

Company Registration No. SC069596 (Scotland)

COMPANIES HOUSE  
29 SEP 2022  
EDINBURGH MAILBOX

**ZONAL RETAIL DATA SYSTEMS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**



# ZONAL RETAIL DATA SYSTEMS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Hammond H S McLean J A McLean R A McLean S J McLean
<b>Secretary</b>	R M Gervaise
<b>Company number</b>	SC069596
<b>Registered office</b>	1 Tanfield Edinburgh EH3 5DA
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Third Floor Centenary House 69 Wellington Street Glasgow G2 6HG
<b>Bankers</b>	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB

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# ZONAL RETAIL DATA SYSTEMS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report for the year ended 31 December 2021.

#### Key activities

The group was founded 43 years ago by the McLean family and the family's long-term aim of developing world leading Hospitality technology solutions continues.

The Group provides business class enterprise solutions to restaurants, pubs, hotels and the wider hospitality industry; our product suite includes EPoS solutions, stock management, head office reporting and controls, table management, property management solutions, online reservations, loyalty and marketing tools. Our customers are predominantly in the UK, the USA and in Eire, with a fledgling presence in mainland Europe.

We licence, support and rent our own software solutions, as well as third party offerings; we also manufacture and supply equipment and other computer hardware and offer on-site support for these solutions. We install our software onto our own equipment or third-party products and our own designed hardware will also operate third party software. Furthermore, we provide quality serviced office accommodation in Edinburgh.

#### Financial performance

Group sales were £62.9m for the 12-month period (2019/20: £89.1m – 18 month period). Q1 saw revenues impacted during the third UK wide lockdown as we continued to support our customers and navigate our way through the pandemic. Post lockdown market activity began to return to normalised levels driving strong revenue performance through the latter half of the year. Throughout the financial period we continued to invest in our people and our products to execute against our strategic objective of providing integrated, innovative software solutions to the hospitality market.

Our gross margin increased to 72.4% (2019/2020: 70.7%) evidencing our continued ability to drive strong margins despite the strong macro headwinds. The group cash balance at 31 December 2021 increased to £15.6m (2019/2020: £10.2m). This balance is inclusive of a £4m bank loan taken through the Coronavirus Business Interruption Loan Scheme ('CBILS') in July 2020. Group reserves at 31 December 2021 continued to strengthen to £26.0m (2019/2020: £20.6m). The Board is of the opinion that the group continues to be well capitalised.

#### Business development and future plans

It has continued to be a challenging period for the hospitality industry, and as an integral part of the sector we have continued to look to support our customers as we rebound from the pandemic. Being customer-obsessed continues to be a core value of our business and will remain so.

Despite the challenges in the last few years we have emerged stronger as an organisation. We have strengthened our balance sheet, increased our investment in people and R&D and grown our customer base. We continue to complete large-scale rollouts for new and existing customers and despite macro-economic headwinds impacting our industry, our pipeline remains robust.

We continue to believe that through investing in our people and our product suite, we will continue to deliver growth opportunities for our business and provide valuable, aggregated, end-to-end solutions for our customers.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Social responsibility**

A key pillar of our strategy is Corporate Social Responsibility and the Environment. In 2021 we established a new charity partnership with Only a Pavement Away.

The charity supports people facing homelessness, prison leavers and veterans into careers withing hospitality. We have undertaken a series of events across the UK throughout 2021. Through the efforts of our amazing people we have again exceeded our expectations and we look forward to continuing to develop the relationship going forward.

There is an ongoing focus on the Climate Emergency and as a business we are looking to improve our environmental impact across all aspects of our organisation. We are now a paperless organisation, have initiated the electric transition of our fleet and have committed to offsetting our CO2 footprint through carbon-offsetting investments on our path to Net Zero.

We are also now a fully accredited living wage employer.

#### **Key performance indicators**

Several key financial and strategic performance indicators are measured across the group, some of which are set out below.

#### Client growth

We have continued to expand our installed customer base during the period under review, adding several new client sites together with delivering existing customer upgrades and supporting them with their growth strategies.

Continued expansion in our customer base has driven like-for-like increases in revenue generated through our SAAS products, together with providing increased opportunities to deliver software and hardware support. This trend is expected to continue as we jointly focus on customer retention alongside growth.

#### Staff development

Our people are our greatest resource and attracting, engaging, motivating, developing and retaining talent across the business remains core to our strategic objectives. We continue to invest heavily in our people across the Zonal group.

#### **Principal risks and uncertainties**

#### Economic and regulatory risks

Our principal market is the United Kingdom and we may be affected by adverse economic conditions, for example any price, supply or administrative burdens that may still occur following the vote to leave the EU or new regulations impacting the hospitality and drinks industry.

There has been an increasing regulatory burden on all companies in recent years through regulations such as General Data Protection Regulations ('GDPR'). The regulatory environment is also currently subject to fluctuation and change given potential Brexit-related impacts.

We continue to monitor the regulatory environment to ensure we are fully aware of any new regulations that may be required to be adhered to and that we are compliant in all aspects of the current provisions.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Market risk

There is risk associated in the hospitality sector and there have been several administrations and CVA's in this area.

Covid-19 has placed further strain on the hospitality sector, however it has been clearly evidenced that technology will play an important role in the future success of hospitality businesses through delivering an aggregated, omni-channel customer experience.

