

COMPANY REGISTRATION NUMBER: 03353499

**Z-Tech Control Systems Limited**  
**Financial Statements**  
**For the year ended**  
**30 April 2021**



# **Z-Tech Control Systems Limited**

## **Financial Statements**

**Year ended 30 April 2021**

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# Z-Tech Control Systems Limited

## Officers and Professional Advisers

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### THE BOARD OF DIRECTORS

Mr M Swinhoe  
Mr J D Bull  
Mrs S Caruana  
Mr M A Tempest  
Mrs A J Nilsson  
Mr J N Whitfield  
Mr L Stanbridge

### COMPANY SECRETARY

Mr J N Whitfield

### REGISTERED OFFICE

Unit 4 Meridian  
Buckingway Business Park  
Anderson Road  
Swavesey  
Cambs  
CB24 4AE

### AUDITOR

Streets Audit LLP  
Chartered accountants & statutory auditor  
3 Wellbrook Court  
Girton  
Cambridge  
CB3 0NA

### BANKERS

Handelsbanken  
Byron House  
Cambridge Business Park  
Cowley Road  
Cambridge  
CB4 0WZ

# Z-Tech Control Systems Limited

## Strategic Report

Year ended 30 April 2021

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We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the risks and uncertainties we face.

### PRINCIPAL ACTIVITIES

The principal activity of the company continued to be the servicing, supply and design of instrumentation and control systems.

Z-Tech is one of the UK's leading industrial automation and control systems company. The company operates in the UK where most of its contracts are obtained by competitive tender.

We primarily work directly for blue-chip customers in the Water, Power Generation and Rail sectors. Our aim is to build long term relationships with all of our customers and to be renowned for our innovation, efficiency, quality and safety.

### KEY PERFORMANCE INDICATORS

The directors consider the following to be key performance indicators of the business:

	2021	2020
	£	£
Turnover	18,687,211	16,162,251
Gross profit	4,187,340	2,808,225
Net profit/(loss) after tax	1,113,116	415,562
Net assets	2,954,533	1,903,751

### BUSINESS REVIEW

The year to 30 April 2021 has been an excellent year despite the significant impacts of Covid on the wider economy. Z-Tech has generated significant improvements in profitability during the year vindicating the Board's strategy to work primarily for blue-chip customers in the Water, Power Generation and Rail sectors which are largely protected by the Government. Turnover has increased by 15.6% to £18.7M, the Gross Margin has improved significantly to 22.4% from 17.4%, resulting in Gross Profit rising by £1.4M from £2.808M to £4.187M whilst at the same time, the Board has kept firm control on overheads with minimal increases to recurring Overheads being incurred, despite the significant growth in turnover.

We previously reported the Board decision in mid-2018 to maintain the Canning Town infrastructure in London and the South East to support our offering to TfL and to allow us to bid on other contracts in Water and Rail sectors in particular. Over the year to 30 April 2021, our Rail Operating unit has received the full year benefits of the TfL Escalator Maintenance Framework and despite the significant disruption to Tube travel experienced in London throughout the 'Covid Period' has recorded good growth.

Throughout the year to 30 April 2021, Z-Tech was also successful in securing new frameworks and trading arrangements with Southern Water, and Anglian Water in particular. We expect that these (and other) relationships will flourish in the current financial year and that trading performance will again significantly improve. On 1st May 2020, the number of employees was 212 which despite the uncertainties of Covid has increased to 223 by 30th April 2021, reflecting the steps taken by the Board to secure new opportunities from both new and existing customers. This increase has been carefully managed to ensure that the size and skill of the workforce matches the existing requirements of our customers and supports the capability requirements of any bids and tenders that we submit for new work. In the last year, we have been very active in ensuring that we have been active in the recruitment market, particularly with regards potential recruits from Australia who plan to come to the UK after the Covid related travel restrictions have been released.

