

# ZENOFFICE LIMITED

FINANCIAL STATEMENTS FOR THE 18  
MONTH PERIOD ENDED 30 JUNE 2020

Company Number 01189115

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# ZENOFFICE LIMITED

## FINANCIAL STATEMENTS

FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020

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# ZENOFFICE LIMITED

## FINANCIAL STATEMENTS

FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020

### OFFICERS AND PROFESSIONAL ADVISERS

<b>Directors</b>	P Crean (appointed 24 February 2021) S Shine (appointed 24 February 2021) L Salmon (appointed 24 February 2021) GB Davie M Waterhouse S Hitchman (resigned 31 August 2019) S Horne (resigned 24 February 2021) A Mobbs (resigned 17 January 2020) O Morley (resigned 15 May 2020) D Needham (resigned 24 February 2021) R Oates (appointed 17 January 2020, resigned 24 February 2021)
<b>Company secretary</b>	R Cahill (appointed 24 February 2021) P Maynard (resigned 24 February 2021)
<b>Registered office</b>	Zenoffice House Gateway Crescent Broadway Business Park Chadderton Greater Manchester OL9 9XB
<b>Bankers</b>	Lloyds Bank PLCMarket Street Manchester BX1 1LT
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants and Senior Statutory Auditor 30 Finsbury Square London EC2A 1AG United Kingdom

**ZENOFFICE LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

The Directors present their strategic report for the period ended 30 June 2020.

**Principal activity and review of the business**

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. The Company supplies their SME customers with a wide range of managed solutions, including managed print services (MPS), mail & fulfilment, signage & exhibition, workwear & PPE and business interiors. The Company is a trusted partner for SMEs, going beyond office supplies to provide customers a range of business solutions all from one place.

On 25 May 2020, Paragon Group Limited agreed to acquire the Company subject to UK FCA approval. UK FCA approval was obtained on 23 February 2021 and the acquisition was completed.

The Company has shown a continuing strong gross profit margin of 34%, 1% lower than the prior year.

The Company incurred a loss of £921,041 for the 18-month period (year-ended 31 December 2018: profit of £231,460). The result for the 18 months includes exceptional charges of £1,786,628 (year-ended 2019: income of £146,627). Included within the exceptional charges are restructuring costs of £66,000 and redundant roles of £1,720,628.

These costs were incurred, to transform the UK wide sales force and to mitigate the impact of the COVID-19 derived sales decline, providing the Company with a cost base and platform to trade profitably during the remainder of COVID-19 and thereafter. As a result, underlying EBITDA for the year improved to £1,064,500 (2019: £756,722). The Company tightly controlled and managed its funds and liquidity during the year and has ended the year in a comfortable position.

Cashflow has remained resilient throughout the pandemic with all agreed deferred payments as of 30 June 2020 being fully repaid by the end of March 2021 (£615,000).

**Trading Outlook post year end**

The Company has demonstrated a strong turnaround in the 2021 financial year performance. The business has made trading profits every month up to the end of April 2021 and has already recovered 50% of its prior year losses by the end of April 2021.

The transformation of the MPS division is delivering superior returns creating a platform for success for 2021 and beyond. The trading outlook reflects accretive growth through a market-leading position, innovation capability and strategic investment decisions. The Directors are optimistic for the future of the business.

**Principal risks and uncertainties**

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.

**Risk management policy**

The directors along with senior managers formally evaluate and review the principal risks and uncertainties facing the company on a quarterly basis. The principal risks and uncertainties facing the company are detailed below.

**ZENOFFICE LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**Foreign currency risk**

The company has exposure to currency movements relating to trade debtors and trade creditors. However, a significant proportion of transactions entered into by the company are denominated in sterling.


**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.

On behalf of the Board

**Laurent Salmon**

LT Salmon  
Director  
17 June 2021



G. B. O'LEARY  
DIRECTOR

**ZENOFFICE LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**Competitive risks**

The company has a wide range of customers, operating across many different market sectors. The company is therefore not reliant on any individual customer or market sector.

**Coronavirus risk**

Further to the recent global outbreak of Coronavirus disease (COVID-19), the directors of the Company continue to assess the situation across key markets and the potential risk to the operation of the business daily. At the time of signing of these accounts, there has been no unmanageable impact on either the Revenue, Customers or Employees within the Company. The directors have taken all necessary measures as advised by the NHS, WHO, the UK government and equivalent local authorities across our offices, including promoting hygiene standards and providing facilities to enable this; and firmly insisting all employees to working from home where possible.