Through our products, services and customer focus, we are well placed to help companies attract and retain customers along with driving efficiencies and cost reductions to enable them to grow and thrive as we move out of the pandemic.

#### Foreign exchange risk

The majority of group operations are undertaken in the United Kingdom, however we do also have operations in the US and Europe. In addition, the group has a supply chain that includes the procurement of goods from outside the UK.

Given the relative size of operations outside of the UK, no foreign exchange hedge is currently in place. Review of foreign currency transactions has increased, to limit the risk to the group's results due to adverse currency movements relating to the purchase of goods from outside the UK. We also regularly review our supply chain to ensure effective and efficient procurement practices.

#### Funding and liquidity risk

The business continually manages its treasury position, ensuring that we have sufficient liquidity over and above our forecast to support future trading. We continue to ensure we have sufficient banking facilities in place as part of this process.

In July 2020, the business took out a CBILS loan to provide additional headroom and liquidity as we continued through the uncertainty of the Covid-19 pandemic.

The Board is of the opinion that we continue to have a strong capital position and can continue to support future trading and investment in our strategic initiatives.

#### Property risk

The group owns several freehold properties in Edinburgh, West Lothian and South-East England, most of which are let as serviced offices.

Changes in the property market and commercial rental market may adversely impact the value of the group's assets, however these risks are deemed to be low given the relative size of the letting business and the fact there is no mortgage debt associated with these properties. As noted above, several of these properties are secured through a floating charge associated with the CBILS loan.

#### Credit and insurance risk

Trade credit is advanced to clients which is managed and monitored through routine review of credit reports. We ensure that we have sufficient provisions included within our financial statements for any unexpected credit event, which we deem prudent given our core market of hospitality and the challenges incurred by that industry through the pandemic.

As noted above, the business took out a loan under the Coronavirus Business Interruption Loan Scheme ('CBILS') and this loan remains outstanding at the period end. The business is therefore subject to credit risk arising from increases to the Bank of England base rate however the Board deem the risk of material financial impact of any rise in interest rates to be low.

The group also holds a wide range of insurance policies to cover a variety of business risks which are regularly reviewed.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### Competition risk

Our customers and our people continue to be our key priorities. We value winning new clients however, serving and retaining our existing customers whilst remaining true to our established values is equally important. Throughout the Covid-19 pandemic and beyond we have continued to support our customers, providing them with an environment where they can focus on emerging from the pandemic with their businesses in as strong a position as is possible.

Our competitors range from smaller organisations that operate on a local level, to global players who can benefit from significant economies of scale and operate using differing business models. Therefore, to compete effectively we believe it is vital that Zonal maintains our unique way of doing business and ensuring that we always stay close to our customers.

We monitor the wider economy and trading and regulatory issues impacting our key markets, and we also reforecast on a regular basis to assist us in identifying future changes in activity levels so that we can manage our costs and resources appropriately. Post pandemic we have not experienced any adverse impact on sales or our pipeline and currently we expect this to remain the case.

### Business continuity and crisis management

The group has appropriate business continuity, failover plans and safety procedures in place for key trading locations, IT facilities and data centres and these are regularly reviewed.

### **Section 172 statement**

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. In doing so we had regard, amongst other matters, to:

- The likely consequences of decisions made to the long-term future success of the company;
- The interests of our employees;
- The importance of our business relationships with customers, suppliers and other stakeholders;
- The impact of the company's operations on the community and the environment;
- The importance of maintaining strong controls around customer and employee data;
- The importance of maintaining strong financial controls;
- The desirability for the company to maintain our reputation for high standards of business conduct;
- The need to act fairly for all shareholders of the company

Acting in good faith and fairly, the directors consider what is most likely to promote the success of the company for its stakeholders in the long term.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The company's key stakeholders are its shareholders, employees, customers, and suppliers. The following key points are important in the assessment of the compliance with the requirements of the s172 Statement:

In respect of making decisions to promote the future success of the company for its stakeholders in the long-term:

- Ahead of executive board meetings, the directors are supplied with papers which highlight the relevant matters under consideration and their associated stakeholder impacts;
- The directors are in close contact with the senior management teams across the group allowing good feedback and communication throughout the organisation and ensuring key messages are distilled through the executive team to the wider business;
- The long-term strategy of the group is monitored regularly to ensure this aligns with the strategic vision.
- The resulting assessment of future development requirements helps inform the Board's decision making and the balance between short term and long-term measures and actions;
- The financial performance of the group is reviewed on a monthly basis and quarterly forecasts are prepared allowing informed decision making around future development requirements to ensure we progress towards our strategic objectives;
- The group's policies on a wide range of business and ethics related practices are regularly reviewed and updated as necessary to ensure continued compliance with legal and regulatory requirements and good industry practice. These policies are monitored through the ordinary course of business to ensure they are being adhered to.

In respect of our employees:

- A dedicated corporate communication strategy ensuring we continue to enhance our methods of engagement with our employees through regular internal communications such as quarterly town halls and monthly team updates;
- Offering our employees the opportunity to further their personal development through relevant training courses and qualifications;
- Having appropriate grievance and whistleblowing policies that our employees are comfortable using;

In respect of our customers and suppliers:

- Maintenance of strong customer relationships, which is enshrined in our company values. This includes the provision of dedicated account managers allowing our customers to raise issues or concerns of any aspect of their business relationship with the company;
- Maintenance of strong relationships throughout our supply chain through regular contact and meetings with key suppliers to ensure we provide the best possible service to our customers.

