

Company Registration No. 04181309 (England and Wales)

ZENITH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



ZENITH LIMITED

COMPANY INFORMATION

Directors	Mr P N Wynn Mrs M A Wynn
Secretary	Mrs M A Wynn
Company number	04181309
Registered office	Suite 1 Troyte House Sandys Road Malvern Worcestershire WR14 1JJ
Auditor	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY
Bankers	National Westminster Bank Plc 1 The Cross Worcester Worcestershire WR1 3PR

ZENITH LIMITED

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ZENITH LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Review of business

The turnover for the year consisted primarily of hotel refurbishment projects throughout the country together with a project for new build retirement apartments. The balance sheet continues to strengthen showing a net asset position of £3,180,343 (2019: £3,012,117). The directors are satisfied with the company's performance to date.

Principal risks and uncertainties

The current economic climate and ongoing COVID-19 global pandemic provides the company with numerous challenges. As a result, our refurbishment and development decisions are constantly being reviewed. Due to the restrictions around the pandemic and social distancing measures, our construction and refurbishment operations were widely reduced from the end of March 2020 into the summer months. However, we believe that the company is well positioned to adapt and respond to market changes and has sufficient resources to continue to trade throughout this period. We continue to have strong relationships with our client base due to the excellent reputation we have achieved from completing projects on time and within budget in the previous years.

Future developments

The company continues to quote for new construction contracts and we have further development opportunities with existing clients due to the successful relationships built over the years. Despite the current COVID-19 pandemic we are confident that the company will continue to be profitable in the next financial period.

Key performance indicators

Key performance indicators include the monitoring of the management of profitability and working capital.

Profit before taxation - £738,971 (2019: £1,510,025)

Current ratio - 2.44:1 (2019: 1.76:1)

Liquidity ratio - 2.41:1 (2019: 1.75:1)

Financial risk management

Price risk

The company continually seeks competitive and reliable suppliers for the majority of supplies received for use in the business.

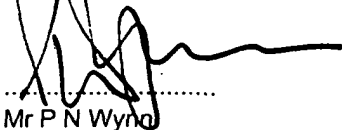
Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Liquidity risk

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of the business.

On behalf of the board



Mr P N Wynne

Director

3/12/20

ZENITH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activity

The principal activity of the company continued to be that of specialist building and refurbishment contractors.

Directors

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

Mr P N Wynn

Mrs M A Wynn

Results and dividends

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

Ordinary dividends were paid amounting to £422,000. The directors do not recommend payment of a further dividend.

Financial instruments

Information about financial risk management can be found within the strategic report.

Future developments

Information about future developments can be found within the strategic report.

Auditor

The auditors, Ormerod Rutter Limited, will be automatically re-appointed in accordance with Section 487(2) of the Companies Act 2006.

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 judgements and accounting estimates that are reasonable and prudent;
- 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.

ZENITH LIMITED

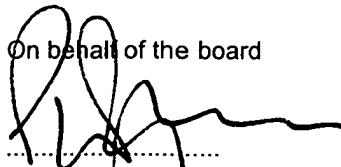
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of disclosure to auditor

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

On behalf of the board



.....
Mr P N Wynn
Director
5/12/20

ZENITH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENITH LIMITED

Opinion

We have audited the financial statements of Zenith Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ZENITH LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ZENITH LIMITED

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 and 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Peter Ormerod FCA (Senior Statutory Auditor)
for and on behalf of Ormerod Rutter Limited

10/12/20

Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

ZENITH LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	8,844,617	19,647,898
Cost of sales		(6,713,534)	(16,594,298)
Gross profit		2,131,083	3,053,600
Administrative expenses		(1,403,638)	(1,549,251)
Exceptional item	4	6,582	-
Operating profit	5	734,027	1,504,349
Interest receivable and similar income	7	5,489	7,526
Interest payable and similar expenses	8	(545)	(1,850)
Profit before taxation		738,971	1,510,025
Tax on profit	9	(148,745)	(300,790)
Profit for the financial year		590,226	1,209,235

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

ZENITH LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		105,710		139,105
Current assets					
Stocks	12	60,466		37,592	
Debtors	14	2,718,959		2,531,199	
Cash at bank and in hand		2,433,111		4,095,087	
		5,212,536		6,663,878	
Creditors: amounts falling due within one year	15	(2,137,903)		(3,788,091)	
Net current assets			3,074,633		2,875,787
Total assets less current liabilities			3,180,343		3,014,892
Provisions for liabilities	17		-		(2,775)
Net assets			3,180,343		3,012,117
Capital and reserves					
Called up share capital	20		2,222		2,222
Profit and loss reserves	21		3,178,121		3,009,895
Total equity			3,180,343		3,012,117

