

# Zest Food Limited

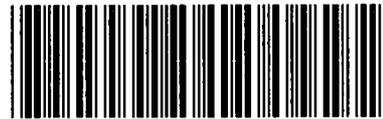
Report and Financial Statements

Year Ended

28 March 2019

Company Number 05070252

FRIDAY



\*L8XTJ3U0\*

LD6

31/01/2020

#198

COMPANIES HOUSE



# Zest Food Limited

## Report and financial statements for the year ended 28 March 2019

---

### Contents

#### Page:

1	Directors' report
3	Directors' responsibilities statement
4	Independent auditor's report
7	Statement of comprehensive income
8	Statement of financial position
9	Statement of changes in equity
10	Notes forming part of the financial statements

---

### Directors

N Sebba  
B C Davis  
R W McKie  
V D Mckevitt

### Secretary and registered office

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

### Company number

05070252

### Auditors

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

# Zest Food Limited

## Directors' report for the year ended 28 March 2019

---

The directors present their report together with the audited financial statements for the year ended 28 March 2019. The financial year represents the period from 1 April 2018 to 28 March 2019. The prior financial year represents the period from 1 April 2017 to 31 March 2018.

### Results

The statement of comprehensive income is set out on page 7 and shows the loss for the year.

### Principal activities

The principal activity of the company remains to operate healthy-eating retail outlets under the brand "Tossed". The trade and assets of Vital 1 Limited that were acquired by Tossed Holdings Limited in March 2018 were transferred to the Company at the start of October 2018 as part of a wider Group reorganisation. This included the stores trading under the Vital Ingredient brand which were also transferred into the Company.

### Post balance sheet events and Going concern

As described more fully in note 1 to the financial statements under the section on going concern, since the balance sheet date, the company has experienced difficult trading conditions, particularly in respect to the decline in the trading performance of the Vital Ingredient stores which were transferred to the company as part of a group reorganisation in October 2018. This decline necessitated a restructuring of the company's business operations with the company making a proposal to creditors in the form of a Company Voluntary Arrangement (CVA). On 12 December 2019, the company's creditors approved the company's plans for the CVA.

Under the terms of the CVA, no stores have been immediately closed, although rents have been significantly reduced on 14 of the company's stores until such time as the stores are vacated or a new lease agreement is reached with the respective landlords. The rents on the remaining 10 stores in the property estate have not been compromised as part of the CVA. Two months' notice can be served for these 14 stores by either the company or the landlord and therefore it is expected that a number of these 14 stores will close in the next twelve months. It is uncertain at this stage how many of these 14 stores will be retained under new lease agreements after this period. Under the terms of the CVA, rents to all landlords are now paid monthly for the remainder of their lease terms.

The impact of the CVA cannot be quantified at the current time and no adjustments have been made in these financial statements to reflect the outcome of the CVA as it is a non-adjusting post balance sheet event. The Directors are working closely with all key stakeholders of the business, including landlords, major suppliers and its bank, and believe that the CVA process will secure the long term future of the business.

### Directors

The directors of the company during the year were:

N Sebba  
B C Davis  
R W McKie  
V D Mckevitt

# Zest Food Limited

Directors' report (*continued*)  
for the year ended 28 March 2019

---

## Auditors

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

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

## On behalf of the Board



N Sebba  
Director

Date 29 JANUARY 2020

# Zest Food Limited

## Directors' responsibilities statement for the year ended 28 March 2019

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

# Zest Food Limited

## Independent auditor's report

---

### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ZEST FOOD LIMITED

#### Opinion

We have audited the financial statements of Zest Food Limited ("the Company") for the year ended 28 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the 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 Financial Reporting Standard 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 28 March 2019 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.

#### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The Company was loss making in the year ended 28 March 2019 and had net current liabilities of £658,782 as at 28 March 2019.

Management have produced sensitised forecasts which show that there is a down-side scenario in which all 14 stores with compromised rents following CVA are closed during the next nine months. This down-side scenario demonstrates that the company will have sufficient funds to meet its liabilities as they fall due for at least twelve months from the approval of the financial statements provided that existing banking facilities remain available on current terms.

Given the recent timing of the CVA, uncertainty over the ongoing store portfolio, and a need for a normalisation of its trading relationships and credit terms with key suppliers, there is no guarantee that the providers of banking facilities will continue to offer the same level of support on an ongoing basis nor that they would provide additional funding at peak periods over and above current overdraft levels should it be required.

These conditions, as disclosed in note 1 to these financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

#### 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.

# Zest Food Limited

## Independent auditor's report (*continued*)

---

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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 the audit:

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

### **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 Director's report.

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

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

# Zest Food Limited

## Independent auditor's report (*continued*)

---

### 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 at the Financial Reporting Council's website at:

<https://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.