# **Z-Tech Control Systems Limited**

## **Strategic Report *(continued)***

**Year ended 30 April 2021**

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The Board is very confident that the steps that have been taken will ensure that the Company has the capability to support the Board's short and medium term growth aspirations.

The shareholders have continued the conservative dividend policy as they believe that this will assist with ensuring that the gearing levels of the company remain relatively low, which will ensure that we can continue to grow organically whilst having the necessary financial capacity to make strategic acquisitions should the opportunity arise.

Z-Tech continues with its commitment to achieve excellence in all areas of our work in addition to the Health & Safety matters and Environmental concerns in our chosen sectors.

With the full year benefit of the new Trading Agreements with Southern Water and Anglian Water in particular and the ongoing frameworks with our key customers, the Directors believe that Z-Tech is well positioned to improve profitability further in the year to 30 April 2022.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key risk relates to the expected strong growth of the company in the year to 30 April 2022 and its ability to manage the relevant working capital requirements. The Board are mindful of this risk and are continually reviewing existing systems and procedures, as growth occurs, to ensure they remain appropriate.

The Board believes that Z-Tech has demonstrated in the year to 30 April 2021 that it has a business strategy that is sufficiently robust to allow profitable trading in a Global Pandemic.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company is exposed to various common financial risks arising in the normal course of business as follows:

#### **Interest Rate Risk**

The business considers the level of risk exposure on all debt transactions and takes necessary steps to reduce risk to an acceptable level. For significant obligations the company seeks to arrange fixed rate finance where possible in order to mitigate interest rate risk.

#### **Credit Risk and Liquidity Risk**

The company has policies in place to ensure transactions are entered into only with parties that are of acceptable credit quality. The company ensures that there are adequate funds available through credit facilities to meet the operational requirements of the business.

### **RESEARCH AND DEVELOPMENT**

The company continues to carry out research and development, in areas in which it considers is of benefit to the company to maintain its competitive position, while growing its range of services to supply innovative solutions into existing business sectors.

### **STRATEGY**

Our strategy remains one of organic growth within our chosen markets. It is likely that the level of opportunity available to us will remain high. We will therefore concentrate our efforts mainly on geographic areas in which we are currently well established and carefully select new areas for growth. We will continue to aim for an even mix of business from all markets in order to minimise the risk of fluctuations in any one market or customer.

# Z-Tech Control Systems Limited

Strategic Report *(continued)*

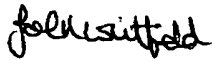
Year ended 30 April 2021

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## FUTURE DEVELOPMENTS

Our long term aim remains to expand into multiple offices that are geographically spread across the UK.

This report was approved by the board of directors on ~~21 July 2021~~ and signed on behalf of the board by:



Mr J N Whitfield  
Company Secretary

# Z-Tech Control Systems Limited

## Directors' Report

Year ended 30 April 2021

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The directors present their report and the financial statements of the company for the year ended 30 April 2021.

### Directors

The directors who served the company during the year were as follows:

Mr M Swinhoe  
Mr J D Bull  
Mr M A Tempest  
Mrs A J Nilsson  
Mr J N Whitfield  
Mr L Stanbridge  
Mrs S Caruana

(Appointed 1 October 2020)

### Dividends

Particulars of dividends are detailed in note 12 to the financial statements.

### Disclosure of information in the strategic report

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' 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). 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 profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

## Z-Tech Control Systems Limited

Directors' Report *(continued)*

Year ended 30 April 2021

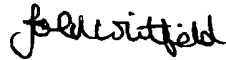
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### Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 21 July 2021 and signed on behalf of the board by:



Mr J N Whitfield  
Company Secretary



# **Z-Tech Control Systems Limited**

## **Independent Auditor's Report to the Members of Z-Tech Control Systems Limited**

**Year ended 30 April 2021**

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### **Opinion**

We have audited the financial statements of Z-Tech Control Systems Limited (the 'company') for the year ended 30 April 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows 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 FRS 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 company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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**

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

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

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

# **Z-Tech Control Systems Limited**

**Independent Auditor's Report to the Members of Z-Tech Control Systems Limited** *(continued)*

**Year ended 30 April 2021**

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## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

## **Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 material misstatements in the strategic report or 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, 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.

