

Company Registration No. 03900384 (England and Wales)

ZANLIA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PAGES FOR FILING WITH REGISTRAR

ZANLIA LIMITED

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ZANLIA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	as restated	£
Non-current assets					
Property, plant and equipment	5	40,181,636		40,809,067	
Investment properties	6	510,993		510,993	
Investments	7	2		2	
		40,692,631		41,320,062	
Current assets					
Trade and other receivables	8	4,146		3,220	
Cash and cash equivalents		15,219		9,218	
		19,365		12,438	
Current liabilities	9	(16,798)		(5,303)	
Net current assets			2,567		7,135
Total assets less current liabilities			40,695,198		41,327,197
Provisions for liabilities			(967,000)		(1,080,800)
Net assets			39,728,198		40,246,397
Equity					
Called up share capital	10	4,924		4,924	
Share premium account		24,605,078		24,605,078	
Revaluation reserve		17,841,437		17,626,167	
Retained earnings	11	(2,723,241)		(1,989,772)	
Total equity			39,728,198		40,246,397

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 24 September 2021 and are signed on its behalf by:

Mrs D S Jenkins
Director

Company Registration No. 03900384

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Zania Limited is a private company limited by shares incorporated in England and Wales. The registered office is East Sussex National, Little Horsted, Uckfield, East Sussex, TN22 5ES.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £1.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 398 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

As at 31 December 2020 the company had negative retained earnings and made a loss. The company meets its working capital requirements by way of its net current assets. The group directors have confirmed that financial support will be available if required.

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the group's operations on which the company relies on for trade. The lockdown periods and other restrictions implemented by the government saw group operations cease for periods during the year and since the year end. In response to the COVID-19 pandemic, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact. During the periods where lockdown has been lifted during and since the year end the state of trading has been very positive.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty in relation to the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.

1.3 Property, plant and equipment

Property, plant and equipment 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:

Land and buildings	2% per annum on a straight line basis
Plant and equipment	25% per annum on a straight line basis
Fixtures and fittings	20% per annum on a straight line basis

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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 credited or charged to profit or loss.

1.4 Investment properties

Investment property, which is property held to earn rentals and for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.5 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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. Recoverable amount is the higher of fair value less costs to sell and value in use.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and includes deposits held at call with banks.

1.8 Financial instruments

The company 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.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from related parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 Equity instruments

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

1.10 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.

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.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

1.12 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease in the period to which it relates.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Freehold property

During the year the directors corrected the estimated residual value of the freehold properties, held within property, plant and equipment, for the current and comparative period to £9,787,750. The effect of this was not material to the comparative period and so has been corrected through the current years depreciation charge. The directors do not believe that the impact of the COVID-19 pandemic has had a material impact on the residual or carrying values of the freehold properties held in the company.

Investment property

The directors believe that the fair value of the investment property in the financial statements is £510,993. Despite no professional valuation being performed since 2017, they believe there has been no material change in the fair value during the current year, and hence basing the fair value on this previous valuation remains appropriate.

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Exceptional item

	2020 £	2019 £
Amounts owed to group companies written back	549,000	12,007
Amounts owed to group companies written off	(551,000)	-
	<u>(2,000)</u>	<u>12,007</u>

4 Employees

The were no employees in the company in the current or comparative period.

5 Property, plant and equipment

	Land and buildings £	Plant and machinery etc £	Total £
Cost or valuation			
At 1 January 2020	43,412,224	80,115	43,492,339
Additions	-	4,800	4,800
At 31 December 2020	<u>43,412,224</u>	<u>84,915</u>	<u>43,497,139</u>
Depreciation and impairment			
At 1 January 2020	2,604,732	78,540	2,683,272
Depreciation charged in the year	630,941	1,290	632,231
At 31 December 2020	<u>3,235,673</u>	<u>79,830</u>	<u>3,315,503</u>
Carrying amount			
At 31 December 2020	<u>40,176,551</u>	<u>5,085</u>	<u>40,181,636</u>
At 31 December 2019	<u>40,807,492</u>	<u>1,575</u>	<u>40,809,067</u>

Freehold properties, included within land and buildings, were valued on an open market basis on 4 August 2017 by Barrington, Corp & Harrington and the directors used this valuation as the basis for the deemed cost on transition to FRS 102.

