

**Company Registration No. 06707890**

**Zest Investment (Portadown) Limited**

**Annual Report and Financial Statements**

**For the year ended 30 September 2014**

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# **Zest Investment (Portadown) Limited**

## **Annual report and financial statements for the year ended 30 September 2014**

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## **Zest Investment (Portadown) Limited**

### **Annual report and financial statements for the year ended 30 September 2014**

#### **Officers and professional advisers**

##### **Directors**

E J Coyle (resigned 26 January 2015)  
G K Sizer  
P H Scott

##### **Registered Office**

2<sup>nd</sup> Floor  
Tirrem House  
16 High Street  
Yarm  
Cleveland  
TS15 9AE

##### **Bankers**

Ulster Bank Limited  
11-16 Donegall Square East  
Belfast  
BT7 5UB

##### **Solicitors**

DLA Piper UK LLP  
Princes Exchange  
Princes Square  
Leeds  
LS1 4BY

##### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Newcastle upon Tyne  
NE1 2HF  
United Kingdom

## **Zest Investment (Portadown) Limited**

### **Directors' report for the year end 30 September 2014**

The directors present the annual report, together with the audited financial statements for the year ended 30 September 2014.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

#### **Activities**

The principal activity of the company during the year has been the letting of property to Zest Care Homes Limited, a fellow group company.

#### **Directors**

The directors who served throughout the year and since were as follows:

E J Coyle (resigned 26 January 2015)  
G K Sizer  
P H Scott

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note, on page 8, of the financial statements.

#### **Auditor**

Each of the persons who are directors of the company at the date of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



G K Sizer  
Director

30 June 2015

## **Zest Investment (Portadown) Limited**

### **Directors' responsibilities statement for the year ended 30 September 2014**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **Independent auditor's report to the members of Zest Investment (Portadown) Limited**

We have audited the financial statements of Zest Investment (Portadown) Limited for the year ended 30 September 2014 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its loss for the year there ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Zest Investment (Portadown) Limited (continued)**

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

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a strategic report or in preparing the directors' report.

*Debitte up*

David Johnson BA FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Newcastle upon Tyne  
United Kingdom  
30 June 2015

## **Zest Investment (Portadown) Limited**

### **Profit and loss account**

**For the year ended 30 September 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Turnover</b>	<b>1</b>	<b>397,224</b>	<b>385,654</b>
Administrative expenses (includes impairment of fixed asset at £365,000 (2013: £68,369))		<u>(364,591)</u>	<u>(68,401)</u>
<b>Operating profit</b>		<b>32,633</b>	<b>317,253</b>
Interest payable		<u>(77,703)</u>	<u>(87,809)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>3</b>	<b>(45,070)</b>	<b>229,444</b>
Tax on (loss)/profit on ordinary activities	<b>4</b>	<u>22,294</u>	<u>(7,307)</u>
<b>(Loss)/profit for the financial year</b>	<b>12</b>	<u><b>(22,776)</b></u>	<u><b>222,137</b></u>

All activities derive from continuing operations.

The notes on pages 8 – 14 form an integral part of these financial statements.

### **Statement of total recognised gains and losses**

**For the year ended 30 September 2014**

		<b>2014 £</b>	<b>2013 £</b>
(Loss)/profit for the financial year	12,13	(22,776)	222,137
Unrealised deficit on revaluation of investment properties		<u>-</u>	<u>(16,631)</u>
<b>Total recognised gains and losses relating to the year</b>		<u><b>(22,776)</b></u>	<u><b>205,506</b></u>



## Zest Investment (Portadown) Limited

### Balance sheet As at 30 September 2014

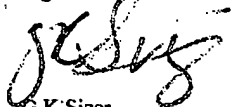
	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	5	<u>4,250,000</u>	<u>4,615,000</u>
<b>Current assets</b>			
Debtors	6	397,224	385,654
<b>Creditors: amounts falling due within one year</b>	7	<u>(3,850,943)</u>	<u>(4,159,303)</u>
<b>Net current liabilities</b>		<u>(3,453,719)</u>	<u>(3,773,649)</u>
<b>Total assets less current liabilities</b>		796,281	841,351
<b>Creditors: amounts falling due in more than one year</b>	8	-	-
<b>Provision for liabilities and charges</b>	10	<u>(141,707)</u>	<u>(164,001)</u>
<b>Net assets</b>		<u>654,574</u>	<u>677,350</u>
<b>Capital and reserves</b>			
Called-up share capital	11	1	1
Profit and loss account	12	<u>654,573</u>	<u>677,349</u>
<b>Shareholder's funds</b>	13	<u>654,574</u>	<u>677,350</u>

The notes on pages 8 – 14 form an integral part of these financial statements.

