

Zeus Group Limited

Annual Report and Financial Statements

Year Ended

31 March 2019

Company Number 09642716



Zeus Group Limited

Company Information

Directors	J H Goold N G Knowles D Ellis (resigned 18 November 2019) R I Hughes (appointed 20 June 2019)
Registered number	09642716
Registered office	82 King Street Manchester M2 4WQ
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT

Zeus Group Limited

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Zeus Group Limited

Group Strategic Report For the Year Ended 31 March 2019

The directors presents their strategic report and audited financial statements for the year ended 31 March 2019.

Business review

The 2019 financial year was a year of diversification and investment for the group, as it broadened its services into M&A, debt advisory and private corporate finance through its trading company, Zeus Capital Limited. The result is a more evenly balanced trading business between public and private markets and, with the increase in its regulatory permissions, allows it to provide a full service offering to both private and public companies.

At a macro level, the delay of Brexit and the increasing impact of MIFID II on small cap liquidity in particular, resulted in a number of significant transactions being delayed or cancelled - just four UK IPO's were completed in Q1 2019 with proceeds raised down 87% on Q1 2018 - which affected the group's performance. However, the diversification of the group's services did begin to bear fruit with four M&A and nine debt advisory transactions completing in the year, alongside four IPO's and eight secondary fundraises.

It was also satisfying to see the group's trading and sales function continue to develop with the group being top three ranked in market share across the majority of its retained corporate clients, whilst assets within its third party managed custody function increased to circa £900 million.

Notwithstanding the progress above, the financial results were disappointing with revenues decreasing to £9,032,754 (2018 - £31,204,574), at a time when the group was investing in the new services highlighted above. As a result, after seven years of profits stretching back to 2012 the group recorded a loss after tax of £8,498,645 (2018 - profit after tax £7,306,694). This includes a significant mark to market loss of £2.5m within Zeus Capital Investment Limited (ZCIL) which holds the groups investment portfolio.

The current financial year has started well with nine transactions completed across M&A, debt advisory, public and private fundraisings and, whilst cautious, management believe that the firm's unique platform means that it is well positioned once 'normal' corporate activity resumes post Brexit. In particular, its focus on providing high quality advice and expertise across the debt and equity spectrum will enable it to continue to play a significant role in helping exciting, high quality businesses develop and realise their potential.

Principal risks and uncertainties

The group operates on the AIM stock market and in the private group market. Market sentiment is a key uncertainty faced by the business.

The group has permissions to trade as a principal and as an agency broker and as such has exposure to market risk, counterparty risk and liquidity risk.

The group relies on the actions of key employees together with their know-how and contacts.

The group monitors its exposure to risk through day to day management, weekly operational meetings and bi-monthly board and management meetings.

Zeus Group Limited

Group Strategic Report (continued) For the Year Ended 31 March 2019

Key performance indicators

The group uses a range of financial and non financial key performance indicators so that the directors are able to monitor and measure the current and forecast performance of the business with respect to the budget and prior year.

These KPIs include measuring the profitability and productivity of the business, the development of new business pipeline, current work in progress, fees earned during the respective periods, client feedback and the headcount of the business.

Profitability measures include monitoring EBITDA, cost/income ratio and pre tax profit margin.

This report was approved by the board on **12 DECEMBER 2019** and signed on its behalf.



J H Goold
Director

Zeus Group Limited

Directors' Report For the Year Ended 31 March 2019

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

Principal activity

The principal activity of the company was that of a holding company.

The principal activity of the group was the provision of corporate finance advisory services.

Results and dividends

The directors present their strategic report and audited financial statements for the year ended 31 March 2019.

The loss for the year, after taxation, amounted to £8,498,674 (2018 - profit £7,306,694).

During the year the group did not pay a dividend (2018 - £Nil)

Directors

The directors who served during the year were:

J H Goold
N G Knowles
D Ellis (resigned 18 November 2019)

R I Hughes was appointed as a director on 20 June 2019.

Future developments

The group's track record has enabled it to develop trusted relationships across a spectrum of private equity, institutional, advisory, high net worth and family office businesses alongside both private and public corporate clients. With this developing and successful business model around a clear strategy, and relatively low overhead, the board feels that the group is well positioned to further consolidate and explore opportunities in its markets, notwithstanding the recent uncertainty caused by Brexit.

Matters covered in the strategic report

The business review, principal risks and uncertainties and key performance indicators are included in the strategic report in accordance with S414 of the Companies Act 2006.