# Z-Tech Control Systems Limited

## Independent Auditor's Report to the Members of Z-Tech Control Systems Limited *(continued)*

Year ended 30 April 2021

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## Z-Tech Control Systems Limited

Independent Auditor's Report to the Members of Z-Tech Control Systems Limited *(continued)*

Year ended 30 April 2021

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

## Z-Tech Control Systems Limited

Independent Auditor's Report to the Members of Z-Tech Control Systems Limited *(continued)*

Year ended 30 April 2021

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

AR Blake

Alan Blake (Senior Statutory Auditor)

For and on behalf of  
Streets Audit LLP  
Chartered accountants & statutory auditor  
3 Wellbrook Court  
Girton  
Cambridge  
CB3 0NA

26/07/2021

## Z-Tech Control Systems Limited

### Statement of Income and Retained Earnings

Year ended 30 April 2021

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	Note	2021 £	2020 £
<b>Turnover</b>	4	18,687,211	16,162,251
Cost of sales		14,499,871	13,354,026
<b>Gross profit</b>		<u>4,187,340</u>	<u>2,808,225</u>
Administrative expenses		2,854,327	2,184,042
Other operating income	5	90,549	52,386
<b>Operating profit</b>	6	<u>1,423,562</u>	<u>676,569</u>
Interest payable and similar expenses	10	92,028	193,835
<b>Profit before taxation</b>		<u>1,331,534</u>	<u>482,734</u>
Tax on profit	11	218,418	67,172
<b>Profit for the financial year and total comprehensive income</b>		<u>1,113,116</u>	<u>415,562</u>
Dividends paid and payable	12	(62,334)	(4,380)
<b>Retained earnings at the start of the year</b>		<u>1,872,411</u>	<u>1,461,229</u>
<b>Retained earnings at the end of the year</b>		<u>2,923,193</u>	<u>1,872,411</u>

All the activities of the company are from continuing operations.

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The notes on pages 15 to 26 form part of these financial statements.

# Z-Tech Control Systems Limited

## Statement of Financial Position

30 April 2021

	Note	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		2,095,684		1,810,826
<b>Current assets</b>					
Stocks	14	97,187		84,096	
Debtors	15	6,212,795		4,695,977	
Cash at bank and in hand		3,084,268		1,339,484	
		<u>9,394,250</u>		<u>6,119,557</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>6,695,240</u>		<u>5,378,896</u>	
<b>Net current assets</b>			<u>2,699,010</u>		<u>740,661</u>
<b>Total assets less current liabilities</b>			<u>4,794,694</u>		<u>2,551,487</u>
<b>Creditors: amounts falling due after more than one year</b>	17		1,683,461		582,583
<b>Provisions</b>					
Taxation including deferred tax	19		156,700		65,153
<b>Net assets</b>			<u>2,954,533</u>		<u>1,903,751</u>
<b>Capital and reserves</b>					
Called up share capital	24		4,380		4,380
Share premium account	25		20,960		20,960
Capital redemption reserve	25		6,000		6,000
Profit and loss account	25		2,923,193		1,872,411
<b>Shareholders funds</b>			<u>2,954,533</u>		<u>1,903,751</u>

These financial statements were approved by the board of directors and authorised for issue on ....., and are signed on behalf of the board by:



Mr M Swinhoe  
Director

Company registration number: 03353499

The notes on pages 15 to 26 form part of these financial statements.