If freehold properties, included within land and buildings, were measured using the cost model, the carrying amounts would have been as follows:

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Property, plant and equipment (Continued)

	Freehold property	
	2020	2019
	£	£
Cost	23,511,196	23,511,196
Accumulated depreciation	(6,401,940)	(6,000,836)
Carrying value	17,109,256	17,510,360

6 Investment property

	2020
	£
Fair value	
At 1 January 2020 and 31 December 2020	510,993

The fair value of the investment property has been arrived at on the basis of a valuation carried out on 31 July 2017 by Barrington Cop Harrington Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

7 Fixed asset investments

	2020	2019
	£	£
Shares in group undertakings and participating interests	2	2

8 Trade and other receivables

	2020	2019
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	1,950	2,000
Other receivables	2,196	1,220
	4,146	3,220

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Current liabilities

	2020	2019
	£	£
Trade payables	5,820	128
Amounts owed to group undertakings	5,760	-
Taxation and social security	418	375
Other payables	4,800	4,800
	<u>16,798</u>	<u>5,303</u>

10 Called up share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>4,924</u>	<u>4,924</u>	<u>4,924</u>	<u>4,924</u>

11 Retained earnings

Included within retained earnings non-distributable reserves relating to fair value adjustments to the carrying value of investment property of £210,993 (2019 - £210,993).

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Audit report information

(Continued)

Qualified opinion

We have audited the financial statements of Zanlia Limited (the 'company') for the year ended 31 December 2020 which comprise , the statement of financial position and notes to the financial statements, including 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, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 qualified opinion

The land and buildings included within property, plant and equipment are valued at deemed cost on the date of transition to FRS 102 less accumulated depreciation. As a result of the COVID-19 pandemic it is possible there was an impairment to the carrying value of this asset class as at the statement of financial position date. We were unable to obtain sufficient appropriate audit evidence to confirm that this was not the case. We are not able to quantify the potential financial impact with regards to this issue.

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 company 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 qualified opinion.

The senior statutory auditor was Robert Dowling FCA.

The auditor was Carpenter Box.

Carpenter Box is a trading name of Carpenter Box Limited

14 Parent company

The immediate and ultimate parent company is Horsted Estates Limited, a company controlled by Mr M J Hunt.

Horsted Estates Limited prepares consolidated financial statements and copies can be obtained from Companies House. The registered office of Horsted Estates Limited is East Sussex National, Uckfield, East Sussex, TN22 5ES.

ZANLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Prior period adjustment

The comparative period financial statements have been restated to incorporate a correction to the recognition of the deferred tax on the revaluation of freehold property as this was previously charged to profit and loss rather than through other comprehensive income. This has resulted in an increase in the opening retained earnings position in the prior year of £1,050,998.

The financial statements have also been restated to incorporate the impact of a correction to the revaluation reserve, for excess depreciation that has been charged in respect of the revalued assets, through a transfer between this reserve and retained earnings. This has resulted in a transfer to retained earnings of £398,020 in the prior year and a transfer of £5,420,818 to the opening retained earnings position in the prior year.

Reconciliation of changes in equity

	1 January 2019 £	31 December 2019 £
Adjustments to prior year		
Deferred taxation on revaluation	1,050,998	1,050,998
Equity as previously reported	40,064,827	39,195,399
	<hr/>	<hr/>
Equity as adjusted	41,115,825	40,246,397
	<hr/>	<hr/>
Analysis of the effect upon equity		
Revaluation reserve	(5,420,818)	(5,818,838)
Retained earnings	6,471,816	6,869,836
	<hr/>	<hr/>
	1,050,998	1,050,998
	<hr/>	<hr/>

Reconciliation of changes in loss for the previous financial period

	2019 £
Total adjustments	-
Loss as previously reported	(869,428)
	<hr/>
Loss as adjusted	(869,428)
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This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.