Disclosure of information to auditor

Each of the directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Post statement of financial position events

There have been no significant events affecting the group since the year end.

Zeus Group Limited

Directors' Report (continued) For the Year Ended 31 March 2019

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 DECEMBER 2019 and signed on its behalf.



J H Goold
Director

Zeus Group Limited

Directors' Responsibilities Statement For the Year Ended 31 March 2019

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group and company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Zeus Group Limited

Independent Auditor's Report to the Members of Zeus Group Limited

Opinion

We have audited the financial statements of Zeus Group Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 March 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Zeus Group Limited

Independent Auditor's Report to the Members of Zeus Group Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's report.

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

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

Zeus Group Limited

Independent Auditor's Report to the Members of Zeus Group Limited (continued)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

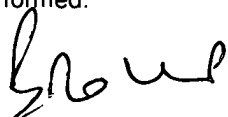
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

16 December 2019

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

Zeus Group Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	4	9,032,754	31,204,574
Administrative expenses		(16,683,802)	(22,127,105)
Loss on investments	5	(2,068,104)	(268,925)
Operating (loss)/profit	6	(9,719,152)	8,808,544
Income from fixed assets investments	9	130,516	93,540
Interest receivable and similar income	10	40,149	42,197
Interest payable		(988)	-
(Loss)/profit before taxation		(9,549,475)	8,944,281
Tax on (loss)/profit	11	1,050,801	(1,637,587)
(Loss)/profit and total comprehensive (loss)/income for the financial year		(8,498,674)	7,306,694

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 16 to 31 form part of these financial statements.

Zeus Group Limited
Registered number: 09642716

Consolidated Statement of Financial Position
As at 31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		465,151		477,630
Investments	13		12,489,424		15,733,254
			<u>12,954,575</u>		<u>16,210,884</u>
Current assets					
Debtors: amounts falling due within one year	14	3,585,391		2,128,363	
Cash at bank and in hand	15		4,429,054		16,686,014
			<u>8,014,445</u>		<u>18,814,377</u>
Creditors: amounts falling due within one year	16	(2,654,579)		(8,208,913)	
Net current assets			<u>5,359,866</u>		<u>10,605,464</u>
Total assets less current liabilities			<u>18,314,441</u>		<u>26,816,348</u>
Provisions for liabilities					
Deferred taxation	18		(156,375)		(231,341)
Net assets			<u><u>18,158,066</u></u>		<u><u>26,585,007</u></u>
Capital and reserves					
Called up share capital	19		80,395		80,395
Merger reserve	20		168,681		168,681
Profit and loss account	20		17,908,990		26,335,931
Total equity			<u><u>18,158,066</u></u>		<u><u>26,585,007</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 DECEMBER 2019.


J H Goold
Director

The notes on pages 16 to 31 form part of these financial statements.

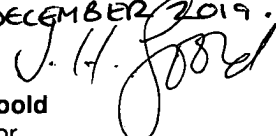
Zeus Group Limited
Registered number: 09642716

Company Statement of Financial Position
As at 31 March 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	13		330,640		258,907
Creditors: amounts falling due within one year	16	(8,400)		(8,400)	
Net current liabilities			(8,400)		(8,400)
Net assets			322,240		250,507
Capital and reserves					
Called up share capital	19		80,395		80,395
Profit and loss account brought forward		170,112		(8,400)	
Share based payment charge		71,733		178,512	
Profit and loss account carried forward			241,845		170,112
Total equity			322,240		250,507

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £Nil (2018 - £Nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

12 DECEMBER 2019.

J H Goold
 Director

The notes on pages 16 to 31 form part of these financial statements.

Zeus Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	80,395	168,681	26,335,931	26,585,007
Comprehensive income for the year				
(Loss) for the year	-	-	(8,498,674)	(8,498,674)
Share based payment movement	-	-	71,733	71,733
Total comprehensive (loss) for the year	-	-	(8,426,941)	(8,426,941)
At 31 March 2019	80,395	168,681	17,908,990	18,158,066

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2018

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	80,395	168,681	18,850,725	19,099,801
Comprehensive income for the year				
Profit for the year	-	-	7,306,694	7,306,694
Share based payment movement	-	-	178,512	178,512
Total comprehensive income for the year	-	-	7,485,206	7,485,206
At 31 March 2018	80,395	168,681	26,335,931	26,585,007

The notes on pages 16 to 31 form part of these financial statements.