The financial statements were approved by the board of directors and authorised for issue on 3/12/20 and are signed on its behalf by:

Mr P N Wynn
Director

Company Registration No. 04181309

ZENITH LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018		2,222	2,750,660	2,752,882
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	1,209,235	1,209,235
Dividends	10	-	(950,000)	(950,000)
Balance at 31 March 2019		2,222	3,009,895	3,012,117
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	590,226	590,226
Dividends	10	-	(422,000)	(422,000)
Balance at 31 March 2020		2,222	3,178,121	3,180,343

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Zenith Limited is a private company limited by shares incorporated in England and Wales. The registered office is Suite 1, Troyte House, Sandys Road, Malvern, Worcestershire, WR14 1JJ.

1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;

The financial statements of the company are consolidated in the financial statements of Zenith Holdings (Malvern) Limited. These consolidated financial statements are available from its registered office, The Oakley, Kidderminster Road, Droitwich, Worcestershire, WR9 9AY.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT.

The directors consider that the projects undertaken by the company meet the definition of long-term contracts. As such, the value of work that has been completed over and above the value of work invoiced is recognised as turnover and classified as 'amounts recoverable on contracts' within debtors as appropriate.

Profit on long-term contracts is recognised on a percent of completion basis. Provision is made for all losses incurred together with any foreseeable future losses.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.4 Tangible fixed assets

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

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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:

Plant and equipment	25% on cost
Office and computer equipment	25% reducing balance
Motor vehicles	25% reducing balance

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.

1.5 Impairment of fixed 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Work in progress is valued at the lower of cost and net realisable value. Cost includes all direct costs.

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

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.7 Construction contracts

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

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

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

1.8 Cash and cash equivalents

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

1.9 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 balance sheet 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.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 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.

1.11 Taxation

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

Current tax

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

Deferred tax

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

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

1.12 Employee benefits

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

1.13 Retirement benefits

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

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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.

Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates.

Deferred tax assets

Deferred tax assets are only recognised to the extent to which it can be regarded as more likely than not that the company will generate sufficient future taxable profits from which the reversal of the underlying timing differences can be deducted.

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover analysed by class of business		
Building and refurbishment	8,844,617	19,647,898

	2020 £	2019 £
Other significant revenue		
Interest income	5,489	7,526

4 Exceptional item

	2020 £	2019 £
Expenditure		
Irrecoverable loan written off	(6,582)	-

During the year a connected company, Zenith (Ellenborough Park) Limited, was dissolved. The related creditor balance is not going to be recovered and has been written off.

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	6,750	7,250
Depreciation of owned tangible fixed assets	35,802	47,789
Profit on disposal of tangible fixed assets	-	(1,800)
	<u> </u>	<u> </u>

6 Employees

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

	2020 Number	2019 Number
Sales and administration	16	17
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	624,658	726,021
Social security costs	64,563	72,710
Pension costs	12,617	8,596
	<u> </u>	<u> </u>
	701,838	807,327
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	5,214	7,526
Other interest income	275	-
	<u> </u>	<u> </u>
Total income	5,489	7,526
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2020 £	2019 £
Other interest	545	1,850
	<u> </u>	<u> </u>

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	153,773	298,015
Adjustments in respect of prior periods	(89)	-
Total current tax	<u>153,684</u>	<u>298,015</u>
Deferred tax		
Origination and reversal of timing differences	<u>(4,939)</u>	<u>2,775</u>
Total tax charge	<u>148,745</u>	<u>300,790</u>

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

	2020 £	2019 £
Profit before taxation	<u>738,971</u>	<u>1,510,025</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	140,404	286,905
Tax effect of expenses that are not deductible in determining taxable profit	12,302	9,833
Tax effect of utilisation of tax losses not previously recognised	(3,867)	-
Under/(over) provided in prior years	(89)	-
Depreciation in excess of capital allowances	4,934	1,619
(Profit)/Loss on disposal of assets	-	(342)
Deferred tax adjustment	<u>(4,939)</u>	<u>2,775</u>
Taxation charge for the year	<u>148,745</u>	<u>300,790</u>

