndes
Director

Company Registration No. 10369607

1 Accounting policies

Company information

Zodeq Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor, The Exchange, No 1 St John Street, Chester, CH1 1DA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The company made a loss in its first period which resulted in a net liability position. The company has reported a profit in 2018 and the directors expect the company to return to a positive net asset position during 2019. Exchequer Solutions Limited, has provided a letter of confirming that the £3m loan will not be called such that it would prevent the company from meeting its day to day financial obligations and continue as a going concern.

1.3 Revenue

Revenue is derived from the company's ordinary activities and represents commissions, discounts and other charges to the client, net of value added tax.

Revenue from the provision of services is recognised at the point the service has been performed. Revenue from the provision of invoice discounting is recognised in the period to which the discounting took place.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	
Computer Equipment	3 years straight line
Office equipment	5 years straight line

1 Accounting policies (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Invoice factoring

Amounts due in respect of invoice factoring are separately disclosed as current liabilities. The client operates under the terms and condition of an invoice finance agreement. The client can draw down on a percentage of approved sales invoices. The management and collection of trade debtors is carried out by the company but the risk of uncollectable debt remains with the client up to the limit of the facility.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 8 (2017 - 3).

3 Property, plant and equipment

	Land and buildings	Plant and machinery etc	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2018	-	4,820	-	4,820
Additions	679	3,566	5,896	10,141
At 31 December 2018	679	8,386	5,896	14,961
Depreciation and impairment				
At 1 January 2018	-	1,669	-	1,669
Depreciation charged in the year	-	2,778	-	2,778
At 31 December 2018	-	4,447	-	4,447
Carrying amount				
At 31 December 2018	679	3,939	5,896	10,514
At 31 December 2017	-	3,151	-	3,151

4 Trade and other receivables

	2018	2017
Amounts falling due within one year:	£	£
Trade receivables	14,109,862	6,064,253
Other receivables	61,575	189,411
	14,171,437	6,253,664

5 Current liabilities

	2018	2017
	£	£
Bank loans and overdrafts	10,400,240	2,901,500
Trade payables	20,382	3,497
Amounts owed to group undertakings	3,873,855	3,737,305
Corporation tax	54,167	-
Other taxation and social security	105,218	46,231
Other payables	43,553	61,498
	14,497,415	6,750,031

The company has a fixed and floating charge over the assets of the company dated 28 April 2017 in favour of Aldermore Bank PLC.

6 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
10 Ordinary Shares of £1 each	10	10

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Material uncertainty related to going concern
The financial statements have been prepared assuming that the company will continue as a going concern. The directors plans in regard to this matter are described in Note 1.2 to the financial statements. Our opinion is not modified with respect to this matter.

The senior statutory auditor was Simon Kite BSc FCA.
The auditor was Saffery Champness LLP.

8 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2018	2017
	£	£
	20,320	-

9 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of services		Management charges	
	2018	2017	2018	2017
	£	£	£	£
Entities with control, joint control or significant influence over the company	-	-	(30,694)	(57,826)
Other related parties	-	73,241	(4,914)	(6,813)

The following amounts were outstanding at the reporting end date:

	2018	2017
Amounts due to related parties	£	£
Entities with control, joint control or significant influence over the company	3,256,726	3,661,704
Other related parties	617,130	82,413

10 Parent company

At 31 December 2018, Exchequer Solutions Limited was the immediate parent and ultimate controlling party of the company. On 29 May 2019, Zodeq Holdings Limited became the immediate parent and ultimate controlling party of the company.

Exchequer Solutions Limited is the largest and smallest group in which Zodeq Ltd is a member and for which consolidated financial statements are prepared and publicly available. A copy of the group financial statements can be obtained from Exchequer Solutions Limited, 1st Floor The Exchange, No 1 St John Street, Chester, CH1 1DA.