Zeus Group Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	80,395	170,112	250,507
Share based payment movement	-	71,733	71,733
	-	71,733	71,733
Total comprehensive income for the year			
	80,395	241,845	322,240

Company Statement of Changes in Equity For the Year Ended 31 March 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	80,395	(8,400)	71,995
Share based payment movement	-	178,512	178,512
	-	178,512	178,512
Total comprehensive income for the year			
	80,395	170,112	250,507

The notes on pages 16 to 31 form part of these financial statements.

Zeus Group Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(8,498,674)	7,306,694
Adjustments for:		
Depreciation of tangible assets	188,856	178,779
(Profit)/loss on disposal of tangible assets	-	63,525
(Profit)/loss on disposal of investments	(412,958)	-
Decrease/(increase) in fixed assets held for sale	-	(135,737)
Net interest (credit)/charge and income from investments	(169,677)	-
Taxation charge	(1,050,801)	1,637,587
Share based payment charge	71,733	178,512
(Increase) in debtors	(210,334)	(654,427)
(Decrease)/increase in creditors	(5,265,151)	5,617,643
Loss/(gains) on investment valuations	2,481,756	(1,819,954)
Corporation tax (paid)	(560,042)	(812,787)
Net cash (absorbed by)/generated from operating activities	(13,425,292)	11,559,835
Cash flows from investing activities		
Purchase of tangible fixed assets	(176,377)	(278,470)
Purchase of investments	(2,187,639)	(6,965,756)
Sale of listed investments	3,362,671	3,385,483
Interest received	40,149	42,197
Income from investments	130,516	93,540
Net cash generated from/(absorbed by) investing activities	1,169,320	(3,723,006)
Cash flows from financing activities		
Interest paid	(988)	-
Net cash used in financing activities	(988)	-

Zeus Group Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 March 2019

	2019 £	2018 £
Net (decrease)/increase in cash and cash equivalents	(12,256,960)	7,836,829
Cash and cash equivalents at beginning of year	16,686,014	8,849,185
Cash and cash equivalents at the end of year	4,429,054	16,686,014
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,429,054	16,686,014

The notes on pages 16 to 31 form part of these financial statements.

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. General information

Zeus Group Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the company information page. The nature of the company's operations and its principal activities are outlined in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been prepared for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

2.3 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the merger accounting method. As such the financial statements represent the results of the group for the full financial year as though the group had been present for the full year.

In the statement of financial position the acquiree's identifiable assets and liabilities are recognised at their book value shown in the subsidiaries financial statements with any difference between the cost of investment and the nominal value of the share capital acquired shown as a merger reserve in the financial statements.

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised on completion for work done on a contingent basis and on a time basis in respect of retainers.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- over 4 to 10 years
Computer equipment	- over 2 to 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in listed company shares are initially valued at initial cost and are subsequently held at fair value. Listed investments are held at their mid-market price as listed on a suitable exchange. Movements in investment values are recognised in other operating income in the consolidated statement of comprehensive income.

Other investments including share options are initially valued at cost. They are subsequently valued using a valuation technique such as Black Scholes. These investments are then revalued with movements in the valuation of investments recognised in other operating income in the consolidated statement of comprehensive income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.9 Financial instruments

The group enters into basic and non-basic financial instruments transactions. Basic financial instruments include the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in non-puttable ordinary shares. The company also purchases and holds options to buy listed company shares. These are a non-basic financial instrument.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.12 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

2.13 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.15 Prior year restatement

Fixed asset investment note

The opening balances of the fixed asset investments have been restated to show the correct classification between listed and unlisted investments. This has no impact on the net assets or statement of comprehensive income.

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

Investments (see note 13)

The most critical estimates, assumptions and judgments relate to the determination of carrying value of investments at fair value through the consolidated statement of comprehensive income, in all cases the nature, facts and circumstances of the investment drives the valuation methodology. Listed investments are valued using the quoted price for an identical asset on an active market. For other investments such as options the entity estimates the fair value by using an appropriate valuation technique such as Black Scholes. This involves a number of estimates including the estimated exercise date, dividend yield, risk-free rate and share volatility. These are estimated based on the most appropriate information available in the market and underlying economic conditions.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,807,754	21,459,865
Rest of Europe	150,000	9,656,709
Rest of the world	75,000	88,000
	<u>9,032,754</u>	<u>31,204,574</u>

5. Loss on investments

	2019 £	2018 £
Unrealised losses on listed investments	(2,481,757)	(1,101,417)
Profit on disposal of investments	413,653	832,492
	<u>(2,068,104)</u>	<u>(268,925)</u>

