

Zest Food Ltd

Report and Financial Statements

Year Ended

31 March 2017

Company Number 05070252

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Zest Food Ltd

Report and financial statements for the year ended 31 March 2017

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Directors

N Sebba
B C Davis
R W McKie
V D Mckevitt

Secretary and registered office

N Sebba, 31-33 Baker Street, London, W1U 8EJ

Company number

05070252

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Zest Food Ltd

Report of the directors for the year ended 31 March 2017

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

Results

The statement of comprehensive income is set out on page 5 and shows the loss for the year.

Principal activities

The principal activity of the company remains to operate healthy-eating retail outlets under the brand "Tossed".

Directors

The directors of the company during the year were:

N Sebba
B C Davis
R W McKie
V D Mckevitt

Directors' responsibilities

The directors are responsible for preparing the directors' 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 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; 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.

Zest Food Ltd

Report of the directors for the year ended 31 March 2017 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at a suitable board meeting.

On behalf of the Board



N Sebba
Director

Date 16 JUNE 2017

Zest Food Ltd

Independent auditor's report

TO THE MEMBERS OF ZEST FOOD LTD

We have audited the financial statements of Zest Food Ltd for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Zest Food Ltd

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, 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;
- the directors were not entitled to prepare the financial statements and the director's report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



*Mark RA Edwards (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date 16/06/2017

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

Zest Food Ltd

Statement of comprehensive income for the year ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|--------------------|-------------|
| Turnover | | 9,801,868 | 8,577,942 |
| Cost of sales | | (3,113,167) | (2,736,446) |
| Gross profit | | 6,688,701 | 5,841,496 |
| Underlying administrative expenses | | (7,412,902) | (6,029,071) |
| Exceptional profit on disposal of stores | | 586,349 | - |
| Administrative expenses | | (6,826,553) | (6,029,071) |
| Other income | | 132,717 | 24,146 |
| Operating loss | 3 | (5,135) | (163,429) |
| Other interest receivable and similar income | 4 | 492 | 2,007 |
| Interest payable and similar charges | 5 | (89,283) | (118,008) |
| Loss on ordinary activities before taxation | | (93,926) | (279,430) |
| Taxation on loss from ordinary activities | 8 | - | - |
| Loss for the year | | (93,926) | (279,430) |

All amounts relate to continuing activities.

The notes on pages 8 to 15 form part of these financial statements.

Zest Food Ltd

Statement of financial position at 31 March 2017

| Company number 05070252 | Note | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|--|------|--------------------|-------------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Intangible assets | 9 | | 37,895 | | 56,006 |
| Tangible assets | 10 | | 1,742,985 | | 1,537,694 |
| | | | <u>1,780,880</u> | | <u>1,593,700</u> |
| Current assets | | | | | |
| Stocks | 11 | 109,170 | | 112,892 | |
| Debtors | 12 | 1,077,724 | | 919,791 | |
| Cash at bank and in hand | | 186,743 | | 323,750 | |
| | | | <u>1,373,637</u> | <u>1,356,433</u> | |
| Creditors: amounts falling due within one year | 13 | (1,803,496) | | (2,087,471) | |
| | | | <u>(429,859)</u> | | <u>(731,038)</u> |
| Total assets less current liabilities | | | <u>1,351,021</u> | | <u>862,662</u> |
| Creditors: amounts falling due after more than one year | 14 | | 523,392 | | 476,276 |
| Capital and reserves | | | | | |
| Called up share capital | 15 | 31,267 | | 31,213 | |
| Share premium account | | 3,672,715 | | 3,137,600 | |
| Profit and loss account | | (2,876,353) | | (2,782,427) | |
| | | | <u>827,629</u> | <u>386,386</u> | |
| | | | <u>1,351,021</u> | <u>862,662</u> | |

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors and authorised for issue on 16 June 2017

N Sebba
Director



The notes on pages 8 to 15 form part of these financial statements.

Zest Food Ltd

Statement of changes in equity for the year ended 31 March 2017

| | Share capital £ | Share premium £ | Profit and loss account £ | Total equity £ |
|---|-----------------------|-----------------------|------------------------------------|----------------------|
| At 1 April 2016 | 31,213 | 3,137,600 | (2,782,427) | 386,386 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (93,926) | (93,926) |
| Total comprehensive income for the year | - | - | (93,926) | (93,926) |
| Contributions by and distributions to owners | | | | |
| Issue of shares | 54 | 535,115 | - | 535,169 |
| Total contributions by and distributions to owners | 54 | 535,115 | - | 535,169 |
| At 31 March 2017 | 31,267 | 3,672,715 | (2,876,353) | 827,629 |
| At 1 April 2015 | 30,900 | - | (2,502,997) | (2,472,097) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (279,430) | (279,430) |
| Total comprehensive income for the year | - | - | (279,430) | (279,430) |
| Contributions by and distributions to owners | | | | |
| Issue of shares | 313 | 3,137,600 | - | 3,137,913 |
| Total contributions by and distributions to owners | 313 | 3,137,600 | - | 3,137,913 |
| At 31 March 2016 | 31,213 | 3,137,600 | (2,782,427) | 386,386 |

The notes on pages 8 to 15 form part of these financial statements.