We will continue to keep our engagement methods under review to ensure that they remain effective.

On behalf of the board



.....  
S J McLean  
Director

27/09/22  
Date: .....

# ZONAL RETAIL DATA SYSTEMS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company and group continued to be the provision of enterprise business solutions to restaurants, pubs, hotels and other hospitality clients including EPoS solutions, stock management, head office reporting and controls, table management, online reservations, hotel solutions, loyalty and marketing solutions.

#### Results and dividends

The results for the year are set out on page 13.

Dividends of £nil were paid during the period (2020: £32,000). The directors do not recommend payment of a further dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P M Edwards	(Resigned 28 February 2021)
R Hammond	
H S McLean	
J A McLean	
R A McLean	
S J McLean	

#### Employee involvement

The group's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

#### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Future developments

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

#### Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### Energy and carbon reporting

The information below is disclosed in line with the Streamlined Energy & Carbon Reporting (SECR) requirements.

		2021		2020
<i>Energy consumption</i>	kWh	kWh	kWh	kWh
Aggregate of energy consumption in the year				
- Gas combustion	681,872		771,597	
- Electricity purchased	758,953		1,108,314	
		<u>1,440,825</u>		<u>1,879,911</u>
<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes	Metric tonnes	Metric tonnes
Scope 1 - direct emissions				
- Gas combustion	138.40		157.83	
- Fuel consumed for owned transport	452.00		490.35	
		<u>590.40</u>		<u>648.18</u>
Scope 2 - indirect emissions				
- Electricity purchased		159.50		281.05
Scope 3 - other indirect emissions				
- Fuel consumed for transport not owned by the company		161.90		5.52
		<u>911.80</u>		<u>934.75</u>
<i>Intensity ratio</i>				
Tonnes CO2e per full-time employee		1.71		1.59

#### Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

#### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full-time employee, the recommended ratio for the sector.

#### Measures taken to improve energy efficiency

To improve our Carbon Footprint, we have introduced a significant reduction in staff travel by using virtual meetings and working from home by a large proportion of our workforce. We actively monitor our energy and fuel usage each month and look for anomalies. We are actively selling a property with a high carbon footprint to further reduce our emissions. We are also looking at trialling electric vans for our fleet in the near future.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**ZONAL RETAIL DATA SYSTEMS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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On behalf of the board



.....  
S J McLean  
Director

27/09/22  
Date: .....

# **ZONAL RETAIL DATA SYSTEMS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the Strategic Report and the 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZONAL RETAIL DATA SYSTEMS LIMITED

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## Opinion

We have audited the financial statements of Zonal Retail Data Systems Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 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 group's and of the parent company's affairs as at 31 December 2021 and of the group's 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 group and parent 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 group's or the parent 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.

## 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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZONAL RETAIL DATA SYSTEMS LIMITED (CONTINUED)**

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

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

*Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.*

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZONAL RETAIL DATA SYSTEMS LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and the tax computations used in preparation of the financial statements.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Management of Health and Safety at Work Regulations 1999, the Electrical Equipment (Safety) Regulations 2016 and the Waste Electric and Electronic Equipment Regulations 2013. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected online registers to confirm whether there were any health and safety breaches in the period.

The group audit engagement team identified the risk of management override of controls and the risk of fraud in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates made by management; particularly in respect of valuation of inventory, goodwill and investments; and assessing a sample of revenue transactions both pre and post year end to ascertain whether they were recorded in the correct period.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

### 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.

*Alan Aitchison*

Alan Aitchison (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

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27/09/22

# ZONAL RETAIL DATA SYSTEMS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Turnover	3	62,911	89,124
Cost of sales		(17,358)	(26,146)
<b>Gross profit</b>		<b>45,553</b>	<b>62,978</b>
Administrative expenses		(41,834)	(65,227)
Other operating income	3	2,693	4,120
<b>Operating profit</b>	<b>6</b>	<b>6,412</b>	<b>1,871</b>
Interest receivable and similar income	8	2	9
Interest payable and similar expenses	9	(86)	(64)
<b>Profit before taxation</b>		<b>6,328</b>	<b>1,816</b>
Tax on profit	10	(933)	(939)
<b>Profit for the financial year</b>		<b>5,395</b>	<b>877</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		5,464	1,166
- Non-controlling interests		(69)	(289)
		<b>5,395</b>	<b>877</b>

**ZONAL RETAIL DATA SYSTEMS LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000	2020 £'000
<b>Fixed assets</b>				
Goodwill	12		5,524	6,507
Other intangible assets	12		6	8
Total intangible assets			5,530	6,515
Tangible assets	13		5,598	5,764
Investment properties	14		634	1,345
Investments	15		75	225
			11,837	13,849
<b>Current assets</b>				
Stocks	18	3,617		3,578
Debtors	19	20,833		16,772
Cash at bank and in hand		15,590		10,226
		40,040		30,576
<b>Creditors: amounts falling due within one year</b>	20	(19,637)		(17,732)
<b>Net current assets</b>			20,403	12,844
<b>Total assets less current liabilities</b>			32,240	26,693
<b>Creditors: amounts falling due after more than one year</b>	22		(5,439)	(5,552)
<b>Provisions for liabilities</b>	24		(816)	(569)
<b>Net assets</b>			25,985	20,572
<b>Capital and reserves</b>				
Called up share capital	27		1	1
Share premium account	29		6	6
Other reserves	29		(107)	(125)
Profit and loss reserves	29		27,831	22,367
<b>Equity attributable to owners of the parent company</b>			27,731	22,249
<b>Non-controlling interests</b>			(1,746)	(1,677)
			25,985	20,572


