

Company Registration No. SC327713 (Scotland)

ZENITH (EDINBURGH) HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018



ZENITH (EDINBURGH) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	C McCurdy D Kelly D Smith J Simpson H McCurdy
Secretary	C McCurdy
Company number	SC327713
Registered office	38 Dryden Road Bilston Glen Loanhead Midlothian EH20 9LZ
Auditor	Campbell Dallas Audit Services Dundas House Westfield Park Eskbank Edinburgh EH22 3FB
Bankers	HSBC 76 Hanover Street Edinburgh EH20 9LZ
Business address	38 Dryden Road Bilston Glen Loanhead Midlothian EH20 9LZ

ZENITH (EDINBURGH) HOLDINGS LIMITED

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ZENITH (EDINBURGH) HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present the strategic report for the year ended 30 September 2018.

Fair review of the business

Although the Group is reporting a reduction in turnover of around 16% on the previous year, this was the intention, and came about as a result of the change of focus back on core activities, and the changes made in the early months of 2018. As a result of the change in strategic direction of the business, Group profit before tax is £693,388 which represents a significant improvement on the previous year. Gross margin has improved from 27% to 35%. Continued adverse trading experienced in the Property business at the beginning of the year has impacted what could have been an even more improved position for the year, and since the changes were implemented in early 2018, the Property business has seen improved financial results.

Forecasts for the following year are strong, as a result of refocussing on core business and the cost reduction measures undertaken in early 2018.

The business continues to focus on the core access solutions business, working globally with blue chip clients in the oil and gas sector. Providing unique access solutions for clients, both on and off shore has provided the business with a solid and loyal client base, with relationships stretching back over 14 years.

Whilst there are significant risks around Health and Safety in the construction sector, Zenith take the management and mitigation of these risks extremely seriously and have extremely well managed safety management processes in place. Highly experienced staff, qualified to CMIOSH standard, ensure there are appropriate training and compliance systems in place, which helps mitigate the risks associated with the various types of projects undertaken.

Strong credit control procedures throughout the Group are maintained, which helps keep the overall risk from bad debts very low. Previous low margin business within the Property business has now been eradicated, and the business monitors the viability and profitability of larger projects much more diligently, adding value to overall Group performance.

On behalf of the board



C. McCurdy

Director

12 June 2019

ZENITH (EDINBURGH) HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their annual report and financial statements for the year ended 30 September 2018.

Principal activities

The principal activities of the group continued to be that of the provision of steeplejack services and property conservation works.

Directors

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

C McCurdy
D Kelly
D Smith
J Simpson
H McCurdy
S Smith

(Resigned 12 July 2018)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Statement of directors' responsibilities

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

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

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

Strategic report

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

ZENITH (EDINBURGH) HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Statement of disclosure to auditor

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

On behalf of the board



C. McCurdy

Director

12 June 2019

ZENITH (EDINBURGH) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZENITH (EDINBURGH) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Zenith (Edinburgh) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2018 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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's or the 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our audit:

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

ZENITH (EDINBURGH) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ZENITH (EDINBURGH) HOLDINGS LIMITED

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 or the Directors' Report.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 on the Financial Reporting Council's website at: <http://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 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.

