

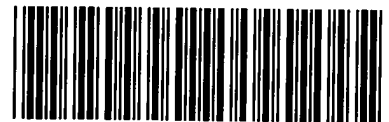
Company Registration No. 06684578

Zest Investment Group Limited

**Annual Report and Consolidated
Financial Statements**

30 September 2015

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COMPANIES HOUSE

Zest Investment Group Limited

Report and financial statements for the year ended 30 September 2015

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Zest Investment Group Limited

Report and financial statements for the year ended 30 September 2015

Officers and professional advisers

Directors

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

Registered Office

2nd Floor, Tirrem House
16 High Street
Yarm
Cleveland
TS15 9AE

Banker

Santander UK plc
Bootle
L30 4GB

Solicitor

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

Auditor

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

Zest Investment Group Limited

Strategic report

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the group during the year was the operation of care homes for the elderly.

The care home business has made steady progress during the current year. One care home, 75 beds, was sold in January 2015 to another operator. The net proceeds of £4.1m were used to repay bank borrowings. The remaining group consists of four homes with 262 available beds. Occupancy has been stable and available beds were 87% occupied at the year-end (2014: 86.5%)

The final residential investment property was sold during the year via the disposal of the subsidiary undertaking Oxford (2007) Limited. The proceeds were used to repay shareholder debt to a departing shareholder.

The directors recommend that no dividend be declared in respect of 2015 (2014: £nil).

Key performance indicators

Care Homes

The key performance indicators (KPIs) that are used by the Company to monitor progress against its strategy and business plan are as follows:

KPI Description

- **Quality outcome**
Assessment of each home using our own internal audit assessment tool, conducted by an independent consultant on a monthly basis, as well as having regard to those assessments and inspections by external agencies (contracting authorities and regulators, CQC and RQIA)
- **Average occupancy**
The average occupancy of available beds expressed as a percentage.
- **Average weekly fee**
The average weekly fee achieved per occupied bed.
- **Home EBITDAR before central costs.**
Home EBITDAR (Earnings before interest, tax, depreciation, amortisation and rent) before central costs. EBITDAR during the year was £1,126,065 (2014: £1,159,252).
- **EBITDAR margin**
Home EBITDAR before central costs expressed as a percentage of revenue.

In terms of outlook, the Directors remain committed to the totem of 'quality and profit being synonymous'. We continue to focus on maximising occupancy whilst continuously improving the level of service offered. As individual homes achieve capacity and satisfactory regulatory reports, the strategy remains thereafter to improve fee rate mix by using natural occupancy churn to offer bed space to the highest potential fee payer. We continue to attempt to improve private to public fee payer mix.

We maintain a very specific focus on daily and weekly in house quality audit, staff training and supervision, staff roster management and appraisal.

Zest Investment Group Limited

Strategic report (continued)

Our objective remains to have all homes performing at budgeted occupancy, with excellent regulatory reports, with positive local reputations as a result. Year on year we expect incremental improvement in average fee rate and steady improvement in EBITDA contribution as a result.

FUTURE DEVELOPMENTS

Care Homes: The Directors believe sector outlook remains positive. Demographic analysis confirms an ageing population and the incidence of dementia is forever increasing as a percentage of overall client morbidity. Zest continues to increase dementia registration categories as a response to this building demographic. Health and Social care budgets for public sector supported clients won't increase materially over the next few years as public finances remain tight which in essence increases the number of people self funding and/or paying a top up.

EMPLOYMENT POLICIES

The company gives full consideration to applications for employment from disabled persons and provides the same career prospects and scope for realising their potential as other employees. Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever possible. During the year, the policy of providing employees with information about the group was improved, with regular meetings being held between management and employees.

PRINCIPAL RISKS AND UNCERTAINTIES

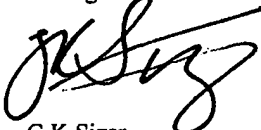
The management of the business and the execution of the company's strategy are subject to a number of risks and uncertainties and steps are undertaken to understand and evaluate these in order to achieve our objective of providing excellent, affordable long-term care in the communities where we operate.

