

Company Registration No. 06684578

Zest Investment Group Limited

Report and Financial Statements

30 September 2011

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Zest Investment Group Limited

Report and financial statements 2011

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Zest Investment Group Limited

Report and financial statements 2011

Officers and professional advisers

Directors

E J Coyle
G Sizer

Registered Office

Park Hall
Middleton St George Hospital
Darlington
County Durham
DL2 1TS

Bankers

Ulster Bank Limited
11-16 Donegall Square East
Belfast
BT7 5UB

Solicitors

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

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne

Zest Investment Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2011.

Activities

The principal activity of the company during the year has been an investment holding company.

Directors

The directors who served throughout the period were as follows:

E J Coyle
G 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 7, 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.

Special exemptions

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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



G Sizer
Director

Date 29 June 2012

Zest Investment Group Limited

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

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

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

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

We have audited the financial statements of Zest Investment Group Limited for the year ended 30 September 2011 which comprise the profit and loss account, balance sheet, and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

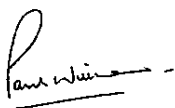
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Paul Williamson BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle Upon Tyne, United Kingdom
29 June 2012

Zest Investment Group Limited

Profit and loss account Year ended 30 September 2011

	Notes	2011 £	2010 £
Turnover		70,000	150,000
Administrative expenses		<u>(121,451)</u>	<u>(145,354)</u>
Operating (loss)/profit		(51,451)	4,646
Interest receivable		<u>4,511</u>	<u>2,820</u>
(Loss)/profit on ordinary activities before taxation	3	(46,940)	7,466
Tax on (loss)/profit on ordinary activities	4	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year	10	<u>(46,940)</u>	<u>7,466</u>

All activities derive from continuing operations

The company has no recognised gains and losses for the current financial year or preceding financial period other than as stated in the profit and loss account and therefore no separate Statement of Total Recognised Gains and Losses has been presented

Zest Investment Group Limited

Balance sheet 30 September 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	5	9	9
Tangible assets	6	5,288	7,931
		<u>5,297</u>	<u>7,940</u>
Current assets			
Debtors	7	5,461,103	4,416,726
Cash at bank and in hand		859,295	1,084,828
		<u>6,320,398</u>	<u>5,501,554</u>
Creditors: amounts falling due within one year	8	<u>(972,646)</u>	<u>(1,052,168)</u>
Net current assets		<u>5,347,752</u>	<u>4,449,386</u>
Total assets less current liabilities		<u>5,353,049</u>	<u>4,457,326</u>
Creditors: amounts falling due in more than one year	9	<u>(5,484,654)</u>	<u>(4,541,991)</u>
Net liabilities		<u>(131,605)</u>	<u>(84,665)</u>
Capital and reserves			
Called up share capital		300	300
Profit and loss account	10	(131,905)	(84,965)
Shareholders' deficit	11	<u>(131,605)</u>	<u>(84,665)</u>

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

The financial statements of Zest Investment Group Limited registered number 06684578 were approved by the Board of Directors on 29 June 2012.

Signed on behalf of the Board of Directors


G Sizer
Director

Zest Investment Group Limited

Notes to the accounts Year ended 30 September 2011

1. Accounting policies

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

Basis of accounting

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

Basis of consolidation

Under the provisions of section 383 of the Companies Act 2006 the company qualifies as a small group and is exempt from preparing consolidated financial statements. The financial statements therefore present information about the company as an individual company and not as a group.

Going concern

The company's principal activity is described in the directors' report. The financial position of the company is set out on page 6.

The current economic conditions create uncertainty over the liquidity position of the company.

As highlighted in notes 8 and 9 to the financial statements, the company meets its day-to-day working capital requirements through shareholder loans. The company currently has cash balances which the directors consider to be sufficient for its likely future requirements. The directors also have assurances that the shareholders will continue to support the company.

The group's bank loan facilities are subject to a standstill agreement dated 14 June 2012 which extends until 30 September 2012, at which point, all bank loans within the group fall due for repayment on demand. The directors are working closely with their bankers to agree the restructure of the debt of the group on a term facility basis during the period of the standstill agreement, sufficient to support the business in the future. The directors have been advised by the bank that they expect to agree facilities for a period of at least 12 months from the end of the standstill agreement, subject to the normal bank approval process, on the basis that the company is continuing to meet current repayment terms on the existing facilities in place.

Thus the directors have a reasonable expectation at the time of approving the financial statements that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Investment

Fixed asset investments are shown at cost less provision for impairment.

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 years
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Zest Investment Group Limited

Notes to the accounts Year ended 30 September 2011

1. Accounting policies (continued)

Taxation

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash flow statement

The company is not presenting a cash flow statement in accordance with the exemption in FRS 1 - Cash Flow Statements. The company qualifies as a small company in companies legislation.

2. Employees

The average number of employees (including directors) was

	2011 No.	2010 No.
Directors	<u>2</u>	<u>2</u>

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

3. Operating profit

	2011 £	2010 £
Operating profit is shown after charging/(crediting)		
Auditors' remuneration:		
- fees payable to company's auditors for the audit of the company's annual accounts	<u>3,000</u>	<u>3,000</u>

Zest Investment Group Limited

Notes to the accounts Year ended 30 September 2011

4. Tax on profit/(loss) on ordinary activities

(i) Analysis of tax charge on ordinary activities

	2011 £	2010 £
United Kingdom corporation tax on the profit/(loss) for the period	-	-
Tax on profit/(loss) on ordinary activities	-	-

(ii) Factors affecting the 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 27% (2010 28%)

The differences are explained below

	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	44,297	7,466
Tax at 27% (2010 28%) thereon	11,959	2,090
Effects of		
Expenses not deductible for tax purposes	(81)	4,894
Capital allowances for period in excess of depreciation	443	77
Movement in deferred tax asset not recognised	-	(6,892)
Group relief not paid for	8,099	(170)
Non utilisation of tax losses	(4,222)	-
Current tax charge for the period	-	-

A deferred tax asset has not been recognised in respect of unused losses. The amount of the asset not recognised is £3,569.