**ZONAL RETAIL DATA SYSTEMS LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 DECEMBER 2021**

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The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by: 27/09/22

  
.....  
S J McLean  
Director

**ZONAL RETAIL DATA SYSTEMS LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	£'000	2020 £'000	£'000
<b>Fixed assets</b>					
Goodwill	12		54		158
Other intangible assets	12		165		488
Total intangible assets			219		646
Tangible assets	13		3,820		3,757
Investment properties	14		634		1,345
Investments	15		16,830		17,267
			21,503		23,015
<b>Current assets</b>					
Stocks	18	3,225		3,282	
Debtors	19	21,813		16,797	
Cash at bank and in hand		11,882		8,095	
			36,920		28,174
<b>Creditors: amounts falling due within one year</b>	20	(25,108)		(21,987)	
<b>Net current assets</b>			11,812		6,187
<b>Total assets less current liabilities</b>			33,315		29,202
<b>Creditors: amounts falling due after more than one year</b>	22		(4,000)		(4,113)
<b>Provisions for liabilities</b>	24		(747)		(500)
<b>Net assets</b>			28,568		24,589
<b>Capital and reserves</b>					
Called up share capital	27		1		1
Share premium account	29		6		6
Profit and loss reserves	29		28,561		24,582
<b>Total equity</b>			28,568		24,589

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the period was £3,979k (2020 - £1,868k).

**ZONAL RETAIL DATA SYSTEMS LIMITED**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 DECEMBER 2021**

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The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by: 27/09/22



.....  
S J McLean  
Director

**ZONAL RETAIL DATA SYSTEMS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss reserves £'000	Total controlling interest £'000	Non- controlling interest £'000	Total £'000
<b>Balance at 1 July 2019</b>		1	6	(47)	21,233	21,193	(1,388)	19,805
<b>Period ended 31 December 2020:</b>								
Profit for the period		-	-	-	877	877	-	877
Other comprehensive income net of taxation:								
Amounts attributable to non-controlling interests		-	-	-	289	289	(289)	-
Total comprehensive income for the period		-	-	-	1,166	1,166	(289)	877
Dividends	11	-	-	-	(32)	(32)	-	(32)
Group reconstruction		-	-	262	-	262	-	262
Other movements		-	-	(340)	-	(340)	-	(340)
<b>Balance at 31 December 2020</b>		1	6	(125)	22,367	22,249	(1,677)	20,572
<b>Period ended 31 December 2021:</b>								
Profit for the period		-	-	-	5,395	5,395	-	5,395
Other comprehensive income net of taxation:								
Amounts attributable to non-controlling interests		-	-	-	69	69	(69)	-
Total comprehensive income for the period		-	-	-	5,464	5,464	(69)	5,395
Other movements		-	-	18	-	18	-	18
<b>Balance at 31 December 2021</b>		1	6	(107)	27,831	27,731	(1,746)	25,985

# ZONAL RETAIL DATA SYSTEMS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 July 2019</b>		<u>1</u>	<u>6</u>	<u>22,746</u>	<u>22,753</u>
<b>Period ended 31 December 2020:</b>					
Profit and total comprehensive income for the period		-	-	1,868	1,868
Dividends	11	-	-	(32)	(32)
<b>Balance at 31 December 2020</b>		<u>1</u>	<u>6</u>	<u>24,582</u>	<u>24,589</u>
<b>Period ended 31 December 2021:</b>					
Profit and total comprehensive income for the period		-	-	3,979	3,979
<b>Balance at 31 December 2021</b>		<u>1</u>	<u>6</u>	<u>28,561</u>	<u>28,568</u>

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# ZONAL RETAIL DATA SYSTEMS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	30		6,030		2,127
Interest paid			(86)		(64)
Income taxes paid			(314)		(480)
<b>Net cash inflow from operating activities</b>			<b>5,630</b>		<b>1,583</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(753)		(1,707)	
Proceeds on disposal of tangible fixed assets		236		896	
Purchase of investment property		(385)		(365)	
Proceeds on disposal of investment property		881		-	
Proceeds on disposal of investments		150		-	
Interest received		2		9	
<b>Net cash generated from/(used in) investing activities</b>			<b>131</b>		<b>(1,167)</b>
<b>Financing activities</b>					
Proceeds from borrowings		-		4,581	
Repayment of borrowings		(274)		(14)	
Payment of finance leases obligations		(141)		(129)	
Dividends paid to equity shareholders		-		(32)	
<b>Net cash (used in)/generated from financing activities</b>			<b>(415)</b>		<b>4,406</b>
<b>Net increase in cash and cash equivalents</b>			<b>5,346</b>		<b>4,822</b>
Cash and cash equivalents at beginning of year			10,226		5,482
Effect of foreign exchange rates			18		(78)
<b>Cash and cash equivalents at end of year</b>			<b>15,590</b>		<b>10,226</b>

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Zonal Retail Data Systems Limited ("the company") is a private company limited by shares and is registered and incorporated in Scotland. The registered office is 1 Tanfield, Edinburgh, EH3 5DA.