The key risks faced by the Group are:

- failure to comply with regulation, possible leading in extreme cases to loss of registration to operate;
- failure to achieve quality standards, possibly leading to suspension of admissions to our home;
- generating severe negative publicity were a serious incident to occur at one of our homes;
- budgeted occupancy levels not being achieved with negative impact on revenue and profitability;
- average weekly fees do not keep pace with cost inflation, putting margins under pressure;
- failure to recruit, retain and motivate the correct quality of care staff, adversely impacting the quality of care provided.

Due to the current size of the business, these risks are managed by day to day involvement in the operation of the homes by the Directors. The Company also contracts with a quality audit assessor to independently assess and grade each aspect of our care service against the regulatory standards. Monthly review meetings are held between the Managing Director and each Home Manager to monitor the performance of each home against its operating budget and to review and update the home's action plan, which is a permanently evolving control document.

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



G K Sizer
Director

26 June 2016

Zest Investment Group Limited

Directors' report for the year ended 30 September 2015

The directors present their annual report, together with the audited financial statements and for the year ended 30 September 2015.

In preparing this Directors' Report, the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic Report.

Activities

The principal activity of the group is the operation of nursing and residential care homes for the elderly.

Directors

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

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

Going concern

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

Further details regarding the adoption of the going concern basis can be found in the accounting policies note, on page 12, of the financial statements.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

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



G K Sizer
Director

26 June 2016

Zest Investment Group Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of Zest Investment Group Limited

We have audited the financial statements of Zest Investment Group Limited for the year ended 30 September 2015 which comprise the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated statement of total recognised gains and losses, the consolidated cash flow statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2015 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.

Opinion on other matter prescribed by the Companies Act 2006


In our opinion 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.

Independent auditor's report to the members of Zest Investment Group Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.


David Johnson BA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne, United Kingdom

27 June 2016

Zest Investment Group Limited

Consolidated profit and loss account for the year ended 30 September 2015

	Notes	2015 £	2014 £
Turnover	1, 2	7,404,880	9,501,314
Cost of sales		(6,267,436)	(7,185,275)
Gross profit		1,137,444	2,316,039
Administrative expenses (including impairment of fixed assets of £Nil (2014: £925,434).		(596,173)	(1,871,874)
Operating profit		541,271	444,165
(Loss)/ profit on disposal of property		(144,771)	2,305,592
Interest receivable		-	2,713
Interest payable		(217,199)	(877,139)
Profit on ordinary activities before taxation	4	179,301	1,875,331
Tax on profit on ordinary activities	5	176,331	681,809
Profit for the financial year	14	355,632	2,557,140

All activities derive from continuing operations in the United Kingdom.

The notes on pages 12 – 23 form an integral part of these financial statements.

Consolidated statement of total recognised gains and losses for the year ended 30 September 2015

	2015 £	2014 £
Profit for the financial year	355,632	2,557,140
Unrealised deficit on revaluation of investment properties	-	(3,966,247)
Total recognised gains and losses for the year	355,632	(1,409,107)

Zest Investment Group Limited

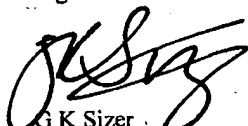
Consolidated balance sheet as at 30 September 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	7	15,091,390	20,256,092
Current assets			
Cash		672,496	606,564
Debtors	9	455,069	265,634
		1,127,565	872,198
Creditors: amounts falling due within one year	10	(906,813)	(8,756,651)
Net current assets/(liabilities)		220,752	(7,884,353)
Total assets less current liabilities		15,312,142	12,371,639
Creditors: amount falling due after one year	11	(9,337,566)	(6,576,365)
Provision for liabilities and charges	12	(234,427)	(410,757)
Net assets		5,740,149	5,384,517
Capital and reserves			
Called up share capital	13	300	300
Revaluation reserve	14	884,875	933,000
Profit and loss account	14	4,854,974	4,451,217
Shareholders' funds	15	5,740,149	5,384,517

The notes on pages 12 – 23 form an integral part of these financial statements.

The financial statements of Zest Investment Group Limited, registered number 06684578 were approved by the Board of Directors on *26 June* 2016.