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

The financial statements of Zest Investment (Portadown) Limited, (registered number 06707890) were approved and authorised for issue by the Board of Directors and authorised for issue on 30 June 2015.

Signed on behalf of the Board of Directors

  
G K Sizer  
Director

## **Zest Investment (Portadown) Limited**

### **Notes to the financial statements For the year ended 30 September 2014**

#### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below, and have been applied consistently for the current and preceding financial year.

##### **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

##### **Going concern**

As disclosed in note 14 the company is party to an omnibus guarantee in relation to the group's external bank borrowings and therefore it is also necessary to consider the financial position of the group. Those borrowings are repayable on demand. The group is undertaking a programme to dispose of certain of its properties to generate additional cash to repay a proportion of the bank loan. The directors have held discussions with the bank and they have indicated that they will not seek repayment of the loan for the foreseeable future whilst the disposal programme is undertaken.

The group funds ongoing working capital requirements and interest payments through its cash balance and cash generated from trading.

The group and company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group and company should be able to operate within the level of their current facility, subject to the bank not seeking repayment of the loan.

On the basis of their assessment of the group and company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Turnover**

Turnover represents amounts receivable in respect of rental income on investment properties, and is derived from the company's principal activity. All turnover originates in the United Kingdom.

Rental income from operating leases is recognised in line with the terms of the relevant lease.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings 50 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

## **Zest Investment (Portadown) Limited**

### **Notes to the financial statements (continued) For the year ended 30 September 2014**

#### **1. Accounting policies (continued)**

##### **Revaluation of properties**

A full independent valuation of freehold properties is performed every five years with an interim valuation every three years. The surplus or deficit on the book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus. On an annual basis the director assesses the carrying value of freehold and leasehold properties, to determine if there has been a material change in value, and if in his judgement the carrying value is appropriate. No annual transfer is made between the revaluation reserve and the profit and loss account to reflect the excess depreciation charged on the revalued portion of the asset.

##### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax liabilities are not discounted.

##### **Cash flow statement**

The company is not presenting a cash flow statement in accordance with the exemption in FRS 1 - Cash Flow Statements. The company qualifies as a small company in companies legislation.

##### **Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### **2. Employees**

The average number of employees (including directors) was:

	2014 No.	2013 No.
Directors	3	3

No emoluments were received or are receivable by any director in respect of services during the current or preceding year.

#### **3. (Loss)/profit on ordinary activities before taxation**

Audit fees are of £2,000 (2013: £2,000) paid by another group company. Fees payable to the Company's auditors for non-audit services amounting to £1,400 have been paid by another group company.

## Zest Investment (Portadown) Limited

### Notes to the financial statements (continued) For the year ended 30 September 2014

#### 4. Tax on (loss)/profit on ordinary activities

##### i) Analysis of tax charge on ordinary activities

	2014 £	2013 £
United Kingdom corporation tax on the profit for the year	-	-
Deferred tax:		
Adjustment in respect of previous periods	(22,294)	-
Timing differences, origination and reversal	-	32,599
Effect of changes in tax rates	-	(25,292)
	<u>(22,294)</u>	<u>7,307</u>

##### ii) Factors affecting tax charge for the current period.

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK: 22% (2013: 23.5%).