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	188,861	179,779
Operating lease rentals - land and buildings	527,858	402,415
Defined contribution pension cost	364,317	232,343
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	2,000	2,000
Fees payable to the group's auditor and its associates in respect of:		
- the auditing of accounts of associates of the group pursuant to legislation	15,000	15,000
- other services relating to taxation	6,000	10,230
	1,094,033	941,767

Auditors' remuneration is met by a fellow group company without recourse.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	8,158,105	12,225,624	-	-
Social security costs	1,697,752	1,759,614	-	-
Cost of defined contribution pension scheme	364,317	232,343	-	-
	10,220,174	14,217,581	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Administration	10	12	-	-
Corporate finance	45	35	-	-
Sales and research	15	18	-	-
	70	65	0	0

The company has no employees other than the directors (2018 - None).

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>490,226</u>	<u>1,225,007</u>

The highest paid director received remuneration of £274,708 (2018 - £829,167).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,561 (2018 - £Nil).

Key management personnel include the company directors and a number of directors of subsidiary companies of the group who together have the authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel during the year was £1,024,451 (2018 - £1,979,179).

9. Income from investments

	2019 £	2018 £
Income from investments	<u>130,516</u>	<u>93,540</u>

10. Interest receivable

	2019 £	2018 £
Bank interest receivable	<u>40,149</u>	<u>42,197</u>

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on (loss)/profit for the year	(1,262,612)	1,662,851
Adjustments in respect of previous periods	-	138,287
	<u>(1,262,612)</u>	<u>1,801,138</u>
Deferred tax		
Origination and reversal of timing differences	211,811	(163,551)
Total deferred tax	<u>211,811</u>	<u>(163,551)</u>
Taxation on (loss)/profit on ordinary activities	<u>(1,050,801)</u>	<u>1,637,587</u>

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(9,549,475)</u>	<u>8,944,281</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>(1,814,400)</u>	1,699,413
Effects of:		
Expenses not deductible for tax purposes	358,961	172,382
Depreciation for the year in excess of capital allowances	487	1,547
Non-taxable income	(24,798)	-
Unrelieved losses on warrants	165,107	-
Unrelieved capital losses	22,325	-
Unrealised losses on investments	241,517	-
Adjustments to tax charge in respect of prior periods	-	138,287
Dividends from UK companies	-	17,773
Investment movements	-	(391,815)
Total tax (charge)/credit for the year	<u><u>(1,050,801)</u></u>	<u><u>1,637,587</u></u>

Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 19% to 17% effective from 1 April 2020 have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax liability at 31 March 2019 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

12. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2018	509,985	387,107	897,092
Additions	27,030	149,352	176,382
Disposals	-	(100,143)	(100,143)
At 31 March 2019	537,015	436,316	973,331
Depreciation			
At 1 April 2018	156,387	263,075	419,462
Charge for the year	88,454	100,402	188,856
Disposals	(4,702)	(95,436)	(100,138)
At 31 March 2019	240,139	268,041	508,180
Net book value			
At 31 March 2019	296,876	168,275	465,151
At 31 March 2018	353,598	124,032	477,630

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

13. Fixed asset investments

Group

	Listed investments £	Unlisted investments £	Share options £	Total £
Cost				
At 1 April 2018 (as previously stated)	9,807,503	50,000	5,875,751	15,733,254
Prior Year Adjustment	(766,864)	766,864	-	-
	<u>9,040,639</u>	<u>816,864</u>	<u>5,875,751</u>	<u>15,733,254</u>
At 1 April 2018 (as restated)	9,040,639	816,864	5,875,751	15,733,254
Additions	1,400,345	787,294	-	2,187,639
Disposals	(2,949,712)	-	-	(2,949,712)
Revaluations	(1,321,253)	(292,506)	(867,998)	(2,481,757)
	<u>6,170,019</u>	<u>1,311,652</u>	<u>5,007,753</u>	<u>12,489,424</u>
At 31 March 2019	6,170,019	1,311,652	5,007,753	12,489,424
	<u>6,170,019</u>	<u>1,311,652</u>	<u>5,007,753</u>	<u>12,489,424</u>
Net book value				
At 31 March 2019	6,170,019	1,311,652	5,007,753	12,489,424
	<u>6,170,019</u>	<u>1,311,652</u>	<u>5,007,753</u>	<u>12,489,424</u>
At 31 March 2018 (as restated)	9,040,639	816,864	5,875,751	15,733,254
	<u>9,040,639</u>	<u>816,864</u>	<u>5,875,751</u>	<u>15,733,254</u>