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017

1 Accounting policies

Zest Food Ltd is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the report of the directors. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Tossed Holdings Limited as at 31 March 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Going concern

The directors have prepared the financial statements on a going concern basis as the directors have received assurance from the company's ultimate parent company that it will continue to provide such financial support as the company requires to enable it to meet its liabilities as and when they fall due.

Turnover

Turnover represents amounts receivable for goods and services and services net of VAT and trade discounts. Revenue is recognised at the moment the goods or services are delivered.

Fixed assets, depreciation and amortisation

Fixed assets are classified by reference to their use in the business and amortised/depreciated over their useful economic life. Amortisation/depreciation is provided to write off the cost of all fixed assets other than investments, evenly over their expected useful lives. It is calculated at the following rates:

| | | |
|------------------------|---|-----------------------|
| Trademarks | - | 10% straight line |
| Website | - | 33.33% straight line |
| Leasehold improvements | - | 20% straight line |
| Plant and machinery | - | 20%-50% straight line |
| Motor vehicles | - | 33.33% straight line |

Stock

Stocks are valued at the lower of cost and net realisable value.

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

Finance leases

Where leases are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of the estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduced the finance liability.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 10)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Operating loss

| | 2017 £ | 2016 £ |
|--|-----------------------------|-----------------------------|
| This is arrived at after charging/(crediting): | | |
| Amortisation of intangible fixed assets | 36,872 | 22,850 |
| Depreciation of tangible fixed assets | 681,150 | 524,543 |
| Impairment of tangible fixed assets | 130,768 | - |
| (Profit)/Loss on disposal of tangible fixed assets | (578,503) | 583 |
| Hire of other assets - operating leases | 1,410,635 | 1,190,768 |
| Auditors' remuneration: | | |
| - fees payable to the group's auditor for the audit of the group's annual accounts | 17,000 | 17,000 |
| - tax compliance | 7,000 | 7,000 |
| - other tax services | 6,206 | - |
| | <u> </u> | <u> </u> |

Other income includes a business interruption insurance claim of £70,909 and a R&D credit of £29,257 (net of associated professional fees).

4 Interest receivable and similar income

| | 2017 £ | 2016 £ |
|---------------|-----------------------------|-----------------------------|
| Bank interest | 492 | 2,007 |
| | <u> </u> | <u> </u> |

5 Interest payable and similar income

| | 2017 £ | 2016 £ |
|---------------------------|-----------------------------|-----------------------------|
| Bank loans and overdrafts | 47,051 | 46,574 |
| Finance leases | 6,058 | 19,155 |
| Intercompany loans | 36,174 | 53,262 |
| Other | - | (983) |
| | <u> </u> | <u> </u> |
| | 89,283 | 118,008 |
| | <u> </u> | <u> </u> |

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

6 Employees

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Staff costs (including directors) consist of: | | |
| Wages and salaries | 3,352,683 | 2,773,605 |
| Social security costs | 258,737 | 196,336 |
| Cost of defined contribution schemes | 12,260 | 10,572 |
| | <u>3,623,680</u> | <u>2,980,513</u> |
| The average monthly number of employees, including directors, during the year was: | Number | Number |
| Central staff | 17 | 16 |
| Store staff | 200 | 182 |
| | <u>217</u> | <u>198</u> |

A defined contribution pension scheme is operated by the company on behalf of its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions amounting to £1,507 (2016 - £1,534) were payable to the fund at year end.

7 Directors' remuneration

| | 2017 £ | 2016 £ |
|--------------------------------------|----------------|----------------|
| Directors' remuneration consists of: | | |
| Emoluments | <u>287,105</u> | <u>267,000</u> |

There were no (2016 - Nil) directors in the company's defined contribution scheme during the year.

Emoluments of the highest paid director were £131,010 (2016 - £120,000).

During the year no directors (including the highest paid director) received shares under the long term incentive schemes (2016 - Nil). During the year, no directors exercised shares (2016 - Nil).