BDO LLP

Jason Goodhind (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

31 January 2020

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

# Zest Food Limited

## Statement of comprehensive income for the year ended 28 March 2019

	Note	2019 £	2018 £
Turnover		12,982,337	9,086,778
Cost of sales		(3,913,226)	(2,835,751)
<b>Gross profit</b>		<b>9,069,111</b>	<b>6,251,027</b>
Administrative expenses		(9,918,063)	(7,337,142)
Other income		14,408	30,698
<b>Operating loss</b>	3	<b>(834,544)</b>	<b>(1,055,417)</b>
Other interest receivable and similar income	4	428	67
Interest payable and similar charges	5	(68,748)	(48,767)
<b>Loss on ordinary activities before taxation</b>		<b>(902,864)</b>	<b>(1,104,117)</b>
Taxation on loss on ordinary activities	8	-	-
<b>Loss for the year</b>		<b>(902,864)</b>	<b>(1,104,117)</b>

All amounts relate to continuing activities.

The notes on pages 10 to 19 form part of these financial statements.

# Zest Food Limited

## Statement of financial position at 28 March 2019

<b>Company number 05070252</b>	<b>Note</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	9		17,700		37,016
Tangible assets	10		1,790,243		1,425,813
			<u>1,807,943</u>		<u>1,462,829</u>
<b>Current assets</b>					
Stocks	11	143,725		118,898	
Debtors	12	2,933,442		1,788,821	
Cash at bank and in hand		250,213		130,858	
			<u>3,327,380</u>	<u>2,038,577</u>	
<b>Creditors: amounts falling due within one year</b>	13	(3,986,162)		(3,079,109)	
			<u>(658,782)</u>	<u>(1,040,532)</u>	
<b>Net current liabilities</b>					
<b>Total assets less current liabilities</b>			<u>1,149,161</u>		<u>422,297</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(476,868)		-
			<u>672,293</u>		<u>422,297</u>
<b>Capital and reserves</b>					
Called up share capital	15	31,451		31,337	
Share premium account		5,524,176		4,371,430	
Profit and loss account		(4,883,334)		(3,980,470)	
			<u>672,293</u>	<u>422,297</u>	
<b>Shareholders' funds</b>					

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

The financial statements were approved by the Board of Directors and authorised for issue on 29 JANUARY 2020



N Sebba  
Director

The notes on pages 10 to 19 form part of these financial statements.

# Zest Food Limited

## Statement of changes in equity for the year ended 28 March 2019

	Share capital £	Share Premium £	Profit and loss Account £	Total Equity £
<b>At 1 April 2018</b>	31,337	4,371,430	(3,980,470)	422,297
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(902,864)	(902,864)
<b>Total comprehensive income for the year</b>	-	-	(902,864)	(902,864)
<b>Contributions by and distributions to owners</b>				
Issue of shares	114	1,152,746	-	1,152,860
<b>Total contributions by and distributions to owners</b>	114	1,152,746	-	1,152,860
<b>At 28 March 2019</b>	31,451	5,524,176	(4,883,334)	672,293
<b>At 1 April 2017</b>	31,267	3,672,715	(2,876,353)	827,629
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,104,117)	(1,104,117)
<b>Total comprehensive income for the year</b>	-	-	(1,104,117)	(1,104,117)
<b>Contributions by and distributions to owners</b>				
Issue of shares	70	698,715	-	698,785
<b>Total contributions by and distributions to owners</b>	70	698,715	-	698,785
<b>At 31 March 2018</b>	31,337	4,371,430	(3,980,470)	422,297

The notes on pages 10 to 19 form part of these financial statements.

# Zest Food Limited

## Notes forming part of the financial statements for the year ended 28 March 2019

### 1 Accounting policies

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

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

#### *Financial reporting standard 102 - reduced disclosure exemptions*

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

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

This information is included in the consolidated financial statements of Tossed Holdings Limited as at 28 March 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### *Going concern*

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities of the company, as well as the company's principal risks and uncertainties. The Company was loss making in the year ended 28 March 2019 and had net current liabilities of £658,782 as at 28 March 2019.

Since the balance sheet date, the company has experienced difficult trading conditions, particularly in respect to the decline in the trading performance of the Vital Ingredient stores which were transferred to the company as part of a group re-organisation in October 2018. This decline necessitated a restructuring of the company's business operations with the company making a proposal to creditors in the form of a Company Voluntary Arrangement (CVA). On 12 December 2019, the company's creditors approved company plans for the CVA. The Directors believe that the CVA will secure the long term future of the business.