Zest Investment Group Limited

Notes to the accounts Year ended 30 September 2011

5. Fixed asset investments

	£
Cost and net book value	
At 1 October 2010	9
Additions	-
	<hr/>
At 30 September 2011	<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	Development and letting of investment property	Ordinary shares	100%
Zest Investment (Bohill) Limited	England	Development and letting of investment property	Ordinary shares	100%
Zest Investment (Newtownards) Limited	England	Development and letting of investment property	Ordinary shares	100%
Zest Investment (Swaffham) Limited	Northern Ireland	Development and letting of investment property	Ordinary shares	100%
Zest Investment (Omagh) Limited	England	Development and letting of investment property	Ordinary shares	100%
Zest Investment (Portadown) Limited	England	Development and letting of investment 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%
Oxford (2007) Limited*	England	Letting of investment property	Ordinary shares	100%
Bramley (2007) Limited*	England	Intermediate holding company	Ordinary shares	100%
Bramley Court (Care Homes) Limited*	England	Letting of investment property	Ordinary shares	100%
Zest Care Homes Limited (formerly Newgate Consultants Limited)	England	Operation of care homes	Ordinary shares	100%

* Oxford (2007) Limited and Bramley (2007) Limited are subsidiaries of Zest Investment Property Group Limited. Bramley Court (Care Homes) Limited is a subsidiary of Bramley (2007) Limited.

On 12 August 2011, Newgate Consultants Limited changed its name to Zest Care Homes Limited. See note 15 for post balance sheet events.

Zest Investment Group Limited

Notes to the accounts Year ended 30 September 2011

6. Tangible fixed assets

	Office equipment £
Cost	
At 1 October 2010	10,574
Additions	-
At 30 September 2011	<u>10,574</u>
Accumulated depreciation	
At 1 October 2010	2,643
Charge for the year	2,643
At 30 September 2011	<u>5,286</u>
Net book value	
At 30 September 2011	<u>5,288</u>
At 30 September 2010	<u>7,931</u>

7. Debtors

	2011 £	2010 £
Trade debtors	45,500	105,375
Amounts due from group undertakings	5,335,929	3,916,757
Amounts due from related parties	45,531	70,581
Other debtors	34,143	324,013
	<u>5,461,103</u>	<u>4,416,726</u>

8. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	38,388	1,305
Amounts owed to group undertakings	899,258	1,015,563
Other creditors	35,000	35,300
	<u>972,646</u>	<u>1,052,168</u>

Zest Investment Group Limited

Notes to the accounts Year ended 30 September 2011

9. Creditors: amounts falling after more than one year

	2011 £	2010 £
Amounts owed to shareholders	<u>5,484,654</u>	<u>4,541,991</u>

The amounts owed to shareholders are currently interest free and are not repayable within the next 12 months

10. Profit and loss account

	Profit and loss account £
At 1 October 2010	(84,965)
Profit for the financial period	<u>(46,940)</u>
At 30 September 2011	<u>(131,905)</u>

11. Reconciliation of movements in shareholders' deficit

	2011 £	2010 £
(Loss)/profit for the financial year	<u>(46,940)</u>	<u>7,466</u>
Net (decrease)/increase to shareholders' funds	(46,940)	7,466
Opening shareholders' deficit	<u>(84,665)</u>	<u>(92,131)</u>
Closing shareholders' deficit	<u>(131,605)</u>	<u>(84,665)</u>

Zest Investment Group Limited

Notes to the accounts Year ended 30 September 2011

12. Commitments

The company is party to an omnibus guarantee in favour of Ulster Bank to secure group borrowings. The total borrowings outstanding at the year end were £27,544,711 (2010 £22,580,854)

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

13. Related party transactions

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

Included within amounts owed to shareholders is an amount due to directors of £3,396,191 (2010 £2,782,494). This balance is currently interest free and has no fixed repayment date

The directors consider Island Construction Limited to be a related party for the purposes of FRS8 "Related Party Disclosures" by virtue of a common director. The amounts due from Island Construction Limited are £45,531 (2010 £70,581)

14. Controlling party

Zest Investment Group Limited is jointly controlled by the directors who both individually hold 31.67 per cent of the issued share capital of the company

15. Post balance sheet events

On 1 October 2011, Zest Care Homes Limited acquired the trade and assets of 3 care homes from Southern Cross Healthcare Group Plc. These homes were previously leased to Southern Cross Healthcare Group Plc subsidiaries from Bramley Court (Care Homes) Limited and Zest Investment (Swaffham) Limited

On 14 October 2011, Zest Care Homes Limited acquired the trade and assets of a further 2 care homes under identical arrangements. These homes were previously leased to Southern Cross Healthcare Group Plc subsidiaries from Zest Investment (Omagh) Limited and Zest Investment (Portadown) Limited

On 24 December 2011, a lease relating to investment properties between Oxford (2007) Limited and Southern Cross Healthcare Group Plc was terminated. The lease was due to expire on 9 March 2014. Since that date, Oxford (2007) Limited is contracting directly with the tenants that reside at the investment properties