The Paragon Group and the Company have vital activities within the communication and financial sectors and was consequently given the “key worker status” during this outbreak. Both feel reasonably confident that they will retain a sufficient level of trading activity to sustain the business during the crisis. The directors do not consider, at the date of signing of the financial statements, there to be a threat to the overall business in the case of outbreak-related closures and lockdowns due to the above and the Company (via the support offered by the overall Paragon Group) having access to sufficient working capital.

The Directors believe that appropriate strategies have been, and are being further developed, to ensure the Company can reduce and manage the possible impacts of adverse developments which could affect the Company’s ability to continue trading.

**Financial risks**

The company’s principal financial investments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the company’s operating activities. The main risks associated with the company’s financial assets are set out below.

**Interest rate risk**

The company invests surplus cash in a floating rate interest yielding bank deposit account and has access to a floating rate interest bearing overdraft facility. Term loans are entered into at floating interest rates. Interest income and expenses are therefore affected by movements in interest rates. The company does not undertake any hedging activity.

**Price risk**

There is no significant exposure to changes in the carrying value of assets and liabilities due to agreed pricing. Most price increases would be considered transferable as indicated within the trade terms agreements.

**Credit risk**

Company policies are aimed at minimising losses from credit risk, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures.

**Liquidity risk**

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure and related financing of investments are approved at group level. Flexibility is maintained by retaining surplus cash in readily accessible bank financial statements. Cash balances and forecasts are controlled at both local and group level daily.

**ZENOFFICE LIMITED  
DIRECTORS' REPORT  
FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

The Directors present their report together with the financial statements and auditor's report of the Company for the period ended 30 June 2020.

**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.

**Results and Dividends**

The loss for the period after taxation amounted to £1,050,058 (2018: profit of £231,460). No dividends were paid during the period (2018: £Nil).

**Directors**

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

P Crean (appointed 24 February 2021)

S Shine (appointed 24 February 2021)

L Salmon (appointed 24 February 2021)

GB Davie

M Waterhouse

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

R Oates                      appointed 17 January 2020                      resigned 24 February 2021

S Horne                      appointed 14 March 2019                      resigned 24 February 2021

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

D Needham                      resigned 24 February 2021

**ZENOFFICE LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**Going concern**

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for 2021 and 2022, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends and extensive actions already undertaken to protect profitability and conserve cash.

The Group's assessment considered two scenarios, being management's base case and another scenario using a set of severe but plausible downside assumptions to that base case. Overall the Group traded ahead of the base case for the first quarter of 2021 and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time.

Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

**Brexit**

The UK's decision to leave the EU is likely to result in a short to medium term period of economic and political uncertainty and complexity. There is a risk that this uncertainty could reduce demand in the Company's UK market and could adversely impact the financial performance of the Company. The Group generates a significant portion of its earnings in the UK market, and any significant decline in the value of Sterling will impact the Group's translation of its Sterling earnings with consequential impacts on the reported performance and results of those entities within the Paragon Group that the Company transacts with.

**COVID-19**

The COVID-19 impact has differed in each of the divisions in which the Paragon Group operates. There is a risk that the uncertainty around the pandemic could reduce demand in the Company's various markets and could adversely impact the financial performance of the Company. Ultimately however, the overall group showed net organic EBIDTA growth in the financial period and has only been marginally impacted. The Board continue to monitor this risk as it unfolds.

**Directors' liabilities**

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**Events since the Statement of Financial Position date**

On 25 May 2020, Paragon Group Limited agreed to acquire the Company subject to UK FCA approval. UK FCA approval was obtained on 23 February 2021 and the acquisition was completed.

In the directors' opinion, there were no other post balance sheet events.

**Political and charitable contributions**

During the period, the Company did not make any political or charitable contributions (2018 – £nil).

