

**Company Registration No. 06774343**

**Zest Investment (Bohill) Limited**

**Annual Report and Financial Statements**

**For the year ended 30 September 2013**



# **Zest Investment (Bohill) Limited**

## **Annual report and financial statements for the year ended 30 September 2013**

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## **Zest Investment (Bohill) Limited**

### **Annual report and financial statements for the year ended 30 September 2013**

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

##### **Directors**

E J Coyle

G Sizer

P H Scott (Appointed 3 December 2012)

##### **Registered Office**

2<sup>nd</sup> Floor, Turren House

16 High Street

Yarm

Cleveland

TS15 9AE

##### **Banker**

Ulster Bank Limited

11-16 Donegall Square East

Belfast

BT7 5UB

##### **Solicitor**

DLA Piper UK LLP

Princes Exchange

Princes Square

Leeds

LS1 4BY

##### **Auditor**

Deloitte LLP

Chartered Accountants and Statutory Auditor

Newcastle upon Tyne

## **Zest Investment (Bohill) Limited**

### **Directors' report**

The directors present their annual report, together with the financial statements and independent auditor's report for the year ended 30 September 2013.

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 investment property.

#### **Directors**

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

E J Coyle  
G Sizer  
P H Scott (Appointed 3 December 2012)

#### **Going concern**

The company is in the process of disposing of its fixed asset and expects to complete the disposal within the foreseeable future. On completion of the disposal the company will cease trading. As a result the financial statements have been prepared on a basis other than that of a going concern.

#### **Auditor**

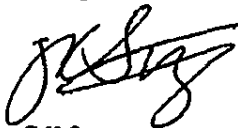
Each of the persons who are directors of the company at the date of this report confirms that:

- 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 s418 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 2014

## **Zest Investment (Bohill) Limited**

### **Directors' responsibilities statement**

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

We have audited the financial statements of Zest Investment (Bohill) Limited for the year ended 30 September 2013 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 15. 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 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Emphasis on matter – financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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



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 2014

## **Zest Investment (Bohill) Limited**

### **Profit and loss account For the year ended 30 September 2013**

	Notes	2013 £	2012 £
Turnover	1	606,408	588,746
Administrative expenses		(301)	(25)
Operating profit		606,107	588,721
Interest payable		(190,920)	(215,561)
Profit on ordinary activities before taxation	3	415,187	373,160
Tax on profit on ordinary activities	4	(39,399)	(121,669)
Profit for the financial year	12	<u>375,788</u>	<u>251,491</u>

All activities derive from continuing operations.

### **Statement of total recognised gains and losses For the year ended 30 September 2013**

	Notes	2013 £	2012 £
Profit for the financial year		375,858	251,491
Unrealised surplus/(deficit) on revaluation of investment properties	12	800,000	(399,820)
Total recognised gains and losses relating to the year/period		<u>1,175,788</u>	<u>148,329</u>



## Zest Investment (Bohill) Limited

### Balance sheet As at 30 September 2013

	Notes	2013 £	2012 £
<b>Fixed assets</b>			
Tangible assets	5	<u>8,600,000</u>	<u>7,800,000</u>
<b>Current assets</b>			
Debtors	6	-	192,706
Creditors: amounts falling due within one year	7	<u>(6,820,110)</u>	<u>(7,428,003)</u>
<b>Net current liabilities</b>		<u>(6,820,110)</u>	<u>(7,235,297)</u>
<b>Total assets less current liabilities</b>		<b>1,779,890</b>	<b>564,703</b>
<b>Provision for liabilities and charges</b>	9	<u>(182,433)</u>	<u>(143,034)</u>
<b>Net assets</b>		<u><b>1,597,457</b></u>	<u><b>421,669</b></u>
<b>Capital and reserves</b>			
Called-up share capital	10	1	1
Investment revaluation reserve	11	906,081	106,081
Profit and loss account	11	<u>691,375</u>	<u>315,587</u>
<b>Shareholders' funds</b>	12	<u><b>1,597,457</b></u>	<u><b>421,669</b></u>

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 (Bohill) Limited, (registered number 06774343) on pages 6 to 14 were approved by the Board of Directors on 30 June 2014

Signed on behalf of the Board of Directors.



G K Sizer  
Director

## **Zest Investment (Bohill) Limited**

### **Notes to the financial statements For the year ended 30 September 2013**

#### **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

##### **Going concern**

The company's principal activity is described in the directors' report. The financial position of the company is set out on page 7

As disclosed in note 13 the company is party to an omnibus guarantee in relation to 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 being undertaken.

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

The company is in the process of disposing of its remaining property and expects to complete the disposal within the foreseeable future. On completion of the disposal the company will cease trading. As a result the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs were committed at the balance sheet date.

##### **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**

Investment properties are initially capitalised at cost. Cost includes all costs of development including capitalisation of interest where appropriate. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress.

In accordance with SSAP19 'Accounting for Investment Properties', investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Depreciation is not provided in respect of freehold investment properties. The directors consider this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP19 'Accounting for Investment Properties'. The financial effect of the departure from the statutory accounting rules cannot be reasonably quantified as there are a number of factors reflected in the annual valuation and the amount, which otherwise might have been shown, and cannot be separately identified.