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

8 Taxation on loss on ordinary activities

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

| | 2017 £ | 2016 £ |
|---|-----------------|-----------|
| Loss on ordinary activities before tax | (93,926) | (279,430) |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20%) | (18,785) | (55,886) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 36,740 | 29,391 |
| R&D tax credit | (1,781) | - |
| Income not taxable | (61,425) | (240) |
| Deferred tax not recognised | 45,251 | 26,735 |
| Total tax charge for period | - | - |

The company has gross tax losses of £2,095,175 available for use against future trading profits. A deferred tax asset has not been recognised in respect of these losses due to the uncertainty around the timing of recovery.

9 Intangible fixed assets

| | Trademarks £ | Website and software £ | Total £ |
|------------------------|-----------------|------------------------------|---------------|
| <i>Cost</i> | | | |
| At 1 April 2016 | 7,963 | 73,940 | 81,903 |
| Additions | 350 | 25,162 | 25,512 |
| Disposals | (8,313) | - | (8,313) |
| At 31 March 2017 | - | 99,102 | 99,102 |
| <i>Amortisation</i> | | | |
| At 1 April 2016 | 873 | 25,024 | 25,897 |
| Provision for the year | 689 | 36,183 | 36,872 |
| Disposals | (1,562) | - | (1,562) |
| At 31 March 2017 | - | 61,207 | 61,207 |
| <i>Net book value</i> | | | |
| At 31 March 2017 | - | 37,895 | 37,895 |
| At 31 March 2016 | 7,090 | 48,916 | 56,006 |

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

10 Tangible fixed assets

| | Leasehold improvements £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Cost</i> | | | | |
| At 1 April 2016 | 1,893,142 | 1,418,779 | 4,341 | 3,316,262 |
| Additions | 301,169 | 762,586 | - | 1,063,755 |
| Disposals | (138,190) | (79,257) | - | (217,447) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2017 | 2,056,121 | 2,102,108 | 4,341 | 4,162,570 |
| <i>Depreciation</i> | | | | |
| At 1 April 2016 | 984,371 | 790,097 | 4,100 | 1,778,568 |
| Provision for the year | 299,436 | 381,473 | 241 | 681,150 |
| Disposals | (133,040) | (37,861) | - | (170,901) |
| Impairment | 57,490 | 73,278 | - | 130,768 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2017 | 1,208,257 | 1,206,987 | 4,341 | 2,419,585 |
| <i>Net book value</i> | | | | |
| At 31 March 2017 | 847,864 | 895,121 | - | 1,742,985 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2016 | 908,771 | 628,682 | 241 | 1,537,694 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The net book value of tangible fixed assets includes £74,427 (2016 – £156,537) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £82,111 (2016 -133,121) for the year.

11 Stock

| | 2017 £ | 2016 £ |
|-------------------------------|-----------------------------|-----------------------------|
| Raw materials and consumables | 109,170 | 112,892 |
| | <u> </u> | <u> </u> |

12 Debtors

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Trade debtors | 66,037 | 39,631 |
| Prepayments | 443,549 | 384,642 |
| Taxation and social security | - | 45,460 |
| Amounts due from group undertakings | 183,384 | 151,484 |
| Other debtors | 384,754 | 298,574 |
| | <u> </u> | <u> </u> |
| | 1,077,724 | 919,791 |
| | <u> </u> | <u> </u> |

All amounts shown under debtors fall due for payment within one year.

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

13 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Bank loans and overdrafts | 103,172 | 2,805 |
| Net obligations under hire purchase contracts | 18,562 | 59,964 |
| Trade creditors | 664,441 | 644,589 |
| Amounts owed to holding company | - | 505,744 |
| Taxation and social security | 187,371 | 65,482 |
| Accruals | 649,150 | 645,294 |
| Other creditors | 180,800 | 163,593 |
| | <u>1,803,496</u> | <u>2,087,471</u> |

14 Creditors: amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Bank loans | 520,971 | 455,293 |
| Net obligations under hire purchase contracts | 2,421 | 20,983 |
| | <u>523,392</u> | <u>476,276</u> |
| Analysis of loans: | | |
| Wholly repayable within five years | 645,127 | 539,045 |
| Included in current liabilities | (121,735) | (62,769) |
| | <u>523,392</u> | <u>476,276</u> |

Zest Food Ltd

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

15 Share capital

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 1,266,575 (2016 – 1,213,165) ordinary class 'A' shares of 0.01p each | 1,267 | 1,213 |
| 30,000 (2016 – 30,000) ordinary class 'B' shares of £1 each | 30,000 | 30,000 |
| | <u>31,267</u> | <u>31,213</u> |

During the year 53,410 shares were issued at a price of £10.02 per share.