**ZENOFFICE LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**Statement of directors' responsibilities**

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). 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 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to the auditor**

So far as each director, who was a director at the date of approving this report is aware, there is no relevant audit information; being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the fellow directors and the company's auditor, each director has taken all the steps he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

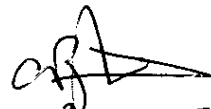
**Re-appointment of auditor**

A resolution to reappoint Grant Thornton UK LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

**Laurent Salmon**

L T Salmon  
 Director  
 17 June 2021

  
 G B DAUVE  
 DIRECTOR

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

### **Opinion**

We have audited the financial statements of ZenOffice Limited (the 'company') for the 18 months from 1 January 2019 to 30 June 2020, which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and 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" (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 June 2020 and of its loss for the period 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.

### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with these particular events.

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

### **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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model including effects arising from macro-economic uncertainties such as COVID-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 period 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.

### **Matter on which we are required to report under the Companies Act 2006**

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.

### **Matters on which we are required to report by exception**

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:

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

- 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.

### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

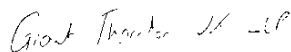
### Auditor's responsibilities for the audit of the financial statements

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](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.



Anthony Thomas FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
17 June 2021

**ZENOFFICE LIMITED**  
**INCOME STATEMENT**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

		<b>18 months ended 2020 £</b>	<b>Year ended 31 December 2018 £</b>
Turnover	3	22,851,666	14,975,175
Cost of sales		(15,225,741)	(9,745,515)
<b>Gross profit</b>		<u>7,625,925</u>	<u>5,229,660</u>
Distribution costs		(715,646)	(672,624)
Administrative expenses		(7,751,733)	(4,206,951)
		<u>(841,454)</u>	<u>350,085</u>
Other operating (costs)/income		(66,000)	146,627
<b>Operating (loss)/profit</b>	4	<u>(907,454)</u>	<u>496,712</u>
Interest payable and similar expenses	5	(159,632)	(138,600)
<b>(Loss)/profit before taxation</b>		<u>(1,067,086)</u>	<u>358,112</u>
Tax on (loss)/profit	8	146,045	(126,652)
<b>(Loss)/profit for the period</b>		<u>(921,041)</u>	<u>231,460</u>

	<b>Note</b>	<b>18 months ended 2020 £</b>	<b>Year ended 31 December 2018 £</b>
<b>Supplementary information:</b>			
EBITDA <sup>1</sup>		(722,128)	903,349
Exceptional charges/(income)	2	1,786,628	(146,627)
<b>Underlying EBITDA<sup>1</sup></b>		<u>1,064,500</u>	<u>756,722</u>

<sup>1</sup>EBITDA and Underlying EBITDA are defined in Note 2.

The above results are derived from continuing operations.

The notes on pages 15 to 29 form part of these financial statements.

**ZENOFFICE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

	<b>18 months ended 2020</b>	<b>Year ended 31 December 2018</b>
	<b>£</b>	<b>£</b>
<b>(Loss)/profit for the period</b>	<u>(921,041)</u>	<u>231,460</u>
Other comprehensive income		
Deferred tax relating to other comprehensive income	-	<u>(486)</u>
<b>Other comprehensive income for the period net of income tax</b>	-	<b>(486)</b>
Total comprehensive income for the period	<u>(921,041)</u>	<u>230,974</u>

Notes on pages 15 to 29 form part of these financial statements.

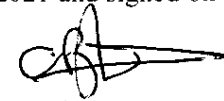
**ZENOFFICE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	30 June 2020 £	31 December 2018 £
<b>Fixed assets</b>			
Tangible assets	10	1,447,794	1,523,664
Intangible assets	9	25,094	73,271
		<u>1,472,888</u>	<u>1,596,938</u>
<b>Current assets</b>			
Stocks	12	377,360	228,684
Debtors	13	2,447,677	3,262,168
Cash and cash equivalents	11	213,875	246,467
		<u>3,038,912</u>	<u>3,737,319</u>
<b>Creditors: amounts falling due within one year</b>	14	4,219,560	2,498,842
		<u>(1,180,648)</u>	<u>1,238,477</u>
<b>Net current (liabilities)/assets</b>			
		<u>292,240</u>	<u>2,835,415</u>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	14	(473,289)	(2,075,181)
<b>Provisions for liabilities</b>	16	-	(20,242)
<b>Net (liabilities)/assets</b>		<u>(181,049)</u>	<u>739,992</u>
<b>Capital and reserves</b>			
Called-up share capital	17	100	100
Revaluation reserve	18	253,005	253,005
Profit and loss account	18	(434,154)	486,887
<b>Total shareholders' funds (deficit)/surplus</b>		<u>(181,049)</u>	<u>739,992</u>

The financial statements of ZenOffice Limited, were approved and authorised for issue by the Board of Directors on 17 June 2021 and signed on its behalf by:

**Laurent Salmon**

L T Salmon  
 Director  
 17 June 2021

  
 G B DAVIE  
 DIRECTOR

The notes on pages 15 to 29 form part of these financial statements.