Under the terms of the CVA, no stores have been immediately closed, although rents have been significantly reduced on 14 of the company's stores until such time as the stores are vacated or a new lease agreement is reached with the respective landlords. The rents of the remaining 10 stores in the property estate have not been compromised as part of the CVA. Two months' notice can be served in respect of these 14 stores by either the company or the landlord and therefore it is expected that a number of these 14 stores will close in the next twelve months. It is uncertain at this stage how many of these 14 stores will be retained under new lease agreements after this period. Under the terms of the CVA, rents to all landlords are now paid monthly for the remainder of their lease terms.

The CVA has also impacted the company's relationship with key suppliers resulting in a material decline in available credit terms. Management are working with key suppliers to normalise these trading relationships and restore normal trading credit terms, but due to the short period since the conclusion of the CVA, this process is currently ongoing.

# Zest Food Limited

## Notes forming part of the financial statements for the year ended 28 March 2019(continued)

### 1 Accounting policies (continued)

#### *Going concern (continued)*

The company had bank loans totalling £678,749 at the balance sheet date. The decline in the company's trading performance since the year end and the resulting CVA means that the company is currently in breach of the financial covenants in place on these loans. However, the company has continued to meet its scheduled quarterly repayments on these facilities, forecasts that future repayments can all be made as they fall due and retains the current support of the bank. The scheduled repayments reduce the outstanding balance on these loans to £225,000 in April 2021, at which point the remaining balance falls due for repayment. The company has a reasonable expectation that it will be able to re-finance the reduced loan balance at this point.

In preparing the financial statements on a going concern basis, management have prepared forecasts based on the assumption that a number of the stores affected by the CVA will close. In addition, management have made assumptions about, and included certain expectations of, the normalisation of credit terms and the continued availability of bank financing.

Management have also sensitised the forecasts for a down-side scenario in which all 14 stores affected by compromised rents are closed during the next nine months. This down-side scenario still demonstrates that the company has sufficient funds to meet its liabilities as they fall due for at least twelve months from the approval of the financial statements from the remaining 10 stores where rents were not compromised as part of the CVA provided that banking facilities remain available on current terms.

Given recent timing of the CVA, uncertainty over the ongoing store portfolio, and a need for a normalisation of its trading relationships and credit terms with key suppliers, there is no guarantee that the providers of banking facilities will continue to offer the same level of support on an ongoing basis nor that they would provide additional funding at peak periods over and above current overdraft levels.

These conditions indicate the existence of a material uncertainty which may cast doubt on the company's ability to continue as a going concern. However, the providers of banking facilities have recently waived certain covenant breaches and have indicated a willingness to continue to provide finance on current terms. The directors therefore consider that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### *Turnover*

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

#### *Fixed assets, depreciation and amortisation*

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

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

#### *Stock*

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

# Zest Food Limited

## Notes forming part of the financial statements for the year ended 28 March 2019(*continued*)

---

### 1 Accounting policies (*continued*)

#### *Operating leases*

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

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

#### *Finance leases*

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

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

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

#### *Financial assets*

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

#### *Financial liabilities and equity*

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

# Zest Food Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019(*continued*)

---

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

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

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

*Other key sources of estimation uncertainty*

- *Tangible fixed assets (see note 10)*

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

# Zest Food Limited

## Notes forming part of the financial statements for the year ended 28 March 2019 (continued)

<b>3 Operating loss</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<i>This is arrived at after charging/(crediting):</i>		
Amortisation of intangible fixed assets	25,806	29,061
Depreciation of tangible fixed assets	597,569	612,811
Impairment of tangible fixed assets	-	193,456
Hire of other assets - operating leases	1,887,265	1,421,838
Loss on disposal of tangible fixed assets	46,868	36,141
Exceptional loss on surrender of a lease	109,855	-
Fees payable to the group's auditor for:		
- the audit of the company's annual accounts	12,000	17,000
- tax compliance	-	7,000
- other tax services	4,500	6,206
	<b>-----</b>	<b>-----</b>
Loss on disposal of tangible fixed assets includes costs of disposal of £15,498 (2018 – £2,726)		
<b>4 Interest receivable and similar income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank interest	428	67
	<b>-----</b>	<b>-----</b>
<b>5 Interest payable and similar income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	68,748	47,207
Finance leases	-	1,560
	<b>-----</b>	<b>-----</b>
	<b>68,748</b>	<b>48,767</b>
	<b>-----</b>	<b>-----</b>

# Zest Food Limited

## Notes forming part of the financial statements for the year ended 28 March 2019 (continued)

<b>6 Employees</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<i>Team costs (including directors) consist of:</i>		
Wages and salaries	4,489,227	3,104,728
Social security costs	368,070	256,536
Cost of defined contribution schemes	40,833	13,572
	<u>4,898,130</u>	<u>3,374,836</u>
<i>The average monthly number of employees, including directors, during the year was:</i>	<b>Number</b>	<b>Number</b>
Central team	21	17
Store team	262	188
	<u>283</u>	<u>205</u>

A defined contribution pension scheme is operated by the company on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions amounting to £13,704 (2018 - £2,200) were payable to the fund at year end.