16 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

| | Land and buildings 2017 £ | Other 2017 £ | Land and buildings 2016 £ | Other 2016 £ |
|---|------------------------------------|--------------------|------------------------------------|--------------------|
| Not later than 1 year | 1,387,750 | 60,624 | 1,228,600 | 9,131 |
| Later than 1 year and not later than 5 years | 4,908,750 | 61,529 | 4,116,483 | - |
| Later than 5 years | 5,194,875 | - | 5,496,750 | - |
| | <u>11,491,375</u> | <u>122,153</u> | <u>10,841,833</u> | <u>9,131</u> |

17 Related party transactions

Gemini Restaurants LLP is a related company due to its partners being V D Mckevitt and N Sebba, who are directors of the company. At 31 March 2017 Gemini Restaurants LLP owed Zest Food Ltd £nil (2016 - £1,500).

V D Mckevitt is also a director of Chelsea Fine Foods Limited. Sales of £247 (2016 - £8,766) were made to Chelsea Fine Foods Limited during the year, whilst purchases of £1,611 (2016 - £577) were made in the same period. All transactions were conducted on an arm's length basis on normal trading terms. At 31 March 2017, £nil (2016 - £466) was owed to Chelsea Fine Foods Limited and £nil (2016 - £290) was owed by Chelsea Fine Foods Limited.

Zest Food Ltd

Detailed profit and loss account for the year ended 31 March 2017

| | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|-----------|-------------|-----------|-------------|
| Turnover | | 9,801,868 | | 8,577,942 |
| Cost of sales | | (3,113,167) | | (2,736,446) |
| Gross profit | | 6,688,701 | | 5,841,496 |
| Administrative expenses | | | | |
| People costs | | | | |
| Wages and salaries | 3,065,578 | | 2,506,605 | |
| Cost of defined contribution schemes | 12,260 | | 10,572 | |
| Directors' remuneration | 287,105 | | 267,000 | |
| Employer's N.I. contributions | 258,737 | | 196,336 | |
| Staff entertaining | 30,044 | | 31,728 | |
| Uniforms | 4,673 | | 6,668 | |
| Recruitment | 13,757 | | 23,090 | |
| Staff training, health and safety | 37,194 | | 3,483 | |
| | | (3,709,348) | | (3,045,482) |
| Property costs | | | | |
| Rent | 1,370,573 | | 1,142,710 | |
| Rates | 454,814 | | 410,943 | |
| Service charge | 117,485 | | 94,044 | |
| Insurance | 29,754 | | 24,922 | |
| Utilities | 139,085 | | 190,990 | |
| Waste disposal | 42,739 | | 37,612 | |
| | | (2,154,451) | | (1,901,221) |
| Other administrative expenses | | | | |
| EFT Charges | 120,638 | | 89,700 | |
| Repairs and maintenance | 125,592 | | 119,351 | |
| Legal and professional fees | 35,678 | | 24,924 | |
| Marketing | (14,855) | | (8,128) | |
| Third party sales commission | 163,495 | | 71,877 | |
| IT & Systems | 99,777 | | 76,051 | |
| Bank charges | 22,580 | | 31,535 | |
| Consumables | 43,306 | | 45,235 | |
| Travel | 13,383 | | 17,924 | |
| Telephone | 16,200 | | 15,463 | |
| New product development | 14,418 | | 9,262 | |
| Mystery guest | 22,658 | | 15,380 | |
| Licenses and subscriptions | 15,136 | | 12,711 | |
| Seepage | (2,623) | | 3,453 | |
| Printing, postage and stationery | 10,936 | | 8,214 | |
| Other costs | 6,148 | | 1,440 | |
| Depreciation | 811,916 | | 524,543 | |
| Amortisation | 36,873 | | 22,850 | |
| Gain on disposal of tangible fixed assets | (578,503) | | 583 | |
| | | (962,754) | | (1,082,368) |
| Other income | | 132,717 | | 24,146 |

Zest Food Ltd

Detailed profit and loss account for the year ended 31 March 2017 (*continued*)

| | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|--|---------------|-----------------|---------------|------------------|
| Operating loss | | (5,135) | | (163,429) |
| Other interest receivable and similar income | | | | |
| Bank interest received | | 492 | | 2,007 |
| Interest payable | | | | |
| Intercompany bank interest payable | 47,051 | | 46,574 | |
| Non-bank interest paid on loans less than five years | 36,174 | | 53,262 | |
| Hire purchase interest paid | 6,058 | | 19,155 | |
| Others | - | | (983) | |
| | | (89,283) | | (118,008) |
| Loss before taxation | | (93,926) | | (279,430) |