## Z-Tech Control Systems Limited

### Statement of Cash Flows

Year ended 30 April 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,113,116	415,562
<i>Adjustments for:</i>		
Depreciation of tangible assets	564,987	589,536
Government grant income	(79,018)	(43,666)
Interest payable and similar expenses	92,028	193,835
Gains on disposal of tangible assets	(51,593)	(18,889)
Tax on profit	218,418	67,172
<i>Changes in:</i>		
Stocks	(13,091)	(5,526)
Trade and other debtors	(1,516,818)	(1,134,950)
Trade and other creditors	698,406	643,613
Cash generated from operations	1,026,435	706,687
Interest paid	(92,028)	(193,835)
Tax received	52,891	—
Net cash from operating activities	<u>987,298</u>	<u>512,852</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(359,211)	(181,656)
Proceeds from sale of tangible assets	87,764	68,806
Net cash used in investing activities	<u>(271,447)</u>	<u>(112,850)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,344,208	1,011,639
Government grant income	79,018	43,666
Payments of finance lease liabilities	(331,959)	(303,347)
Dividends paid	(62,334)	(4,380)
Net cash from financing activities	<u>1,028,933</u>	<u>747,578</u>
Net increase in cash and cash equivalents	1,744,784	1,147,580
Cash and cash equivalents at beginning of year	1,339,484	191,904
Cash and cash equivalents at end of year	<u>3,084,268</u>	<u>1,339,484</u>

The notes on pages 15 to 26 form part of these financial statements.



# Z-Tech Control Systems Limited

## Notes to the Financial Statements

Year ended 30 April 2021

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### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 4 Meridian, Buckingham Business Park, Anderson Road, Swavesey, CB24 4AE, Cambs.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Research and development

Research and development expenditure is written off in the year in which it is incurred.

#### Judgements 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant judgements

There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Tangible fixed assets are recognised at cost, less accumulated depreciation. Depreciation is charged over the estimated useful life of the asset to its estimated residual value.

The recoverability of trade debtors and amounts due under contracts not yet invoiced are considered on a regular basis. When calculating the debtor provision, the directors consider the age of the debts and the financial position of its customer. When considering the recoverability of amounts due under contracts not yet invoiced, the directors consider the overall expected results of the contract.

# Z-Tech Control Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2021

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## 3. Accounting policies *(continued)*

### Revenue recognition

The turnover shown in the profit and loss account represents work done during the year, exclusive of Value Added Tax. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion. Stage of completion is measured by reference to the amount of time and cost incurred on each contract.

### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

### Tangible assets

Tangible assets are initially recorded at cost.

### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Over the life of the lease unless long leasehold over 50 years
Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	25% straight line
Motor Vehicles	-	20 - 25% straight line

The right to occupy land is depreciated over the lease term of 999 years.

# Z-Tech Control Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2021

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## 3. Accounting policies *(continued)*

### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the purchase price of the goods.

### Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

### Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

# Z-Tech Control Systems Limited

## Notes to the Financial Statements (continued)

Year ended 30 April 2021

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### 3. Accounting policies (continued)

#### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### Defined contribution plans

The company operates a defined contribution pension scheme for employees and also makes contributions to individual employees personal pension plans. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### 4. Turnover

Turnover arises from:

	2021	2020
	£	£
Contracts for services	<u>18,687,211</u>	<u>16,162,251</u>

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

### 5. Other operating income

	2021	2020
	£	£
Government grant income	79,018	43,666
Other operating income	<u>11,531</u>	<u>8,720</u>
	<u>90,549</u>	<u>52,386</u>

# Z-Tech Control Systems Limited

## Notes to the Financial Statements (continued)

Year ended 30 April 2021

### 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Depreciation of tangible assets	564,987	589,536
Gains on disposal of tangible assets	(51,593)	(18,889)
Impairment of trade debtors	30	1
Research & development expenditure written off	190,668	154,780

### 7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	12,500	8,000

### 8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	188	190
Administrative staff	9	10
Management staff	9	10
Directors	7	6
	<u>213</u>	<u>216</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	9,973,680	9,261,893
Social security costs	1,124,211	1,091,038
Other pension costs	573,253	226,350
	<u>11,671,144</u>	<u>10,579,281</u>

### 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	581,345	462,859
Company contributions to defined contribution pension plans	333,943	12,800
	<u>915,288</u>	<u>475,659</u>

# Z-Tech Control Systems Limited

## Notes to the Financial Statements (continued)

Year ended 30 April 2021

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### 9. Directors' remuneration (continued)

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	<u>6</u>	<u>5</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	113,512	110,220
Company contributions to defined contribution pension plans	<u>163,359</u>	<u>3,307</u>
	<u>276,871</u>	<u>113,527</u>

Directors remuneration includes £23,125 (2020 - £17,875) paid to third parties in respect of services provided by 1 (2020 - 1) of the directors.