The group consists of Zonal Retail Data Systems Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000 unless otherwise indicated.

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

The company has taken advantage of the following disclosure exemptions as a qualifying entity 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
- Certain provisions of the requirements of Section 11 Basic Financial Instruments
- The requirements of Section 33 Related Party Disclosures.

#### Basis of consolidation

The consolidated financial statements incorporate those of Zonal Retail Data Systems Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### Going concern

The directors have prepared detailed cash flow forecasts which cover a period of at least 12 months from the point of sign off of these financial statements, which have taken account of the ongoing coronavirus pandemic. The directors, with reference to these forecasts, current trading position, existing contracts with customers, and the strong cash position of the company which has continued to strengthen since the balance sheet date, believe that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern accounting basis in preparing the financial statements.

#### Reporting period

The company has prepared consolidated accounts for the 12 months to 31 December 2021. The prior period encompassed the 18 months from 1 July 2019 to 31 December 2020, this period was extended to bring the year end in line with other group companies.

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

#### Sale of EPoS Systems, Installation and Maintenance

Turnover from the provision of these goods and services is recognised by reference to when the goods or services are supplied to the customer.

#### Income from the provision of online procurement and procurement systems

Turnover from the provision of these services is recognised at the contracted commission rate and at the contracted price for the systems supplied to the customer.

#### Income from serviced office accommodation

Rental income is recognised for the number of days occupied and at the contracted rate with the customer.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life of 5 to 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised in administrative expenses in the statement of comprehensive income so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	10 years
Licences/ trademarks	5 years

Research and development expenditure written off to the profit and loss account is considered by management to be the most appropriate treatment.

#### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Buildings	between 10 and 50 years
Equipment	between 3 and 10 years
Fixtures and fittings	between 3 and 10 years
Motor vehicles	3 years

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

#### **Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are deemed immaterial by the directors and therefore not consolidated into these financial statements.

#### **Impairment of fixed assets**

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Management review stocks on the basis of equipment stocks and repair stocks to measure the appropriate level of impairment against each of these categories.

Items are recognised as Finished Till Systems either in a configured or non-configured state and ready for delivery to a customer.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Financial instruments**

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

#### **Equity instruments**

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

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rental income from assets leased under operating leases is recognised on a straight line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

#### **Government grants**

Government grants received during the period relate to income received under the UK Government's Coronavirus Job Retention Scheme. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are recognised in the foreign exchange reserve on consolidation.

### 2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

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

#### **Leases**

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor.

#### **Research and Development**

It is important that the business continues to invest in Research and Development, so that the Group's products and solutions are continually improving to meet client expectations and market requirements. Management judges that this investment should be expensed to the Profit and Loss account, firstly because it is prudent to do so and secondly due to it being difficult to reasonably and accurately quantify the future income generation by this investment.

#### **Valuation of goodwill and investments**

The entity has significant values held in investments (and on consolidation, the associated goodwill) for its subsidiaries. Management have assessed the values of these subsidiaries with reference to forecasts and future trading and have assessed that no impairment of the investments or goodwill has been required. Management have assessed the useful life of goodwill held on consolidation as being ten years; which is the fairest reflection of its useful economic life and period of providing additional benefits to the Group.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefit and the obligation can be estimated reliably.

#### Stock

With stock being a significant asset of the business, management makes the judgement that this must be measured for impairment on an ongoing basis through profit or loss. Stock is analysed by category to identify the appropriate level of impairment.

### 3 Turnover and other revenue

	2021 £'000	2020 £'000
<b>Turnover analysed by class of business</b>		
Hospitality systems and services including EPoS	62,446	88,157
Provision of serviced office accommodation	465	967
	<u>62,911</u>	<u>89,124</u>
	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
<b>Other revenue</b>		
Interest income	2	9
Government grants received	836	4,120
Other income	1,857	-
	<u>2,695</u>	<u>4,129</u>
	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	60,462	85,865
USA	2,328	3,069
Europe	121	189
Rest of world	-	1
	<u>62,911</u>	<u>89,124</u>

Government grants received during the period relates wholly to income received under the UK Government's Coronavirus Job Retention Scheme (CJRS) across the Group.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Employees

The average monthly number of persons (including directors) employed during the year was:

	<b>Group 2021 Number</b>	<b>2020 Number</b>	<b>Company 2021 Number</b>	<b>2020 Number</b>
Administration	141	151	109	108
Manufacture, Installation and Maintenance	228	274	200	239
Research & Development	142	157	112	124
Director	4	5	4	5
	<u>515</u>	<u>587</u>	<u>425</u>	<u>476</u>

Their aggregate remuneration comprised:

	<b>Group 2021 £'000</b>	<b>2020 £'000</b>	<b>Company 2021 £'000</b>	<b>2020 £'000</b>
Wages and salaries	27,033	40,970	24,319	35,533
Social security costs	2,250	3,374	2,037	2,913
Pension costs	714	1,197	618	992
	<u>29,997</u>	<u>45,541</u>	<u>26,974</u>	<u>39,438</u>

### 5 Directors' remuneration

	<b>2021 £'000</b>	<b>2020 £'000</b>
Remuneration for qualifying services	994	1,388
Company pension contributions to defined contribution schemes	35	68
	<u>1,029</u>	<u>1,456</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 6).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2021 £'000</b>	<b>2020 £'000</b>
Remuneration for qualifying services	480	457
Company pension contributions to defined contribution schemes	2	15
	<u>482</u>	<u>472</u>

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Directors' remuneration (Continued)

The highest paid director did not exercise any share options in the year.