Paul Hutchison BSc ACA (Senior Statutory Auditor)
Campbell Dallas Audit Services

13 June 2019

Accountants
Statutory Auditor

Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB

ZENITH (EDINBURGH) HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	10,041,803	11,968,450
Cost of sales		(6,573,245)	(8,687,967)
Gross profit		<u>3,468,558</u>	<u>3,280,483</u>
Administrative expenses		(2,746,206)	(3,175,497)
Operating profit	4	<u>722,352</u>	<u>104,986</u>
Interest payable and similar expenses	8	(28,964)	(31,013)
Profit before taxation		<u>693,388</u>	<u>73,973</u>
Taxation	9	(263,499)	(105,868)
Profit/(loss) for the financial year	22	<u><u>429,889</u></u>	<u><u>(31,895)</u></u>
Profit/(loss) for the financial year is attributable to:			
- Owners of the parent company		558,731	14,921
- Non-controlling interests		(128,842)	(46,816)
		<u><u>429,889</u></u>	<u><u>(31,895)</u></u>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		558,731	14,921
- Non-controlling interests		(128,842)	(46,816)
		<u><u>429,889</u></u>	<u><u>(31,895)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ZENITH (EDINBURGH) HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		289,179		439,754
Current assets					
Stocks	13	51,315		47,394	
Debtors	14	2,459,429		2,516,900	
Cash at bank and in hand		86,878		34,233	
		<u>2,597,622</u>		<u>2,598,527</u>	
Creditors: amounts falling due within one year	15	<u>(1,851,311)</u>		<u>(2,438,208)</u>	
Net current assets			746,311		160,319
Total assets less current liabilities			1,035,490		600,073
Creditors: amounts falling due after more than one year	16		(95,812)		(90,284)
Net assets			<u>939,678</u>		<u>509,789</u>
Capital and reserves					
Called up share capital	21		27,000		27,000
Profit and loss reserves	22		1,088,303		529,572
Equity attributable to owners of the parent company			1,115,303		556,572
Non-controlling interests			(175,625)		(46,783)
			<u>939,678</u>		<u>509,789</u>

The financial statements were approved by the board of directors and authorised for issue on 12 June 2019 and are signed on its behalf by:


C. McCurdy
Director

Company Registration No. SC327713

ZENITH (EDINBURGH) HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10	226,753		366,713	
Investments	11	27,100		27,100	
		<u>253,853</u>		<u>393,813</u>	
Current assets					
Stocks	13	-		32,980	
Cash at bank and in hand		2,254		2,066	
		<u>2,254</u>		<u>35,046</u>	
Creditors: amounts falling due within one year	15	(1,094,903)		(2,033,998)	
Net current liabilities		<u>(1,092,649)</u>		<u>(1,998,952)</u>	
Total assets less current liabilities		<u>(838,796)</u>		<u>(1,605,139)</u>	
Creditors: amounts falling due after more than one year	16	(95,812)		(90,284)	
Net liabilities		<u>(934,608)</u>		<u>(1,695,423)</u>	
Capital and reserves					
Called up share capital	21	27,000		27,000	
Profit and loss reserves	22	(961,608)		(1,722,423)	
Total equity		<u>(934,608)</u>		<u>(1,695,423)</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £760,815 (2017 - £70,056 loss).

The financial statements were approved by the board of directors and authorised for issue on 12 June 2019 and are signed on its behalf by:


C McCurdy
Director

Company Registration No. SC327713

ZENITH (EDINBURGH) HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital	Profit and loss reserves	Total controlling interest	Non- controlling interest	Total
	£	£	£	£	£
Balance at 1 October 2016	27,000	514,651	541,651	-	541,651
Year ended 30 September 2017:					
Loss and total comprehensive income for the year	-	14,921	14,921	(46,816)	(31,895)
Acquisition of non-controlling interests	-	-	-	33	33
Balance at 30 September 2017	27,000	529,572	556,572	(46,783)	509,789
Year ended 30 September 2018:					
Profit and total comprehensive income for the year	-	558,731	558,731	(128,842)	429,889
Balance at 30 September 2018	27,000	1,088,303	1,115,303	(175,625)	939,678

ZENITH (EDINBURGH) HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 October 2016	27,000	(1,652,367)	(1,625,367)
Year ended 30 September 2017:			
Loss and total comprehensive income for the year	-	(70,056)	(70,056)
Balance at 30 September 2017	27,000	(1,722,423)	(1,695,423)
Year ended 30 September 2018:			
Profit and total comprehensive income for the year	-	760,815	760,815
Balance at 30 September 2018	27,000	(961,608)	(934,608)

