

Unaudited Financial Statements

for the Year Ended 30 June 2020

for

Zahawi & Zahawi Ltd

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for the Year Ended 30 June 2020

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Zahawi & Zahawi Ltd

Company Information
for the Year Ended 30 June 2020

DIRECTORS:

Ms L F J Saib
A Shanshal
J Shanshal

REGISTERED OFFICE:

36 Wilton Crescent
London
SW1X 8RX

REGISTERED NUMBER:

07285998 (England and Wales)

Balance Sheet
30 June 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	4		358,957		372,190
Investment property	5		<u>54,572,318</u>		<u>40,917,803</u>
			54,931,275		41,289,993
CURRENT ASSETS					
Debtors	6	586,059		200,589	
Cash at bank and in hand		<u>776,179</u>		<u>419,825</u>	
		1,362,238		620,414	
CREDITORS					
Amounts falling due within one year	7	<u>3,318,450</u>		<u>2,128,439</u>	
NET CURRENT LIABILITIES			<u>(1,956,212)</u>		<u>(1,508,025)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			52,975,063		39,781,968
CREDITORS					
Amounts falling due after more than one year	8		(50,414,332)		(37,532,289)
PROVISIONS FOR LIABILITIES			<u>(560,588)</u>		<u>(381,328)</u>
NET ASSETS			<u>2,000,143</u>		<u>1,868,351</u>
CAPITAL AND RESERVES					
Called up share capital			200		200
Other reserves			(701,026)		-
Retained earnings			<u>2,700,969</u>		<u>1,868,151</u>
			<u>2,000,143</u>		<u>1,868,351</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Balance Sheet - continued
30 June 2020

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2021 and were signed on its behalf by:

Ms L F J Saib - Director

Notes to the Financial Statements
for the Year Ended 30 June 2020

1. STATUTORY INFORMATION

Zahawi & Zahawi Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rental income from investment properties is recognised when the company is entitled to receive the income and it is probable that the income will be received.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 20% on straight line basis and 5% on a straight line basis
Plant and machinery	- 15% on reducing balance and 10% on straight line basis
Fixtures and fittings	- 20% on straight line basis
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on straight line basis

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in profit or loss.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

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

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Cash flow hedges

As defined by FRS 102, cash flow hedges are initially recognised at fair value at the date the derivative contracts are entered into, and subsequently remeasured at fair value. Changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised directly through other comprehensive income as a movement in the hedging and translation reserve. Any ineffective portion of all derivatives is recognised in the income statement. Changes in the fair value of derivatives that are not in a designated hedging relationship under FRS 102 are recorded directly in the income statement. These derivatives are carried at fair value on the balance sheet.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 7 (2019 - 6) .

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

4. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 July 2019	253,045	30,850	53,293
Additions	-	25,216	245
Disposals	-	-	-
At 30 June 2020	<u>253,045</u>	<u>56,066</u>	<u>53,538</u>
DEPRECIATION			
At 1 July 2019	86,941	7,960	41,195
Charge for year	12,652	7,216	3,903
Eliminated on disposal	-	-	-
At 30 June 2020	<u>99,593</u>	<u>15,176</u>	<u>45,098</u>
NET BOOK VALUE			
At 30 June 2020	<u>153,452</u>	<u>40,890</u>	<u>8,440</u>
At 30 June 2019	<u>166,104</u>	<u>22,890</u>	<u>12,098</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 July 2019	252,536	11,676	601,400
Additions	119,311	-	144,772
Disposals	(107,851)	-	(107,851)
At 30 June 2020	<u>263,996</u>	<u>11,676</u>	<u>638,321</u>
DEPRECIATION			
At 1 July 2019	83,594	9,520	229,210
Charge for year	51,841	1,504	77,116
Eliminated on disposal	(26,962)	-	(26,962)
At 30 June 2020	<u>108,473</u>	<u>11,024</u>	<u>279,364</u>
NET BOOK VALUE			
At 30 June 2020	<u>155,523</u>	<u>652</u>	<u>358,957</u>
At 30 June 2019	<u>168,942</u>	<u>2,156</u>	<u>372,190</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

4. **TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 July 2019	202,046
Disposals	(107,851)
At 30 June 2020	<u>94,195</u>
DEPRECIATION	
At 1 July 2019	68,173
Charge for year	13,246
Eliminated on disposal	(26,962)
At 30 June 2020	<u>54,457</u>
NET BOOK VALUE	
At 30 June 2020	<u>39,738</u>
At 30 June 2019	<u>133,873</u>

5. **INVESTMENT PROPERTY**

	Total £
FAIR VALUE	
At 1 July 2019	40,917,803
Additions	13,654,515
At 30 June 2020	<u>54,572,318</u>
NET BOOK VALUE	
At 30 June 2020	<u>54,572,318</u>
At 30 June 2019	<u>40,917,803</u>

The director believes that cost of properties acquired within the four years ended 30 June 2020 provides a fair reflection of valuation at the balance sheet date.

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade debtors	503,750	85,825
Interest rate cap	19,857	55,437
Prepayments	<u>62,452</u>	<u>59,327</u>
	<u>586,059</u>	<u>200,589</u>

The company has entered into an interest rate cap contract in respect of certain bank borrowings. This has been accounted for as a financial instrument, stated at its fair value as at the balance sheet date. Impairment gains or losses arising on the restatement of this derivative to its fair value have been accounted for through the profit and loss account.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts	490,000	275,000
Hire purchase contracts	9,107	29,015
Trade creditors	31,875	42,060
Tax	3,265	109,144
Social security and other taxes	6,268	5,030
VAT	407,432	66,187
Other creditors	1,657,244	1,118,477
Accruals & deferred income	713,259	483,526
	<u>3,318,450</u>	<u>2,128,439</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans - 1-2 years	490,000	11,190,000
Bank loans - 2-5 years	1,470,000	-
Bank loans more 5 yr by instal	20,685,000	-
Hire purchase contracts	-	74,426
Other creditors	27,769,332	26,267,863
	<u>50,414,332</u>	<u>37,532,289</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	<u>20,685,000</u>	<u>-</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	23,135,000	11,465,000
Hire purchase contracts	9,107	103,441
	<u>23,144,107</u>	<u>11,568,441</u>

Bank loans and mortgages are secured on the properties to which they relate.

Hire purchase liabilities are secured on the asset to which they relate.

10. ULTIMATE CONTROLLING PARTY

The controlling party is Ms L F J Saib.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.