R Hammond received fees of £3,000 (2020: £6,000) during the period ended 31 December 2021 in respect of his role as Non Executive Director of Zonal Retail Data Systems Limited.

The total remuneration of key management personnel was £1,703,874 (2020: £1,541,801), including employer's national insurance of £185,650 (2020: £160,203).

### 6 Operating profit

	2021	2020
	£'000	£'000
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	18	61
Research and development costs	7,813	7,278
Government grants	(836)	(4,120)
Depreciation of owned tangible fixed assets	943	1,700
Depreciation of tangible fixed assets held under finance leases	103	181
Profit on disposal of tangible fixed assets	(148)	(295)
Amortisation of intangible assets	985	1,476
Operating lease charges	1,005	1,040
	<u>          </u>	<u>          </u>

### 7 Auditor's remuneration

	2021	2020
	£'000	£'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	37	39
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	5	5
Other taxation services	-	29
All other non-audit services	10	8
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

### 8 Interest receivable and similar income

	2021	2020
	£'000	£'000
<b>Interest income</b>		
Interest on bank deposits	-	7
Other interest income	2	2
	<u>          </u>	<u>          </u>
Total income	<u>          </u>	<u>          </u>

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest on bank overdrafts and loans	74	41
Interest on finance leases and hire purchase contracts	12	16
Other interest	-	7
	<u>          </u>	<u>          </u>
Total finance costs	86	64
	<u>          </u>	<u>          </u>

### 10 Taxation

	2021	2020
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	794	898
Adjustments in respect of prior periods	(109)	(42)
	<u>          </u>	<u>          </u>
Total current tax	685	856
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	207	53
Changes in tax rates	94	-
Adjustment in respect of prior periods	(53)	30
	<u>          </u>	<u>          </u>
Total deferred tax	248	83
	<u>          </u>	<u>          </u>
Total tax charge	933	939
	<u>          </u>	<u>          </u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021	2020
	£'000	£'000
Profit before taxation	6,328	1,816
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,202	345
Tax effect of expenses that are not deductible in determining taxable profit	63	776
Tax effect of income not taxable in determining taxable profit	(499)	-
Adjustments in respect of prior years	(109)	(42)
Effect of change in corporation tax rate	143	39
Research and development tax credit	67	(256)
Deferred tax adjustments in respect of prior years	(53)	-
Fixed asset differences	26	77
Chargeable gains/losses	93	-
	<u>          </u>	<u>          </u>
Taxation charge	933	939
	<u>          </u>	<u>          </u>

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Dividends

	2021 £'000	2020 £'000
Recognised as distributions to equity holders:		
Final paid	-	32

### 12 Intangible fixed assets

Group	Goodwill £'000	Software £'000	Licences/ trademarks £'000	Total £'000
<b>Cost</b>				
At 1 January 2021 and 31 December 2021	11,091	10	272	11,373
<b>Amortisation and impairment</b>				
At 1 January 2021	4,584	2	272	4,858
Amortisation charged for the year	983	2	-	985
At 31 December 2021	5,567	4	272	5,843
<b>Carrying amount</b>				
At 31 December 2021	5,524	6	-	5,530
At 31 December 2020	6,507	8	-	6,515
<b>Company</b>	<b>Goodwill £'000</b>	<b>Software £'000</b>	<b>Licences/ trademarks £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2021 and 31 December 2021	808	10	1,877	2,695
<b>Amortisation and impairment</b>				
At 1 January 2021	650	2	1,397	2,049
Amortisation charged for the year	104	2	321	427
At 31 December 2021	754	4	1,718	2,476
<b>Carrying amount</b>				
At 31 December 2021	54	6	159	219
At 31 December 2020	158	8	480	646

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets

Group	Buildings	Equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2021	5,243	4,183	2,200	1,314	12,940
Additions	-	544	15	194	753
Disposals	-	(24)	-	(259)	(283)
Transfer from investment property	215	-	-	-	215
At 31 December 2021	5,458	4,703	2,215	1,249	13,625
<b>Depreciation and impairment</b>					
At 1 January 2021	1,272	3,279	1,600	1,025	7,176
Depreciation charged in the year	140	414	171	321	1,046
Eliminated in respect of disposals	-	(22)	-	(173)	(195)
At 31 December 2021	1,412	3,671	1,771	1,173	8,027
<b>Carrying amount</b>					
At 31 December 2021	4,046	1,032	444	76	5,598
At 31 December 2020	3,971	904	600	289	5,764
<b>Company</b>					
	Buildings	Equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2021	3,683	3,397	2,043	1,113	10,236
Additions	-	536	14	33	583
Disposals	-	(2)	-	(49)	(51)
Transfer from investment property	215	-	-	-	215
At 31 December 2021	3,898	3,931	2,057	1,097	10,983
<b>Depreciation and impairment</b>					
At 1 January 2021	1,126	2,893	1,528	932	6,479
Depreciation charged in the year	110	339	155	117	721
Eliminated in respect of disposals	-	-	-	(37)	(37)
At 31 December 2021	1,236	3,232	1,683	1,012	7,163
<b>Carrying amount</b>					
At 31 December 2021	2,662	699	374	85	3,820
At 31 December 2020	2,557	504	515	181	3,757