### 10. Interest payable and similar expenses

	2021	2020
	£	£
Interest on banks loans and overdrafts	14,655	19,775
Interest on obligations under finance leases and hire purchase contracts	22,529	37,693
Interest payable on Corporation tax	201	-
Other interest payable and similar charges	<u>54,643</u>	<u>136,367</u>
	<u>92,028</u>	<u>193,835</u>

### 11. Tax on profit

Major components of tax expense

	2021	2020
	£	£
<b>Current tax:</b>		
UK current tax expense	125,533	60,423
Adjustments in respect of prior periods	<u>1,338</u>	<u>1,253</u>
Total current tax	<u>126,871</u>	<u>61,676</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>91,547</u>	<u>5,496</u>
Tax on profit	<u>218,418</u>	<u>67,172</u>

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# Z-Tech Control Systems Limited

Notes to the Financial Statements (continued)

Year ended 30 April 2021

## 11. Tax on profit (continued)

### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	<u>1,331,534</u>	<u>482,734</u>
Profit on ordinary activities by rate of tax	252,991	91,719
Effect of expenses not deductible for tax purposes	11,186	14,585
Over provision in prior periods	1,336	(901)
R&D tax claim	<u>(47,095)</u>	<u>(38,231)</u>
Tax on profit	<u>218,418</u>	<u>67,172</u>

## 12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021	2020
	£	£
Equity dividends on ordinary shares	<u>62,334</u>	<u>4,380</u>

## 13. Tangible assets

	Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 May 2020	929,442	828,965	675,673	2,527,274	4,961,354
Additions	41,747	208,027	26,584	609,658	886,016
Disposals	–	(26,224)	(16,465)	(348,923)	(391,612)
<b>At 30 April 2021</b>	<u>971,189</u>	<u>1,010,768</u>	<u>685,792</u>	<u>2,788,009</u>	<u>5,455,758</u>
<b>Depreciation</b>					
At 1 May 2020	233,981	669,130	574,963	1,672,454	3,150,528
Charge for the year	43,322	102,356	49,912	369,397	564,987
Disposals	–	(6,861)	(16,407)	(332,173)	(355,441)
<b>At 30 April 2021</b>	<u>277,303</u>	<u>764,625</u>	<u>608,468</u>	<u>1,709,678</u>	<u>3,360,074</u>
<b>Carrying amount</b>					
At 30 April 2021	<u>693,886</u>	<u>246,143</u>	<u>77,324</u>	<u>1,078,331</u>	<u>2,095,684</u>
At 30 April 2020	<u>695,461</u>	<u>159,835</u>	<u>100,710</u>	<u>854,820</u>	<u>1,810,826</u>

# Z-Tech Control Systems Limited

## Notes to the Financial Statements (continued)

Year ended 30 April 2021

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### 13. Tangible assets (continued)

Leasehold property comprises:

	2021	2020
	£	£
Long leasehold	656,688	672,038
Short leasehold	37,198	23,423
	<u>693,886</u>	<u>695,461</u>

### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 30 April 2021	<u>844,768</u>
At 30 April 2020	<u>803,816</u>

### 14. Stocks

	2021	2020
	£	£
Raw materials and consumables	<u>97,187</u>	<u>84,096</u>

### 15. Debtors

	2021	2020
	£	£
Trade debtors	4,856,900	3,795,906
Called up share capital not paid	20,700	20,700
Prepayments and accrued income	249,620	233,614
Amounts due under contracts not yet invoiced	1,072,763	638,576
Other debtors	12,812	7,181
	<u>6,212,795</u>	<u>4,695,977</u>