ZENITH (EDINBURGH) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25	1,119,127		20,441	
Interest paid		(28,964)		(31,013)	
Income taxes paid		(260,414)		(72,074)	
Net cash inflow/(outflow) from operating activities		829,749		(82,646)	
Investing activities					
Purchase of tangible fixed assets		(14,845)		(75,286)	
Proceeds on disposal of tangible fixed assets		-		3,516	
Purchase of shares in subsidiary from non-controlling interest		-		33	
Repayments on loans		(13,373)		-	
Net cash used in investing activities		(28,218)		(71,737)	
Financing activities					
Payment of finance leases obligations		(38,465)		(70,907)	
Net cash used in financing activities		(38,465)		(70,907)	
Net increase/(decrease) in cash and cash equivalents		763,066		(225,290)	
Cash and cash equivalents at beginning of year		(888,947)		(663,657)	
Cash and cash equivalents at end of year		(125,881)		(888,947)	
Relating to:					
Cash at bank and in hand		86,878		34,233	
Bank overdrafts included in creditors payable within one year		(212,759)		(923,180)	
		(125,881)		(888,947)	

ZENITH (EDINBURGH) HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(945,793)		68,806
Interest paid			(709)		-
Net cash (outflow)/inflow from operating activities			(946,502)		68,806
Investing activities					
Purchase of tangible fixed assets		(14,845)		(1,116)	
Proceeds on disposal of tangible fixed assets		-		3,516	
Dividends received		1,000,000		-	
Net cash generated from investing activities			985,155		2,400
Financing activities					
Payment of finance leases obligations		(38,465)		(70,907)	
Net cash used in financing activities			(38,465)		(70,907)
Net increase in cash and cash equivalents			188		299
Cash and cash equivalents at beginning of year			2,066		1,767
Cash and cash equivalents at end of year			2,254		2,066

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Company information

Zenith (Edinburgh) Holdings Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 38 Dryden Road, Bilston Glen, Loanhead, Midlothian, EH20 9LZ.

The group consists of Zenith (Edinburgh) Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Zenith (Edinburgh) Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

1.3 Going concern

The group has reported a pre-tax profit for the year and the directors expect this to continue in the future. The group meets its day to day working capital requirements through a bank overdraft. Projections for the following 12 months trading show a profitable trading position. Based on these projections and existing bank facilities, the directors consider that the group has sufficient cash resources available to finance its operations and they consider that the group will continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Turnover on construction contracts is recognised according to the stage reached in the contract by reference to value of work done, as detailed below.

1.5 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Gross amounts due from contract customers are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.6 Tangible fixed assets

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

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

Tenants improvements	10% straight line
Plant and machinery	25% - 50% straight line
Fixtures, fittings & equipment	25% straight line
Designs	10% straight line
Motor vehicles	25% straight line

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

1.7 Fixed asset investments

In the parent company financial statements investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

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

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

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

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

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

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

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

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

The directors consider there are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities.

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Steeplejack services	7,005,613	5,475,344
Property conservation works	3,036,190	6,493,106
	<u>10,041,803</u>	<u>11,968,450</u>
	2018 £	2017 £
Turnover analysed by geographical market		
UK	7,999,688	10,888,027
Overseas	2,042,115	1,080,423
	<u>10,041,803</u>	<u>11,968,450</u>

4 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2018 £	2017 £
Exchange losses/(gains)	901	(13,582)
Depreciation of owned tangible fixed assets	185,109	200,866
Depreciation of tangible fixed assets held under finance leases	42,665	35,510
Loss/(profit) on disposal of tangible fixed assets	4,323	(502)
Operating lease charges	176,333	245,212
	<u></u>	<u></u>

5 Auditor's remuneration

Fees payable to the company's auditor and associates:

	2018 £	2017 £
For audit services		
Audit of the financial statements of the group and company	3,175	3,100
Audit of the financial statements of the company's subsidiaries	11,050	10,800
	<u>14,225</u>	<u>13,900</u>

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Site based	79	107	-	-
Admin	17	20	-	-
	<u>96</u>	<u>127</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	4,431,529	5,424,346	-	-
Social security costs	449,397	557,175	-	-
Pension costs	112,586	111,221	-	-
	<u>4,993,512</u>	<u>6,092,742</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	378,779	430,493
Company pension contributions to defined contribution schemes	62,369	42,575
	<u>441,148</u>	<u>473,068</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2017 - 4).