Signed on behalf of the Board of Directors


G K Sizer
Director

Zest Investment Group Limited

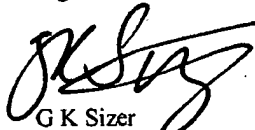
Company balance sheet as at 30 September 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	7	13,255	13,255
Investments	8	9	9
		<u>13,264</u>	<u>13,264</u>
Current assets			
Cash		667,973	603,322
Debtors	9	7,815,537	5,179,855
		<u>8,483,510</u>	<u>5,783,177</u>
Creditors: amounts falling due within one year	10	<u>(345,143)</u>	<u>(62,939)</u>
Net current assets		<u>8,138,367</u>	<u>5,720,238</u>
Total assets less current liabilities		8,151,631	5,733,502
Creditors: amounts falling due after one year	11	(9,337,566)	(6,576,365)
Provision for liabilities and changes	12	-	(39)
Net liabilities		<u>(1,185,935)</u>	<u>(842,902)</u>
Capital and reserves			
Called up share capital	13	300	300
Profit and loss account	14	(1,186,235)	(843,202)
Shareholders' deficit	15	<u>(1,185,935)</u>	<u>(842,902)</u>

The notes on pages 12 – 23 form an integral part of these financial statements.

The financial statements of Zest Investment Group Limited, registered number 06684578 were approved by the Board of Directors on 26 June 2016.

Signed on behalf of the Board of Directors


G K Sizer
Director

Zest Investment Group Limited

Consolidated cash flow statement for the year ended 30 September 2015

	Note	2015 £	2014 £
Net cash inflow from operating activities	16	305,661	935,701
Returns on investments and servicing of finance	17	(217,199)	(874,426)
Taxation	17	-	-
Capital expenditure and financial investment	17	<u>4,776,766</u>	<u>20,027,403</u>
Increase in cash before financing		4,865,228	20,088,678
Financing	17	<u>(4,798,935)</u>	<u>(19,690,013)</u>
Increase in cash		<u>66,293</u>	<u>398,665</u>

The notes on pages 12 – 23 form an integral part of these financial statements.

Zest Investment Group Limited

Notes to the financial statements for the year ended 30 September 2015

1. Accounting policies

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

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention.

Going concern

In January 2015 the group disposed of Icen House Care home and the net sales consideration of £4.1m was used to repay group borrowings. In March 2015 the residual borrowings with Ulster Bank were successfully refinanced under a new £4 million term loan facility expiring in April 2018.

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

The group and company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group and company should be able to operate comfortably within the level of the new term loan facility.

On this basis the directors have a reasonable expectation that the group and company will be able to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation is provided to write off the cost less estimated residual value over their estimated useful lives as follows:

Office equipment	4 – 5 years
Motor Vehicles	4 years
Freehold buildings	50 years

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

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

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

1. Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

In accordance with SSAP19 'Accounting for Investment Properties', investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties. The directors consider this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP19 'Accounting for Investment Properties'. The financial effect of the departure from the statutory accounting rules cannot be reasonably quantified as there are a number of factors reflected in the annual valuation and the amount, which otherwise might have been shown, and cannot be separately identified.

Leases

Operating lease rentals are charged on a straight line basis over the term of the lease.

Taxation

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

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

Bank borrowings

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

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

2. Segmental analysis

	Care home operations £	Letting of investment property £	Total £
Year ended 30 September 2015			
Turnover	7,376,340	28,540	7,404,880
Payroll costs	(4,980,206)	-	(4,980,206)
Running costs	(1,270,069)	(17,161)	(1,287,230)
EBITDAR before central costs	1,126,065	11,379	1,137,444
Central costs	(134,144)	(218,864)	(353,008)
EBITDA	991,921	(207,485)	784,436
Depreciation	(243,165)	-	(243,165)
Loss on disposal of property	(144,771)	-	(144,771)
Interest receivable	-	-	-
Interest payable	(149,067)	(68,132)	(217,199)
Profit/(loss) before taxation	<u>454,918</u>	<u>(275,617)</u>	<u>179,301</u>
Year ended 30 September 2014			
Turnover	8,344,527	1,156,787	9,501,314
Payroll costs	(5,824,555)	-	(5,824,555)
Running costs	(1,360,721)	-	(1,360,721)
EBITDAR before central costs	1,159,251	1,156,787	2,316,038
Central costs	(289,794)	(347,318)	(637,112)
EBITDA	869,457	809,468	1,678,926
Depreciation	(309,328)	-	(309,328)
Profit on disposal of property	-	2,305,592	2,305,592
Revaluation of tangible fixed assets	-	(925,434)	(925,434)
Interest receivable	-	2,713	2,713
Interest payable	(556,252)	(320,887)	(877,139)
Profit before taxation	<u>3,877</u>	<u>1,871,454</u>	<u>1,875,331</u>