10 Dividends

	2020 £	2019 £
Final paid	<u>422,000</u>	<u>950,000</u>

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	Plant and equipment	Office and computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2019	16,397	53,447	307,280	377,124
Additions	-	2,407	-	2,407
At 31 March 2020	16,397	55,854	307,280	379,531
Depreciation and impairment				
At 1 April 2019	15,833	39,340	182,846	238,019
Depreciation charged in the year	564	4,130	31,108	35,802
At 31 March 2020	16,397	43,470	213,954	273,821
Carrying amount				
At 31 March 2020	-	12,384	93,326	105,710
At 31 March 2019	564	14,107	124,434	139,105

12 Stocks

	2020 £	2019 £
Work in progress	60,466	37,592

13 Construction contracts

	2020 £	2019 £
Contracts in progress at the reporting date		
Gross amounts owed by contract customers included in debtors	592,974	1,362,584
Contract revenues recognised		
Contract costs incurred plus recognised profits less recognised losses to date	1,995,262	8,242,270
Less: progress billing	(1,402,288)	(6,879,686)
	592,974	1,362,584

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,297,032	874,971
Gross amounts owed by contract customers	592,974	1,362,584
Amounts owed by group undertakings	812,293	130,015
Other debtors	222	155,171
Prepayments and accrued income	14,274	8,458
	<u>2,716,795</u>	<u>2,531,199</u>
Deferred tax asset (note 18)	2,164	-
	<u>2,718,959</u>	<u>2,531,199</u>

15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,499,663	2,972,363
Amounts owed to group undertakings	-	6,582
Corporation tax	60,764	150,810
Other taxation and social security	153,926	64,542
Other creditors	16,999	46,807
Accruals and deferred income	406,551	546,987
	<u>2,137,903</u>	<u>3,788,091</u>

16 Securities

There is a mortgage debenture dated 31/08/2001 outstanding against the company. The security is charged against all assets of the company.

17 Provisions for liabilities

	Notes	2020	2019
		£	£
Deferred tax liabilities	18	-	2,775
		<u>-</u>	<u>2,775</u>

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	-	2,775	2,164	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Movements in the year:				2020 £
Liability at 1 April 2019				2,775
Credit to profit or loss				(4,939)
				<u> </u>
Asset at 31 March 2020				(2,164)
				<u> </u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	12,617	8,596
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary A of £1 each	1,000	1,000
1,000 Ordinary B of £1 each	1,000	1,000
111 Ordinary C of £1 each	111	111
111 Ordinary D of £1 each	111	111
	<u>2,222</u>	<u>2,222</u>

Ordinary A shares have voting rights in respect of dividends. In winding up the assets of the company, first payable will be the holders of B shares. The remainder will be distributed to the A shareholders in proportion to their holdings.

Ordinary B shares have no voting rights in respect of dividends. B shareholders will be first payable in the event of winding up the company assets. A shareholders will be distributed the remainder as a proportion of their holdings.

Ordinary C shares have full voting rights but are not entitled to a dividend unless first approved in writing by the holder of not less than 75% of the issued ordinary A shares.

Ordinary D shares have voting rights but are not entitled to a dividend unless first approved in writing by the holder of not less than 75% of the issued ordinary A shares.

21 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	3,009,895	2,750,660
Profit for the year	590,226	1,209,235
Dividends declared and paid in the year	(422,000)	(950,000)
At the end of the year	<u>3,178,121</u>	<u>3,009,895</u>

This represents the accumulated realised earnings from the prior and current periods as reduced by losses and dividends from time to time.

ZENITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchase of goods	
	2020 £	2019 £
Entities with control, joint control or significant influence over the company	386,760	855,896
Other related parties	476,283	803,198
	<u> </u>	<u> </u>

	Management charges		Rental income	
	2020 £	2019 £	2020 £	2019 £
Entities with control, joint control or significant influence over the company	615,000	300,000	11,760	8,820
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2020 £	2019 £
Entities with control, joint control or significant influence over the company	90,000	-
Fellow group undertakings	-	6,582
Other related parties	30,210	-
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts owed in previous period	2019 Balance £
Entities with control, joint control or significant influence over the company	130,015
Other related parties	42,085
	<u> </u>

23 Ultimate controlling party

The ultimate parent company is Zenith Holdings (Malvern) Limited, a company incorporated in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The registered office is Suite 1, Troyte House, Sandys Road, Malvern, Worcestershire, WR14 1JJ.

The ultimate controlling party is considered to be Mr P Wynn and Mrs M A Wynn by virtue of their joint majority shareholding in the ultimate parent company.