**ZENOFFICE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

	Called-up share capital £	Profit and loss account £	Revaluation reserve £	Total £
At 1 January 2019	100	486,887	253,005	739,992
Loss for the period	-	(921,041)	-	(921,041)
<b>At 30 June 2020</b>	<b>100</b>	<b>(434,154)</b>	<b>253,005</b>	<b>(181,049)</b>

	Called-up share capital £	Profit and loss account £	Revaluation reserve £	As restated 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	100	255,427	253,491	509,018
Profit for the year	-	231,460	-	231,460
Other comprehensive income	-	-	(486)	(486)
<b>Total profit and loss</b>	<b>-</b>	<b>231,460</b>	<b>(486)</b>	<b>230,974</b>
<b>At 31 December 2018</b>	<b>100</b>	<b>486,887</b>	<b>253,005</b>	<b>739,992</b>

The prior year adjustment shown in the 2018 statement of changes in equity related to the impact of deferred income adjustments made during 2018 which impacted retained earnings.

The notes on pages 15 to 29 form part of these financial statements.

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

## 1 GENERAL INFORMATION

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

### *Basis of preparation*

The company has changed its accounting period end from 31 December to 30 June. The financial statements have therefore been prepared for an 18 month period from 1 January 2019 to 30 June 2020, with comparative information for a 12 month reporting period from 1 January 2018 to 31 December 2018. Therefore the amounts presented in the financial statements are not entirely comparable. The change in the frequency of reporting comes as the Company's trade and assets were acquired during the period by Paragon Group Limited, which reports at a year end of 30 June.

The Company is a private company limited by shares and is incorporated and domiciled in the UK. 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 Strategic Report on pages 2 to 4.

The financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Company's financial statements in prior years had been presented in £. The financial statements for this financial period are presented in £ and all values are rounded to the nearest thousand (£000) except where otherwise indicated. The comparative financial information is also presented to the nearest thousand (£000) except where otherwise indicated. These financial statements present the performance and position of the individual entity. The results of the Company are included in the consolidated financial statements of Paragon Group Limited, which are available from its registered office, Lower Ground Floor, House, 16/18 Finsbury Circus, London, EC2M 7EB. The principal accounting policies adopted by the Company have been consistently applied and are set out below.

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.14(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share based Payment, paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures 33.7

## 2 ACCOUNTING POLICIES

### *Going Concern*

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for 2020 and 2021, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends and extensive

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**2 ACCOUNTING POLICIES (CONTINUED)**

*Going Concern (continued)*

actions already undertaken to protect profitability and conserve cash. The Group's assessment considered two scenarios, being management's base case and another scenario using a set of severe but plausible downside assumptions to that base case. Overall, the Group traded ahead of the base case for the first quarter of 2021 and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time. Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

*Revenue recognition*

Revenue is measured at the transaction price that is allocated to the relevant performance obligations, net of trade discounts, up-front payments, VAT and other sales related taxes.

A performance obligation is a promise in a contract with a customer to transfer to the customer either goods or services.

A performance obligation can either be a distinct good or service or series of distinct goods or services that are substantially the same that have the same pattern of transfer to the customer. Revenue is recognised over time when a performance obligation is satisfied by the customer simultaneously receiving and consuming the benefits over the period of the contract.

When a payment is received in advance of a performance obligation being satisfied it is recorded on the balance sheet as deferred revenue. Revenue is then recognised at the point in time or over the period that the performance obligation is satisfied.

In the case of ZenOffice Limited, revenue can be reliably measured on dispatch of delivery.

*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 for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

*Forecasts and discount rates*

The carrying values of a number of items on the balance sheet are dependent on estimates of future cash flows arising from operations which, in some circumstances, are discounted to arrive at a net present value. Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell).

Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

*Property, plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in Section 22 of FRS

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**2 ACCOUNTING POLICIES (CONTINUED)**

**Property, plant and equipment (continued)**

102 are capitalised as part of the cost of that asset. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing when the assets are brought into operational use, of each asset evenly over its useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold property	2% on cost
Plant and machinery	10% on cost
Fixtures and fittings	20% on cost
Motor vehicles	33% on cost
Computer hardware	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.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

***Intangible assets***

Intangible assets are initially measured at cost. After initial recognition intangible assets are measured at cost less any amortisation and any accumulated impairment losses.

***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.

***Development expenditure***

Web development costs are amortised over 5 years.

***Impairment***

The carrying amounts of the Group's intangible assets and property, plant and equipment are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment charge is recognised in the Income Statement whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment charges recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to that CGU and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

## **2 ACCOUNTING POLICIES (CONTINUED)**

### **Impairment (continued)**

#### *Calculation of recoverable amount*

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

#### *Reversals of impairment*

An impairment charge in respect of goodwill is not subsequently reversed. For other assets, an impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised. A reversal of an impairment loss is recognised as income immediately in the Income Statement.

#### *Stock and work in progress*

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is valued on a first in, first out ('FIFO') basis. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in selling and distribution.

#### *Research and development*

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

#### *Foreign currencies*

The financial statements are presented in British sterling (£), which is the currency of the primary economic environment in which the Company operates (its functional currency). Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

#### *Pensions*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. Contributions are charged in the income statement in the year in which they are incurred.

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**2 ACCOUNTING POLICIES (CONTINUED)**

***Taxation***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

***Trade receivables***

Trade receivables do not carry any interest and are initially stated at fair value then held at amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Allowances are recognised in the Consolidated Income Statement when there is objective evidence that the asset is impaired.

***Trade payables***

Trade payables are not interest bearing and are initially stated at fair value then held at amortised cost.

***Cash at bank and in hand***

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

***Provisions***

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the company will be required to settle the obligation, and its value can be reliably estimated. Where the time value of money is material, provisions are discounted at a pre-tax rate. When a provision needs to be released, the provision is taken back to the Income Statement within the line where it was initially booked.

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**2 ACCOUNTING POLICIES (CONTINUED)**

*Critical accounting judgements*

In the course of applying the Company's accounting policies the following judgements have been made which could have a significant effect on the results of the Company were they subsequently found to be inappropriate.

*Carrying value of property, plant and equipment*

The carrying value of the Company's investment in property, plant and equipment represents a key area of management judgement. This includes assumptions in respect of the use of fair values as well as estimation in respect of useful lives.

*Useful life of intangible assets*

In determining the useful life intangible assets for amortisation purposes, the Company considers the period of expected cash flows used to measure the fair value of the recognised intangible asset, adjusted for entity-specific factors. Those entity-specific factors include, but are not limited to, the entity's expected use of the asset and the entity's historical experience in renewing or extending similar arrangements.

*EBITDA and Underlying EBITDA*

EBITDA is defined as operating profit before depreciation and amortisation. It also includes all restructuring and exceptional items and any gains / (losses) arising on these. Underlying EBITDA is stated after adjusting for items which are exceptional due to their nature, size or incidence. Exceptional items are further explained within Note 4 below.

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**3 TURNOVER**

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

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

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
Sale of goods	10,532,552	8,846,127
Rendering of services	12,319,114	6,129,048
	<u>22,851,666</u>	<u>14,975,175</u>

**4 OPERATING (LOSS)/PROFIT**

This is stated after charging:

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
Depreciation of tangible fixed assets	137,146	368,377
Amortisation of intangibles	48,180	38,260
Inventory recognised as an expense	-	5,542,797
Operating lease charge	569,939	192,244
Auditors remuneration - Audit of the financial statements	31,000	15,300
- All other non-audit services	<u>-</u>	<u>-</u>

**Non-recurring items comprise:**

Restructure related costs/(income)	66,000	(146,627)
Redundant roles	<u>1,720,628</u>	<u>-</u>
	<u>1,786,628</u>	<u>(146,627)</u>

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**5 INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
Bank interest	-	238
Bank loan interest	101,690	39,906
Factor charges	57,942	98,456
	<u>159,632</u>	<u>138,600</u>

**6 STAFF COSTS**

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

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	Number	Number
Sales	61	46
Operations and administration	18	21
Distribution	12	12
	<u>91</u>	<u>79</u>