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

3. Employees

The average monthly number of employees (including executive directors) was:

	2015 Number	2014 Number
Care staff	326	427
Management and administration	13	20
	<u>339</u>	<u>447</u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	4,361,045	5,101,139
Social security costs	308,150	303,842
	<u>4,669,195</u>	<u>5,431,981</u>

The directors received no emoluments during the current financial year or the previous financial period for their services to the company.

4. Profit on ordinary activities before taxation

	2015 £	2014 £
Profit on ordinary activities before taxation is shown after charging:		
Impairment of fixed assets	-	925,434
Depreciation of tangible assets:		
Owned assets	243,165	309,328
Auditor's remuneration:		
- fees payable to company's auditor for the audit of the company's annual financial statements	3,000	3,000
- fees payable to company's auditor for the audit of the subsidiary annual financial statements	19,500	27,000
	<u>19,500</u>	<u>27,000</u>

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

5. Tax on profit on ordinary activities

i) Analysis of tax charge on ordinary activities

	2015 £	2014 £
Corporation tax:		
United Kingdom corporation tax on the profit for the period	-	-
Deferred tax:		
Adjustment in respect of prior periods	(594)	(342,196)
Timing differences, origination and reversal	(180,119)	(361,604)
Effect of changes in tax rates	4,382	11,991
	<u>(176,331)</u>	<u>(681,809)</u>
Deferred tax credit	(176,331)	(681,809)
Total current tax credit	<u>(176,331)</u>	<u>(681,809)</u>

ii) Factors affecting tax charge for the current period.

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK: 20.5% (2014: 21.49%).

The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	179,301	1,875,331
Tax at 20.5% (2014: 21.49%) thereon:	49,594	412,521
Expenses not deductible for tax purposes	-	207,150
Income not taxable for tax purposes	(124,141)	(1,283,088)
Capital allowances in excess of depreciation	144,083	315,714
Tax losses utilised	37,029	64,147
Tax losses not utilised	31,436	-
Movement in short term timing differences	3,627	-
Effect of gains (inc. rollover relief)	-	283,556
	<u>-</u>	<u>-</u>
Current tax charge for the year	-	-

6. Loss of the parent company

As permitted by Section 408 of the Companies Act, the profit and loss account of the parent company is not presented in these financial statements. The parent company is a holding company and the loss for the financial year amounted to £343,033 (2014: loss £309,570).

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

7. Tangible fixed assets

Group	Investment property £	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2014	700,000	19,050,000	878,880	91,590	20,720,470
Additions	-	-	89,797	1,300	91,097
Disposals	(700,000)	(4,250,000)	(102,610)	(5,750)	(5,058,360)
At 30 September 2015	-	14,800,000	866,067	87,140	15,753,207
Depreciation					
At 1 October 2014	-	-	447,553	16,825	464,378
Charge for the year	-	-	221,180	21,985	243,165
Disposals	-	-	(44,789)	(937)	(45,726)
At 30 September 2015	-	-	623,944	37,873	661,817
Net book value					
At 30 September 2015	-	14,800,000	242,123	49,267	15,091,390
At 30 September 2014	700,000	19,050,000	431,327	74,765	20,256,092
					Fixtures and fittings £
Company					
Cost					
At 1 October 2014					21,184
Additions					-
At 30 September 2015					21,184
Depreciation					
At 1 October 2014					7,929
Charge for the year					-
At 30 September 2015					7,929
Net book value					
At 30 September 2015					13,255
At 30 September 2014					13,255

The freehold land and buildings were valued by the directors on an open market value at 30 September 2015. If the properties had not been revalued they would have been included at £12,443,158 according to historical cost convention.