The differences are explained below:

	2014 £	2013 £
(Loss)/Profit on ordinary activities before tax	<u>(45,070)</u>	<u>229,444</u>
Tax at 22% (2013: 23.5%) thereon:	(9,914)	53,916
Expenses not deductible for tax purposes	80,290	16,065
Capital allowances in excess of depreciation	-	(26,194)
Tax losses utilised	-	(6,405)
Group relief	<u>(70,376)</u>	<u>(37,383)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

## Zest Investment (Portadown) Limited

### Notes to the financial statements (continued) For the year ended 30 September 2014

#### 5. Tangible fixed assets

	Freehold property £
<b>Valuation</b>	
At 1 October 2013	4,615,000
Impairment	(365,000)
	<u>4,250,000</u>
At 30 September 2014	<u>4,250,000</u>
<b>Net book value</b>	
At 30 September 2014	<u>4,250,000</u>
At 30 September 2013	<u>4,615,000</u>

At 30 September 2014 £63,037 (2013: £63,037) of interest had been capitalised within freehold property.

The property has been revalued by the directors based on a third party open market offer received for the property after the balance sheet date.

If the property had not been revalued it would have been included at £4,683,369 according to the historical cost convention.

#### 6. Debtors

	2014 £	2013 £
Amounts owed by group undertakings	<u>397,224</u>	<u>385,654</u>

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

	2014 £	2013 £
Amounts owed in respect of secured bank loan (See note 9)	2,000,040	3,392,940
Amounts owed to group undertakings	1,836,513	765,437
Accruals and deferred income	14,390	927
	<u>3,850,943</u>	<u>4,159,303</u>

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

	2014 £	2013 £
Amounts owed in respect of secured bank loan	<u>-</u>	<u>-</u>

# **Zest Investment (Portadown) Limited**

## **Notes to the financial statements (continued) For the year ended 30 September 2014**

### **9. Borrowings**

Amounts owed in respect of bank loan:

	2014 £	2013 £
Amounts due within one year	<u>2,000,040</u>	<u>3,492,940</u>

At the year end, the bank loan is an on-demand facility of £2,000,040 provided by Ulster Bank. Interest is payable at 2% per annum above 3 month LIBOR. The loan has been repaid in full since the balance sheet date.

### **10. Provision for liabilities and charges**

	Deferred tax £
At 1 October 2013	164,001
Profit and loss account charge (note 4)	(22,294)
At 30 September 2014	<u>141,707</u>

The amounts of deferred taxation provided in the financial statements are as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>141,707</u>	<u>164,001</u>
	<u>141,707</u>	<u>164,001</u>

### **11. Called-up share capital**

	2014 £	2013 £
<i>Allotted, called-up and fully paid</i> 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

## Zest Investment (Portadown) Limited

### Notes to the financial statements (continued) For the year ended 30 September 2014

#### 12. Reserves

	Profit and loss account £
At 1 October 2013	677,349
Loss for the financial year	(22,777)
At 30 September 2014	<u>654,573</u>

#### 13. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
(Loss)/profit for the financial year	(22,776)	222,137
Movement in revaluation reserve	-	(16,631)
Net increase to shareholder's funds	<u>(22,776)</u>	<u>202,506</u>
Opening shareholder's funds	677,350	471,844
Closing shareholder's funds	<u>654,574</u>	<u>677,350</u>

#### 14. Commitments

The company is party to an omnibus guarantee in favour of Ulster Bank to secure group borrowings. The total borrowings outstanding at the year end were £7,810,136 (2013: £27,852,269).

The bank loans are secured by a fixed and floating charge over all the assets of the company

#### 15. Related party transactions

The company is a wholly owned subsidiary of Zest Investment Group Limited and is exempt from the requirements of FRS 8 'Related Party Disclosures' to disclose transactions with other members of the group headed by Zest Investment Group Limited. There have been no transactions with the directors of the company (refer to note 2), or of the group in the year.

The company consider Island Construction Limited to be a related party for the purposes of FRS 8 'Related Party Disclosures'. Island Construction Limited is a company with a common director. The retention sums were settled during the year.

The amounts outstanding at the year end were as follows:

	2014 £	2013 £
Retention sums due	<u>-</u>	<u>194,110</u>

## **Zest Investment (Portadown) Limited**

### **Notes to the financial statements (continued)**

#### **For the year ended 30 September 2014**

**16. Ultimate parent company and controlling party**

The directors regard Zest Investment Group Limited, a company incorporated in England and Wales, as being the company's immediate and ultimate parent company and is the parent company of the largest and smallest group which includes the company. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Zest Investment Group Limited is jointly controlled by the directors who each control 33.33 per cent of the issued share capital of the company.