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# Z-Tech Control Systems Limited

Notes to the Financial Statements (continued)

Year ended 30 April 2021

## 16. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	449,316	115,992
Trade creditors	820,558	601,267
Accruals and deferred income	958,622	364,794
Corporation tax	186,501	6,739
Social security and other taxes	1,413,147	1,402,988
Obligations under finance leases and hire purchase contracts	324,788	263,467
Director loan accounts	–	29,514
Other creditors	2,542,308	2,594,135
	<u>6,695,240</u>	<u>5,378,896</u>

Included in other creditors is an amount of £2,491,441 (2020: £2,447,910) which is secured by a debenture over all assets of the company.

## 17. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	1,354,033	386,680
Obligations under finance leases and hire purchase contracts	329,428	195,903
	<u>1,683,461</u>	<u>582,583</u>

The bank loans are secured over the company's leasehold property and also over all assets of the company

## 18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021	2020
	£	£
Not later than 1 year	324,788	263,467
Later than 1 year and not later than 5 years	329,428	195,903
	<u>654,216</u>	<u>459,370</u>

Property, plant and equipment acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Obligations under finance leases and hire purchase contracts are secured on the individual assets concerned.

# Z-Tech Control Systems Limited

Notes to the Financial Statements (continued)

Year ended 30 April 2021

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## 19. Provisions

	Deferred tax (note 20) £
At 1 May 2020	65,153
Additions	<u>91,547</u>
At 30 April 2021	<u>156,700</u>

## 20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Included in provisions (note 19)	<u>156,700</u>	<u>65,153</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Accelerated capital allowances	160,446	68,546
Other timing differences	<u>(3,746)</u>	<u>(3,393)</u>
	<u>156,700</u>	<u>65,153</u>

## 21. Employee benefits

### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £573,253 (2020: £226,350).

## 22. Share-based payments

The company has a share option scheme for certain employees (including directors). Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

During the year ended 30 April 2018, 475 options were granted at an exercise price of £310 which was considered to be the market value at the time the options were granted.

# Z-Tech Control Systems Limited

Notes to the Financial Statements (continued)

Year ended 30 April 2021

## 23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>79,018</u>	<u>43,666</u>

## 24. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,380</u>	<u>4,380</u>	<u>4,380</u>	<u>4,380</u>

Of the 4,380 issued shares, 60 shares have not been called up and remain unpaid (2020: 60 shares not called up and unpaid).

## 25. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

## 26. Analysis of changes in net debt

	At 1 May 2020	Cash flows	At 30 Apr 2021
	£	£	£
Cash at bank and in hand	1,339,484	1,744,784	3,084,268
Debt due within one year	(408,973)	(365,131)	(774,104)
Debt due after one year	(582,583)	(1,100,878)	(1,683,461)
	<u>347,928</u>	<u>278,775</u>	<u>626,703</u>

## 27. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2021	2020
	£	£
Tangible assets	<u>127,062</u>	<u>47,995</u>

# Z-Tech Control Systems Limited

Notes to the Financial Statements (continued)

Year ended 30 April 2021

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## 28. Operating leases

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

	2021	2020
	£	£
Not later than 1 year	153,920	27,533
Later than 1 year and not later than 5 years	529,280	—
	<u>683,200</u>	<u>27,533</u>

## 29. Directors' advances, credits and guarantees

There have been no advances, credits or guarantees during the year.

## 30. Related party transactions

### Control

The company was under the control of the directors throughout the current and previous year.

### Transactions

Key management personnel

	2021	2020
	£	£
Dividends paid	62,334	4,160
Amounts owed to	—	29,379

Mr M Swinhoe and Mr J Bull, have each provided personal guarantees limited to £150,000 each in respect of financing facilities provided to the company from third parties.