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

	2018 £	2017 £
Remuneration for qualifying services	96,438	132,157
Company pension contributions to defined contribution schemes	12,500	10,756
	<u>108,938</u>	<u>142,913</u>

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	22,198	24,724
Interest on finance leases and hire purchase contracts	6,766	6,289
	<u>28,964</u>	<u>31,013</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	3,085	-
Foreign current tax on profits for the current period	260,414	105,868
	<u>263,499</u>	<u>105,868</u>
Total current tax	<u>263,499</u>	<u>105,868</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>693,388</u>	<u>73,973</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	131,744	14,055
Tax effect of expenses that are not deductible in determining taxable profit	12,961	6,914
Change in unrecognised deferred tax assets	(21,661)	(8,599)
Effect of change in corporation tax rate	-	(1,012)
Depreciation on assets not qualifying for tax allowances	8,719	3,863
Foreign tax paid	260,414	105,868
Foreign tax treated as an expense	(128,678)	(15,525)
Tax credits	-	304
	<u>263,499</u>	<u>105,868</u>
Taxation charge for the year	<u>263,499</u>	<u>105,868</u>

The group has tax losses available of approximately £540,000. The deferred tax asset arising from these losses of approximately £92,000 has not been recognised on the grounds that it may take some time for the tax losses to be relieved and as such the recoverability of the asset is considered relatively uncertain. If these tax losses are relieved in the future then the asset will be recovered.

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

10 Tangible fixed assets

Group	Tenants improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2017	326,556	884,245	202,696	399,141	1,812,638
Additions	-	26,844	54,678	-	81,522
Disposals	-	-	-	(26,415)	(26,415)
At 30 September 2018	326,556	911,089	257,374	372,726	1,867,745
Depreciation and impairment					
At 1 October 2017	253,515	742,205	157,823	219,341	1,372,884
Depreciation charged in the year	10,615	122,561	32,676	61,922	227,774
Eliminated in respect of disposals	-	-	-	(22,092)	(22,092)
At 30 September 2018	264,130	864,766	190,499	259,171	1,578,566
Carrying amount					
At 30 September 2018	62,426	46,323	66,875	113,555	289,179
At 30 September 2017	73,041	142,040	44,873	179,800	439,754

Company	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 October 2017	484,046	125,173	282,742	891,961
Additions	26,844	54,678	-	81,522
Disposals	-	-	(14,510)	(14,510)
At 30 September 2018	510,890	179,851	268,232	958,973
Depreciation and impairment				
At 1 October 2017	342,006	80,300	102,942	525,248
Depreciation charged in the year	122,561	32,676	61,922	217,159
Eliminated in respect of disposals	-	-	(10,187)	(10,187)
At 30 September 2018	464,567	112,976	154,677	732,220
Carrying amount				
At 30 September 2018	46,323	66,875	113,555	226,753
At 30 September 2017	142,040	44,873	179,800	366,713

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

10 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Fixtures, fittings & equipment	66,534	-	66,534	-
Motor vehicles	111,615	152,865	111,615	152,865
	<u>178,149</u>	<u>152,865</u>	<u>178,149</u>	<u>152,865</u>
Depreciation charge for the year in respect of leased assets	<u>42,665</u>	<u>35,510</u>	<u>42,665</u>	<u>35,510</u>

11 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	12	-	-	27,100	27,100

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 October 2017 and 30 September 2018	<u>27,100</u>
Carrying amount	
At 30 September 2018	<u>27,100</u>
At 30 September 2017	<u>27,100</u>

12 Subsidiaries

Details of the company's subsidiaries at 30 September 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Zenith Property Conservation Limited	Scotland	Property conservation works	Ordinary	75.00
Zenith SAS limited	Scotland	Steeplejack services	Ordinary	100.00

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

13 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	51,315	47,394	-	32,980

14 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	2,194,171	1,751,952	-	-
Gross amounts due from contract customers	204,645	723,366	-	-
Other debtors	16,925	4,861	-	-
Prepayments and accrued income	43,688	36,721	-	-
	<u>2,459,429</u>	<u>2,516,900</u>	<u>-</u>	<u>-</u>