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Motor vehicles	55	170	55	170
Depreciation charge for the year in respect of leased assets	103	181	103	181

### 14 Investment property

	Group 2021 £'000	Company 2021 £'000
<b>Fair value</b>		
At 1 January 2021	1,345	1,345
Additions through external acquisition	385	385
Transfers to tangible fixed assets	(215)	(215)
Disposals	(881)	(881)
At 31 December 2021	634	634

Investment property comprises properties at Maritime Lane, Edinburgh. During the year four properties were sold, and at the year end three are remaining within investment property with the intention to be sold. The fair value of these investment properties is in line with the selling price of the properties disposed of within the current year.

### 15 Fixed asset investments

		Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Investments in subsidiaries	16	75	225	16,830	17,267

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 15 Fixed asset investments (Continued)

#### Movements in fixed asset investments Group

Shares in  
group  
undertakings  
£'000

#### Cost or valuation

At 1 January 2021

225

Disposals

(150)

At 31 December 2021

75

#### Carrying amount

At 31 December 2021

75

At 31 December 2020

225

#### Movements in fixed asset investments Company

Shares in  
group  
undertakings  
£'000

#### Cost or valuation

At 1 January 2021

17,961

Disposals

(150)

At 31 December 2021

17,811

#### Impairment

At 1 January 2021

694

Impairment losses

981

Impairment reversals

(694)

At 31 December 2021

981

#### Carrying amount

At 31 December 2021

16,830

At 31 December 2020

17,267

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Zonal Hospitality Systems Inc	2	EPoS	Common Paid in Capital	100.00	-
Freshnet Systems Limited	1	Dormant	Ordinary	100.00	-
High Level Software Ltd	1	PMS	Ordinary	-	51.00
Comtrex Systems Corporation Inc	3	EPoS	Ordinary	-	100.00
TXD Limited	1	Dormant	Ordinary	100.00	-
LiveRES Limited	1	Dormant	Ordinary	100.00	-
Kendon Capital Limited	1	Dormant	Ordinary	51.00	-
Comtrex Systems Corporation Limited	1	EPoS	Ordinary	100.00	-
Redpepper Solutions Limited	1	Dormant	Ordinary	-	100.00
Mission Integrated Systems Limited	1	Dormant	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Unit 1, 115a Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ
- 2 265 Hunt Park Cove, Longwood, Florida 32750, USA
- 3 520 Fellowship Road, Suite E 508, Mt Laurel, NJ 08054, USA

### 17 Significant undertakings

The group also has significant holdings in undertakings which are not subsidiaries and are not classified as joint ventures or associated undertakings:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
AdMargin Limited	16 Forth Street Edinburgh Scotland EH1 3LH	Software development	Ordinary	30	-

### 18 Stocks

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Raw materials and consumables	2,640	3,203	2,640	2,907
Work in progress	38	22	38	22
Finished goods and goods for resale	939	353	547	353
	<u>3,617</u>	<u>3,578</u>	<u>3,225</u>	<u>3,282</u>

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Debtors

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	16,458	14,823	15,235	12,613
Corporation tax recoverable	101	66	-	-
Amounts owed by group undertakings	-	-	341	341
Other debtors	936	496	918	475
Prepayments and accrued income	3,338	1,387	3,175	1,290
	<u>20,833</u>	<u>16,772</u>	<u>19,669</u>	<u>14,719</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	2,144	2,078
	<u>-</u>	<u>-</u>	<u>2,144</u>	<u>2,078</u>
<b>Total debtors</b>	<u>20,833</u>	<u>16,772</u>	<u>21,813</u>	<u>16,797</u>

### 20 Creditors: amounts falling due within one year

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank loans	21	307	581	-	-
Obligations under finance leases	23	103	131	103	131
Trade creditors		4,681	2,071	4,285	1,286
Amounts owed to group undertakings		-	-	6,923	6,726
Corporation tax payable		165	498	109	466
Other taxation and social security		2,599	3,640	2,218	2,952
Other creditors		462	784	431	749
Accruals and deferred income		11,320	10,027	11,039	9,677
		<u>19,637</u>	<u>17,732</u>	<u>25,108</u>	<u>21,987</u>

The Royal Bank of Scotland Plc hold a bond and floating charge over the entire assets of the company. Standard securities have also been granted over certain of the group's properties.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 Borrowings

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank loans	4,307	4,581	4,000	4,000
Payable within one year	307	581	-	-
Payable after one year	4,000	4,000	4,000	4,000

### 22 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank loans and overdrafts	21	4,000	4,000	4,000	4,000
Obligations under finance leases	23	-	113	-	113
Other creditors		1,439	1,439	-	-
		5,439	5,552	4,000	4,113

### 23 Finance lease obligations

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Future minimum lease payments due under finance leases:				
Less than one year	103	131	103	131
Between one and five years	-	113	-	113
	103	244	103	244

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery and amounts due are secured on the assets under the finance agreements.