Their aggregate remuneration (including directors' remuneration) was:

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
Wages and salaries	4,914,790	2,388,979
Social security costs	330,623	273,852
Pension costs, defined contribution scheme	36,977	54,370
	<u>5,282,390</u>	<u>2,717,201</u>

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**7 DIRECTORS REMUNERATION**

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

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
Remuneration	523,499	434,324
Contributions paid to pension schemes	11,586	12,043
	<u>535,085</u>	<u>446,367</u>

**Highest paid Director**

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

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
Remuneration	271,867	117,615
Contributions paid to pension schemes	1,846	6,500

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

Analysis of tax (credit)/charge on ordinary activities

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
<b>Current tax</b>		
United Kingdom corporation tax at 19% (2018: 19%)	-	146,220
Adjustments in respect of prior periods	(37,728)	-
Total current tax (credit)/charge	<u>(37,728)</u>	<u>146,220</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	(108,434)	(59,774)
Adjustments in respect of prior periods	(2,026)	40,206
Effect of tax rate change on opening balance	2,143	-
Total deferred tax	<u>(108,317)</u>	<u>(19,568)</u>
Tax (credit)/charge on (loss)/profit on ordinary activities	<u>(146,045)</u>	<u>126,652</u>

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

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

The tax charge for the period differs from the standard rate of UK corporation tax of 19% (2018: 19%) as explained below:

	<b>18 months ended 30 June 2020</b>	<b>Year ended 31 December 2018</b>
	£	£
(Loss)/profit before tax	(1,067,086)	358,112
Tax (credit)/charge at standard CT rate 19% (2018: 19%)	(202,746)	68,041
Effects of:		
Fixed asset differences	20,760	-
Expenses not deductible for tax purposes	16,280	16,774
Adjustments to brought forward values	(2,459)	-
Losses carried back	40,941	-
Group relief surrendered	18,790	-
Adjustments to tax charge in respect of previous periods	(37,728)	-
Adjustments to tax charge in respect of previous periods – deferred tax	(2,026)	40,206
Remeasurement of deferred tax for changes in tax rates	2,143	6,077
Transfer pricing adjustments	-	(760)
Deferred tax not recognised	-	(4,133)
Other short-term timing differences	-	447
	<u>(146,045)</u>	<u>126,652</u>

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**8 INTANGIBLE FIXED ASSETS**

	<b>Web development costs</b>	<b>Goodwill</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 January 2019	225,910	165,515	391,425
Additions	-	-	-
At 30 June 2020	<u>225,910</u>	<u>165,515</u>	<u>391,425</u>
<b>Amortisation</b>			
At 1 January 2019	182,773	135,378	318,151
Provided for in the period	19,101	29,079	48,180
At 30 June 2020	<u>201,874</u>	<u>164,457</u>	<u>366,331</u>
<b>Net book value</b>			
At 30 June 2020	<u>24,036</u>	<u>1,058</u>	<u>25,094</u>
At 31 December 2018	<u>43,137</u>	<u>30,137</u>	<u>73,274</u>

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**9 TANGIBLE FIXED ASSETS**

	£	£	£	£	£	£
	Land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Computer equipment	Total
<b>Cost</b>						
At 1 January 2019	1,747,950	1,687	168,749	2,000	193,252	2,113,638
Additions	2,934	-	1,434	-	56,908	61,276
At 30 June 2020	1,750,884	1,687	170,183	2,000	250,160	2,174,914
<b>Depreciation</b>						
At 1 January 2019	274,636	1,424	154,227	2,000	157,687	589,974
Charge for the period	81,170	198	8,279	-	47,499	137,146
At 30 June 2020	355,806	1,622	162,506	2,000	205,186	727,120
<b>Net book value</b>						
At 30 June 2020	1,395,078	65	7,677	-	44,974	1,447,794
At 31 December 2018	1,473,152	263	14,522	-	35,565	1,523,664

Included within the net book value of land and buildings above is £1,344,040 (2018: £1,389,345) in respect of freehold land and buildings.

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**11 CASH AND CASH EQUIVALENTS**

	<b>30 June 2020</b>	<b>31 December 2018</b>
	£	£
Cash and cash equivalents	213,875	246,467

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximates to their fair value.