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

8. Fixed asset investments

	Company	
	2015	2014
	£	£
Subsidiary undertakings	9	9
	<u>9</u>	<u>9</u>
Cost and net book value		£
At 1 October 2014 and 30 September 2015		9
		<u>9</u>

The company owns the entire issued share capital of the following entities:

	Country of incorporation	Principal activity	Holding	%
Zest Investment (Watton) Limited	England	Dormant	Ordinary shares	100%
Zest Investment (Bohill) Limited	England	Dormant	Ordinary shares	100%
Zest Investment (Newtownards) Limited	England	Dormant	Ordinary shares	100%
Zest Investment (Swaffham) Limited	Northern Ireland	Dormant	Ordinary shares	100%
Zest Investment (Omagh) Limited	England	Letting of freehold property	Ordinary shares	100%
Zest Investment (Portadown) Limited	England	Letting of freehold property	Ordinary shares	100%
Zest Investment (Bridgewater) Limited	England	Dormant	Ordinary shares	100%
Zest Investment Property Group Limited	Northern Ireland	Intermediate Holding company	Ordinary shares	100%
Bramley (2007) Limited*	England	Intermediate holding company	Ordinary shares	100%
Bramley Court (Care Homes) Limited*	England	Letting of freehold property	Ordinary shares	100%
Zest Care Homes Limited	England	Operation of care homes	Ordinary shares	100%

* Bramley (2007) Limited is a subsidiary of Zest Investment Property Group Limited. Bramley Court (Care Homes) Limited is a subsidiary of Bramley (2007) Limited. Oxford (2007) Limited was sold during the year.

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

9. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	158,634	210,275	-	-
Amounts owed by group undertakings	-	-	7,804,240	5,177,901
Amounts owed by related parties	4,273	-	4,273	-
Other debtors	180,661	-	7,024	-
Prepayments	111,501	55,459	-	1,954
	<u>455,069</u>	<u>265,734</u>	<u>7,815,537</u>	<u>5,179,855</u>

Other debtors includes £173,633 relating to assets held for sale.

10. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank overdraft (secured)	-	361	-	-
Amounts owed in respect of secured loan (see below)	250,000	-	250,000	-
Amounts owed in respect of secured bank loan	-	7,810,136	-	-
Trade creditors	247,387	176,774	46,543	1,401
Other creditors	71,938	205,257	-	-
Other taxes and social security costs	51,191	240,810	-	-
Accruals and deferred income	286,297	323,313	48,600	61,538
Amounts owed to group undertakings	-	-	-	-
Amounts owed to related parties	-	-	-	-
	<u>906,813</u>	<u>8,756,651</u>	<u>345,143</u>	<u>62,939</u>

All borrowings from Ulster Bank were repaid during the year. A new secured loan facility of £4m was entered into during the year, expiring in April 2018. Capital repayments are £62,500 per quarter. Interest is payable quarterly at a margin of 2.75% plus 3m LIBOR (see Note 20).

11. Creditors: amounts falling due after one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts owed in respect of secured loan	3,585,000	-	3,585,000	-
Amounts due to shareholders (note 20)	<u>5,752,566</u>	<u>6,576,354</u>	<u>5,752,566</u>	<u>6,576,365</u>
	<u>9,337,566</u>	<u>6,576,365</u>	<u>9,337,566</u>	<u>6,576,365</u>

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

12. Provisions for liabilities and charges

Group	Deferred tax £
At 1 October 2014	410,758
Profit and loss account charge (note 5)	(176,331)
	<hr/>
At 30 September 2015	234,427
	<hr/> <hr/>

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

	2015 £	2014 £
Accelerated capital allowances	237,966	444,014
Losses	-	(59,038)
Deferred tax not provided	-	25,782
Short term timing differences	(3,539)	-
	<hr/>	<hr/>
	234,427	410,758
	<hr/> <hr/>	<hr/> <hr/>

Company	Deferred tax £
At 1 October 2014	39
Profit and loss account charge (note 5)	(39)
	<hr/>
At 30 September 2015	-
	<hr/> <hr/>

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

	2015 £	2014 £
Accelerated capital allowances	-	39
	<hr/>	<hr/>
	-	39
	<hr/> <hr/>	<hr/> <hr/>

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

13. Called-up share capital

	2015 £	2014 £
<i>Allotted, called-up and fully paid</i> 300 ordinary shares of £1 each	300	300

14. Reserves

	Group Revaluation reserve £	Profit and loss account £	Company Profit and loss account £
At 1 October 2014	933,000	4,451,217	(843,202)
Realisation of investment revaluation reserve	(48,125)	48,125	-
Profit/(loss) for the financial year	-	355,632	(343,033)
At 30 September 2015	884,875	4,854,974	(1,186,235)