### 24 Provisions for liabilities

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Dilapidations provision		150	150	150	150
Deferred tax liabilities	25	666	419	597	350
		816	569	747	500

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 24 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Dilapidations provisions £'000
<b>Group</b>	
At 1 January 2021 and 31 December 2021	150
	<u>150</u>
	Dilapidations provision £'000
<b>Company</b>	
At 1 January 2021 and 31 December 2021	150
	<u>150</u>

The provision for dilapidations relates to an estimate of the costs that will be incurred at the end of the lease term for repair and other reinstatement works to return the leasehold property to the state it was at the commencement of the lease term.

### 25 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2021 £'000	Liabilities 2020 £'000
<b>Group</b>		
Accelerated capital allowances	615	419
Capital gains	59	-
Short term timing differences	(8)	-
	<u>666</u>	<u>419</u>
	Liabilities 2021 £'000	Liabilities 2020 £'000
<b>Company</b>		
Accelerated capital allowances	546	350
Capital gains	59	-
Short term timing differences	(8)	-
	<u>597</u>	<u>350</u>

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Deferred taxation (Continued)

	<b>Group 2021 £'000</b>	<b>Company 2021 £'000</b>
<b>Movements in the year:</b>		
Liability at 1 January 2021	419	350
Charge to profit or loss	247	247
Liability at 31 December 2021	<u>666</u>	<u>597</u>

### 26 Retirement benefit schemes

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>714</u>	<u>1,197</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 27 Share capital

	<b>Group and company</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
104,500 A Ordinary shares of £0.01 each	1,045	1,045
	<u>1,045</u>	<u>1,045</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 28 Share-based payments

#### *Equity-settled share-based payments*

The company has a share option scheme for certain employees (including executive directors). Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The vesting condition for employees is that they must be an eligible employee, and have neither given nor received notice of termination of their employment, up until the vesting date which is the earlier of:

- The date falling forty days subsequent to the completion date of a takeover; or
- The date falling forty days subsequent to the completion date of a sale; or
- On such date as the board determine at their sole discretion.

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.

8,167 share options are outstanding at the year end (2020 - 8,167) with a weighted average exercise price (WAEP) of £18.40 (2020 - £18.40). Each option relates to one B Ordinary share of the company.

	31 December 2021		31 December 2020	
	No	WAEP (£)	No	WAEP (£)
Outstanding at the beginning of the year	8,167	18.40	8,167	18.40
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	<u>8,167</u>	<u>18.40</u>	<u>8,167</u>	<u>18.40</u>
Exercisable at the end of the year	<u>8,167</u>	<u>18.40</u>	<u>8,167</u>	<u>18.40</u>

The Directors have assessed the fair value of the options and no charge has been made to the profit and loss account in respect of share-based payments as the directors believe this to be insignificant.

### 29 Reserves

#### **Share premium**

The share premium reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### **Profit and loss reserves**

Cumulative profit and loss net of distribution to owners.

#### **Other reserves**

Cumulative gains and losses on foreign exchange translation, and merger reserve including foreign exchange adjustments arising from the group reconstruction.

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 30 Cash generated from group operations

	2021 £'000	2020 £'000
Profit for the year after tax	5,395	877
<b>Adjustments for:</b>		
Taxation charged	933	939
Finance costs	86	64
Investment income	(2)	(9)
Gain on disposal of tangible fixed assets	(148)	(295)
Amortisation and impairment of intangible assets	985	1,476
Depreciation and impairment of tangible fixed assets	1,046	1,881
R&D tax credit	(740)	-
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(39)	2,361
Increase in debtors	(4,026)	(2,745)
Increase/(decrease) in creditors	2,540	(2,422)
<b>Cash generated from operations</b>	<u>6,030</u>	<u>2,127</u>

### 31 Analysis of changes in net funds - group

	1 January 2021 £'000	Cash flows £'000	Exchange rate movements £'000	31 December 2021 £'000
Cash at bank and in hand	10,226	5,346	18	15,590
Borrowings excluding overdrafts	(4,581)	274	-	(4,307)
Obligations under finance leases	(244)	141	-	(103)
	<u>5,401</u>	<u>5,761</u>	<u>18</u>	<u>11,180</u>

### 32 Operating lease commitments

#### Lessee

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

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Within one year	830	894	830	894
Between one and five years	1,092	1,922	1,092	1,922
	<u>1,922</u>	<u>2,816</u>	<u>1,922</u>	<u>2,816</u>

# ZONAL RETAIL DATA SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### **33 Events after the reporting date**

Following the year end, the company purchased the remaining 49% shareholding in its subsidiary High Level Software Ltd for consideration of £3,625,000.

### **34 Controlling party**

In the opinion of the Directors, Morton Fraser Trustees Limited, who were appointed on the 6 July 2010 as Trustees on behalf of the McLean Family Trust, are considered to be the ultimate controlling party by virtue of the McLean Family Trust's majority shareholding in the company. No one individual has ultimate overall control of the group.