**12 INVENTORY**

	<b>30 June 2020</b>	<b>31 December 2018</b>
	£	£
Finished goods	377,360	228,684

**13 TRADE AND OTHER RECEIVABLES**

Amounts falling due within one year:

	<b>30 June 2020</b>	<b>31 December 2018</b>
	£	£
Trade debtors	1,562,476	2,746,769
Other debtors	100,750	119,599
Amounts owed by group undertakings	261,343	261,343
Prepayments and accrued income	523,108	134,457
	<u>2,447,677</u>	<u>3,262,168</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 18 MONTH PERIOD ENDED 30 JUNE 2020**

**14 TRADE AND OTHER PAYABLES**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2018</b>
	£	£
<i>Due within one year</i>		
Amounts owed to group undertakings	210,000	716,689
Bank loans and facilities	637,947	32,402
Trade creditors	1,397,402	1,013,511
Other taxes and social security costs	696,508	302,866
Other creditors	12,892	7,237
Accruals and deferred income	1,264,811	279,917
Corporation tax	-	146,220
	<u>4,219,560</u>	<u>2,498,842</u>

The increase in deferred income during the year relates to a higher level of service contract business gained toward the end of 2019. The income on these contracts will be recognised in the Income Statement along with their associated costs over a period of 3 to 5 years.

*Due in more than one year*

Bank loans	473,291	2,075,181
	<u>473,291</u>	<u>2,075,181</u>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Bank loans and facilities are repayable as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2018</b>
	£	£
Within one year	637,947	32,402
	<u>637,947</u>	<u>32,402</u>
Between one to two years	37,503	34,270
Between two to five years	126,559	1,665,445
More than five years	309,229	375,466
	<u>473,291</u>	<u>2,075,181</u>
Total bank loans and facilities	<u>1,111,238</u>	<u>2,107,583</u>

**ZENOFFICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2020**

**14 TRADE AND OTHER PAYABLES (CONTINUED)**

Bank loans comprise a mortgage of £508,660 (2018: £557,945) which bears an interest rate of 5.87%. The Company's bankers have a first legal mortgage over the Company's freehold property dated 15 February 2015.

The Company's receivable finance facility is secured by way of an all-assets debenture, dated 17 February 2011. It bears interest at 2% above the base rate and is committed until January 2020. The balance of this facility at 30 June 2020 was £602,578 (2018: £1,549,638).

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

**15 FINANCIAL COMMITMENTS**

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

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2018</b>
	£	£
-within one year	124,224	155,475
-between one and five years	349,243	97,456
	<u>473,467</u>	<u>252,931</u>

**16 PROVISION**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2018</b>
	£	£
<i>Deferred Tax</i>		
At 1 January	20,242	39,324
Decrease in existing provisions	(20,242)	(19,568)
Increase associated with deferred tax on revaluation reserve	-	486
	<u>-</u>	<u>20,242</u>

**17 SHARE CAPITAL**

**Authorised, allotted and fully paid:**

	<b>30 June 2020</b>		<b>31 December 2018</b>	
	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 18 MONTH PERIOD ENDED 30 JUNE 2020**

**18 RESERVES**

*Called-up share capital* – represents the nominal value of shares that have been issued.

*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.

*Profit and loss account* – includes all current and prior period retained profits and losses.

The prior year adjustment shown in the 2018 statement of changes in equity related to the impact of deferred income adjustments made during 2018 which impacted retained earnings.

**19 CONTINGENT LIABILITIES**

*In the directors' opinion there are no contingent liabilities (2018: £37,758,000). Contingent liabilities arose in the prior year as the Company was previously part of Spicers-OfficeTeam Group Limited with banking facilities secured total assets.*

**20 RELATED PARTY TRANSACTIONS**

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 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate parent undertaking is Stat Company Limited. The ultimate parent undertaking is Paragon Group Limited which has included the company in its Group financial statements, a copy of which are available from its registered office at Lower Ground Floor, Park House, 16/18, Finsbury Circus, London, England, EC2M 7E

**22 POST BALANCE SHEET EVENTS**

On 25 May 2020, Paragon Group Limited agreed to acquire the Company subject to UK FCA approval. UK FCA approval was obtained on 23 February 2021 and the acquisition was completed.

In the directors' opinion there were no other significant events since the balance sheet date#.