15 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	17	212,759	923,180	-	-
Obligations under finance leases	18	57,208	34,524	57,208	34,524
Trade creditors		569,934	764,329	-	-
Amounts due to group undertakings		-	-	1,029,355	1,994,649
Corporation tax payable		3,085	-	3,085	-
Other taxation and social security		519,527	509,361	-	-
Other creditors		352,368	169,446	-	-
Accruals and deferred income		136,430	37,368	5,255	4,825
		<u>1,851,311</u>	<u>2,438,208</u>	<u>1,094,903</u>	<u>2,033,998</u>

16 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Obligations under finance leases	18	95,812	90,284	95,812	90,284

Finance lease obligations are secured over the assets to which they relate.

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

17 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank overdrafts	212,759	923,180	-	-
Payable within one year	212,759	923,180	-	-

The bank overdraft is secured by a bond and floating charge over the assets of the group. Interest is payable at 3% over base rates.

18 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	57,208	34,524	57,208	34,524
In two to five years	95,812	90,284	95,812	90,284
	153,020	124,808	153,020	124,808

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,211,096	1,756,813	-	-
Equity instruments measured at cost less impairment	-	-	27,100	27,100
Carrying amount of financial liabilities				
Measured at amortised cost	1,288,081	1,981,763	1,187,630	2,124,282

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

20 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	112,586	111,221

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

21 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
20,000 Ordinary Class A of £1 each	20,000	20,000
5,000 Ordinary Class B of £1 each	5,000	5,000
2,000 Ordinary Class C of £1 each	2,000	2,000
	27,000	27,000

22 Profit and loss reserves

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
At the beginning of the year	529,572	514,651	(1,722,423)	(1,652,367)
Profit/(loss) for the year	558,731	14,921	760,815	(70,056)
At the end of the year	1,088,303	529,572	(961,608)	(1,722,423)

23 Operating lease commitments

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	148,894	150,430	-	-
Between two and five years	43,029	92,212	-	-
	191,923	242,642	-	-

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	441,148	473,068

Other related party transactions

Group

During the year, rent of £67,321 (2017: £70,333) was paid to the directors' pension schemes.

As at the year end, the group was due £70,000 (2017 : £90,000) to its directors and £13,373 (2017 : £Nil) from its directors. The loans have no fixed repayment terms and interest is payable at 3% on any outstanding balance due to the company.

Company

During the year the company invoiced Zenith Property Conservation Limited £76,885 (2017 - £45,798) in respect of a management charge. At the balance sheet date the company was due £1,968,787 (2017 - £1,731,409) from Zenith Property Conservation Limited. This balance has been fully provided against at the balance sheet date with a further £237,378 (2017 - £73,654) being provided during the year.

25 Cash generated from group operations

	2018 £	2017 £
Profit/(loss) for the year after tax	429,889	(31,895)
Adjustments for:		
Taxation charged	263,499	105,868
Finance costs	28,964	31,013
Loss/(gain) on disposal of tangible fixed assets	4,323	(502)
Depreciation and impairment of tangible fixed assets	227,774	236,376
Movements in working capital:		
(Increase) in stocks	(3,921)	(37,343)
Decrease/(increase) in debtors	70,844	(343,368)
Increase in creditors	97,755	60,292
Cash generated from operations	1,119,127	20,441

ZENITH (EDINBURGH) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

25 Cash generated from operations - company

	2018	2017
	£	£
Profit/(loss) for the year after tax	760,815	(70,056)
Adjustments for:		
Taxation charged	3,085	-
Finance costs	709	-
Investment income	(1,000,000)	-
Loss/(gain) on disposal of tangible fixed assets	4,323	(502)
Depreciation and impairment of tangible fixed assets	217,159	208,719
Movements in working capital:		
Decrease/(increase) in stocks	32,980	(32,980)
(Decrease) in creditors	(964,864)	(36,375)
Cash (absorbed by)/generated from operations	(945,793)	68,806