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

Company

	Investments in subsidiary companies £
Cost	
At 1 April 2018	258,907
Additions	71,733
At 31 March 2019	<u>330,640</u>
Net book value	
At 31 March 2019	<u>330,640</u>
At 31 March 2018	<u>258,907</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Zeus Capital Limited*	Ordinary	100%	Corporate finance advisory services
Zeus Capital Investment Limited	Ordinary	100%	Intermediate holding company
Zeus Investment Management Limited	Ordinary	100%	Dormant

*Indirect subsidiary.

Listed investments

The cost of the listed investments at 31 March 2019 was £14,515,503 (2018 - £16,595,923).

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

14. Debtors: amounts falling due within one year

	Group 2019 £	Group 2018 £
Trade debtors	309,778	714,884
Other debtors	1,095,783	509,364
Prepayments and accrued income	933,136	904,115
Corporation tax receivable	1,246,694	-
	3,585,391	2,128,363

The impairment loss recognised in profit and loss for the year in respect of bad and doubtful debt was £Nil (2018 - £Nil).

15. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	4,429,054	16,686,014	-	-
	4,429,054	16,686,014	-	-

16. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	526,080	453,974	-	-
Amounts owed to group undertakings	-	-	8,400	8,400
Corporation tax	-	289,183	-	-
Other taxation and social security	79,586	68,421	-	-
Other creditors	256,690	49,653	-	-
Accruals and deferred income	1,792,223	7,347,682	-	-
	2,654,579	8,208,913	8,400	8,400

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

17. Financial instruments

	Group 2019 £	Group 2018 £
Financial assets		
Basic financial assets measured at fair value through profit or loss	7,481,670	9,857,503
Derivative financial assets measured at fair value through profit and loss	5,007,059	5,875,751
Financial assets that are debt instruments measured at amortised cost	4,934,615	17,910,262
	<u>17,423,344</u>	<u>33,643,516</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,280,178)</u>	<u>(7,851,309)</u>

Basic financial instruments measured at fair value through profit and loss represent investments held by the group.

Derivative financial assets at fair value represent the fair value of options to purchase shares at a fixed exercise price owned by the group which have been valued using an appropriate valuation technique such as the Black Scholes formula.

Financial assets measured at amortised cost comprise cash at bank, trade debtors and employee loans included in other debtors.

Financial liabilities measured at amortised cost comprise trade payables, amounts owed to group undertakings and accruals.

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

18. Deferred taxation

Group

	2019 £
At beginning of year	231,341
Charged to profit or loss	211,811
Transfer to corporation tax creditor in the year	(286,777)
At 31 March 2019	156,375

	Group 2019 £	Group 2018 £
Unutilised losses	(165,107)	-
Accelerated capital allowances	68,915	71,036
Unrealised investment gains	252,567	160,305
	156,375	231,341

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
80,395 ordinary shares of £1 each	80,395	80,395

20. Reserves

Merger Reserve

The merger reserve represents the difference between the cost of investment and the nominal value of the share capital acquired where an acquisition is accounted for using merger accounting.

Profit and loss account

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

Zeus Group Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

21. Commitments under operating leases

At 31 March 2019 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	627,835	627,835
Later than 1 year and not later than 5 years	1,405,806	1,900,835
Later than 5 years	-	132,806
	<u>2,033,641</u>	<u>2,661,476</u>

The company had no operating lease commitments.

22. Related party transactions

The company has taken advantage of the exemption conferred by section 33.7A of FRS102 not to disclose transactions with wholly owned subsidiaries within the group.

During the year the company made purchases totalling £200,000 (2018 - £350,000) from Medusa Management Services Limited, a company in which one of the group's shareholders had an interest. At the year end end the company owed Medusa Management Services Limited £Nil (2018 - £150,000).

During the year the company made purchases totaling £60,000 (2018 - £207,000) from Suntings Limited, a company in which one of the shareholders is a director of Zeus Capital Limited. At the year end end the group owed Suntings Limited £107,000 (2018 - £107,000).

Included in note 14 above under other debtors is a loan due to the company from J H Goold a director of the company. As at year end £400,000 was outstanding (2018 - £Nil).

23. Controlling party

The company is controlled by Clare Hughes by reason of her majority shareholding, as such she is considered to be the ultimate controlling party.