## **Zest Investment (Bohill) Limited**

### **Notes to the financial statements For the year ended 30 September 2013**

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

##### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax 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) were:

	<b>2013 No.</b>	<b>2012 No.</b>
Directors	<u>3</u>	<u>2</u>

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

#### **3. Profit on ordinary activities before taxation**

Audit fees of £2,000 (2012: £2,500) have been paid by another group entity.

## Zest Investment (Bohill) Limited

### Notes to the financial statements For the year ended 30 September 2013

#### 4. Tax on profit on ordinary activities

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

	2013 £	2012 £
United Kingdom corporation tax on the profit for the year	-	-
Total current tax charge	-	-
Deferred tax:		
Timing differences, origination and reversal	66,664	93,290
Effect of changes in tax rates	(28,779)	(12,438)
Adjustment in respect of previous periods	1,514	40,817
Tax on profit on ordinary activities	39,399	121,669

##### 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. 23.5% (2012: 25%)

The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	415,187	373,160
Tax at 23.5% (2012: 25%) thereon.	97,564	93,290
Capital allowances in excess of depreciation	(66,664)	(91,244)
Utilisation of tax losses	-	(3,692)
Expenses and deductibles for tax purposes	56	-
Group relief and paid for	(30,956)	-
Tax losses arising in the year	-	1,646
Current tax charge for the year	-	-

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of UK corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Accordingly, deferred tax balances have been revalued to the lower rate of 20% in these accounts. The impact of this rate change in the current period is a credit of £28,779.

## Zest Investment (Bohill) Limited

### Notes to the financial statements For the year ended 30 September 2013

#### 5. Tangible fixed assets

	Investment property £
Cost or valuation	
At 1 October 2012	7,800,000
Revaluation	800,000
	<u>8,600,000</u>
At 30 September 2013	8,600,000
Net book value	
At 30 September 2013	<u>8,600,000</u>
At 30 September 2012	<u>7,800,000</u>

At 30 September 2013 £220,790 (2012 £220,790) of interest had been capitalised within Investment Properties

The investment property was valued by the directors on an open market value basis at 30 September 2013

If the property had not been revalued it would have been included at £7,693,919 according to the historic cost convention.

#### 6. Debtors

	2013 £	2012 £
Amounts owed by related parties	-	192,706
	<u>-</u>	<u>192,706</u>

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

	2013 £	2012 £
Amounts owed in respect of secured bank loan (see note 8)	5,386,790	5,386,790
Amounts owed to group undertakings	1,193,446	1,806,211
Accruals	153,593	148,722
Amounts due to related parties	86,280	86,280
	<u>6,820,110</u>	<u>7,428,003</u>

# **Zest Investment (Bohill) Limited**

## **Notes to the financial statements For the year ended 30 September 2013**

### **8. Borrowings**

Amounts owed in respect of bank loan:

	2013 £	2012 £
Amounts due within one year	5,386,790	5,386,790
	<u>5,386,790</u>	<u>5,386,790</u>

At the period end, the bank loan is an on-demand loan facility of £5,386,790 provided by Ulster Bank. Interest is currently payable at 3% per annum above 3 month LIBOR.

### **9. Provisions for liabilities and charges**

	Deferred tax £
At 1 October 2012	143,034
Profit and loss account charge (note 4)	39,399
	<u>182,432</u>
At 30 September 2013	<u>182,432</u>

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

	2013 £	2012 £
Accelerated capital allowances	182,432	144,548
Tax losses available	-	(1,514)
	<u>-</u>	<u>143,034</u>

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

	2013 £	2012 £
<i>Allotted, called-up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

## **Zest Investment (Bohill) Limited**

### **Notes to the financial statements For the year ended 30 September 2013**

#### **11. Reserves**

	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>
At 1 October 2012	315,587	106,081
Profit for the financial year	375,788	-
Movement in investment revaluation reserve	-	800,000
At 30 September 2013	<u>691,375</u>	<u>906,081</u>

#### **12. Reconciliation of movements in shareholders' funds**

	<b>2013 £</b>	<b>2012 £</b>
Profit for the financial year	375,788	251,491
Movement in investment revaluation reserve	800,000	(399,820)
Net increase to shareholders' funds	<u>1,175,788</u>	<u>(148,329)</u>
Opening shareholders' funds	<u>421,669</u>	<u>569,998</u>
Closing shareholders' funds	<u>1,597,457</u>	<u>421,669</u>

#### **13. Commitments**

The company is party to an omnibus guarantee in favour of Ulster Bank to secure group borrowings. The total borrowings outstanding at the period end were £27,852,269 (2012 £28,937,269).

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

## **Zest Investment (Bohill) Limited**

### **Notes to the financial statements For the year ended 30 September 2013**

#### **14. 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 considers Island Construction Limited to be a related party for the purposes of FR8 'Related Party Disclosures' as that company has a common director.

There were no transactions with the company during the period.

The amounts outstanding at the period end were as follows:

	2013 £	2012 £
Short term funding	-	(192,706)
Retention sum due	86,280	86,280
	<u>86,280</u>	<u>(106,426)</u>

#### **15. 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 accounts are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

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