15. Reconciliation of movements in shareholders' funds/ (deficit)

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Profit/(loss) for the financial year	355,632	2,557,040	(343,033)	(309,570)
Movement in revaluation reserve	-	(3,966,247)	-	-
Opening shareholders' funds/(deficit)	5,384,517	(1,409,207)	(842,902)	(533,332)
Closing shareholders' funds/(deficit)	5,740,149	5,384,517	(1,185,935)	(842,902)

16. Reconciliation of operating profit to net cash inflow from operating activities

	2015 £	2014 £
Operating profit	541,271	444,165
Depreciation and amortisation	243,165	309,328
Fixed asset impairments	-	925,434
(Increase)/ decrease in debtors	(189,435)	182,340
Decrease in creditors	(289,341)	(925,666)
Net cash inflow from operating activities	305,661	935,601

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

17. Gross cash flow

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	-	2,713
Interest paid	(217,199)	(877,139)
Net cash outflow	<u>(217,199)</u>	<u>(874,426)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(91,097)	(356,508)
Sale of tangible fixed assets	4,867,863	20,384,011
Net cash inflow/ (outflow)	<u>4,776,766</u>	<u>20,027,503</u>
Financing		
Repayment of secured bank loan	(7,810,136)	(20,042,133)
New secured loan	4,000,000	-
Repayment of new secured loan and arrangement fee	(165,000)	-
Short term working capital movements in shareholder loans	(823,799)	352,120
Net cash inflow/(outflow)	<u>(4,798,935)</u>	<u>19,690,013</u>

18. Analysis of changes in net debt

	1 October 2014 £	Cash flow £	30 September 2015 £
Cash in hand, at bank	606,564	65,932	672,496
Overdrafts	(361)	361	-
	<u>606,203</u>	<u>66,293</u>	<u>672,496</u>
Secured loan due after one year	-	(3,585,000)	(3,585,000)
Secured loan due within one year	-	(250,000)	(250,000)
Bank loan due within one year	(7,810,136)	7,810,136	-
Shareholder debt	(6,576,365)	823,799	(5,752,566)
	<u>(14,386,501)</u>	<u>4,798,935</u>	<u>(9,587,566)</u>
Net debt	<u>(13,780,298)</u>	<u>4,865,228</u>	<u>(8,915,070)</u>

Zest Investment Group Limited

Notes to the financial statements (continued) for the year ended 30 September 2015

18. Analysis of changes in net debt (continued)

	2015	2014
	£	£
Increase in cash in the year	66,293	398,665
Cash outflow from decrease in debt	4,798,935	19,690,013
Change in net debt resulting from cash flows	4,865,228	20,088,678
Net debt at 1 October 2014	(13,780,298)	(33,868,976)
Net debt at 30 September 2015	<u>(8,915,070)</u>	<u>(13,780,298)</u>

19. Commitments

Last year the company was party to an omnibus guarantee in favour of Ulster Bank to secure group borrowings. All borrowings from Ulster Bank were repaid during the year. The new secured loans are secured by a fixed and floating charge over all the assets of the company.

20. Related party transactions

The company is exempt from the requirements of FRS 8 'Related Party Disclosures' to disclose transactions with other members of the group. Other than as disclosed below, there have been no transactions with the directors of the company (refer to note 2), of the group during the year.

Included within amounts owed to shareholders is an amount due to directors of £5,252,566 (2014: £6,576,365). This balance is currently interest free and has no fixed repayment date.

The directors consider Care Protect Limited to be a related party for the purposes of FRS 8 by virtue of a common director, P Scott. The amount owed by Care Protect Limited at the year end was £4,273 (2014: £Nil). This amount relates to short term working capital payments.

The directors consider Sistine Properties (Thetford) Limited to be a related party for the purposes of FRS 8 by virtue of a common director, P Scott. During the year the company entered into a loan facility agreement with Sistine Properties (Thetford) Limited in the sum of £4 million. The amount outstanding at the balance sheet date was £3,875,000 (notes 10 and 11).

21. Ultimate controlling party

The company is jointly controlled by the current directors who each control 50 per cent of the issued share capital of the company.