<b>7 Directors' remuneration</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<i>Directors' remuneration consists of:</i>		
Emoluments	<u>292,028</u>	<u>288,764</u>

There were no (2018 - Nil) directors in the company's defined contribution scheme during the year.

Emoluments of the highest paid director were £133,250 (2018 - £133,081).

During the year no directors (including the highest paid director) received shares under the long term incentive schemes (2018 - Nil). During the year, no directors exercised shares (2018 - Nil).

# Zest Food Limited

## Notes forming part of the financial statements for the year ended 28 March 2019 (*continued*)

### 8 Taxation on loss on ordinary activities

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(902,864)	(1,104,117)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(171,544)	(209,782)
Effects of:		
Fixed asset differences	2,785	49,833
Expenses not deductible for tax purposes	26,082	2,489
Deferred tax not recognised	142,677	157,460
Total tax charge for period	-	-

The company has gross tax losses of £3.5m (2018: £2.8m) available for use against future trading profits. A deferred tax asset has not been recognised in respect of these losses due to the uncertainty around the timing of recovery.

### 9 Intangible fixed assets

	Website and software £	Total £
<i>Cost</i>		
At 1 April 2018	127,284	127,284
Additions	6,490	6,490
At 28 March 2019	133,774	133,774
<i>Amortisation</i>		
At 1 April 2018	90,268	90,268
Provision for the year	25,806	25,806
At 28 March 2019	116,074	116,074
<i>Net book value</i>		
At 28 March 2019	17,700	17,700
At 31 March 2018	37,016	37,016

# Zest Food Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 (continued)

## 10 Tangible fixed assets

	Leasehold Improvements £	Plant and machinery £	Motor Vehicles £	Total £
<i>Cost</i>				
At 1 April 2018	2,098,091	2,256,615	4,341	4,359,047
Additions	543,246	450,123	-	993,369
Disposals	(210,289)	(240,434)	-	(450,723)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2019	<b>2,431,048</b>	<b>2,466,304</b>	<b>4,341</b>	<b>4,901,693</b>
<i>Depreciation</i>				
At 1 April 2018	1,406,854	1,522,039	4,341	2,933,234
Provision for the year	229,719	367,850	-	597,569
Disposals	(199,477)	(219,876)	-	(419,353)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2019	<b>1,437,096</b>	<b>1,670,013</b>	<b>4,341</b>	<b>3,111,450</b>
<i>Net book value</i>				
At 28 March 2019	<b>993,952</b>	<b>796,291</b>	<b>-</b>	<b>1,790,243</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	691,237	734,576	-	1,425,813
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £nil (2018 – £8,622) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £8,622 (2018 - £65,805) for the year.

## 11 Stock

	2019 £	2018 £
Raw materials and consumables	143,725	118,898
	<hr/>	<hr/>

There is no material difference between the carrying value of stock and its replacement value.

## 12 Debtors

	2019 £	2018 £
Trade debtors	146,942	78,525
Prepayments and accrued income	1,787,940	950,306
Amounts due from group undertakings	523,420	525,194
Other debtors	475,140	234,796
	<hr/>	<hr/>
	<b>2,933,442</b>	<b>1,788,821</b>
	<hr/>	<hr/>

Included within other debtors are rent deposits of £473,569 (2018: £207,814) which fall due for repayment after more than one year. All other amounts shown under debtors fall due for payment within one year.

# Zest Food Limited

**Notes forming part of the financial statements  
for the year ended 28 March 2019 (continued)**

**13 Creditors: amounts falling due within one year**

	2019 £	2018 £
Bank overdrafts	-	100,305
Bank loans	201,881	835,829
Net obligations under hire purchase contracts	-	2,421
Trade creditors	2,115,410	1,245,093
Taxation and social security	136,454	80,208
Accruals	964,946	639,897
Other creditors	567,471	175,356
	3,986,162	3,079,109
	3,986,162	3,079,109

**14 Creditors: amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	476,868	-
Net obligations under hire purchase contracts	-	-
	476,868	-
	476,868	-
<b>Analysis of loans:</b>		
Wholly repayable within five years	678,749	835,829
Included in current liabilities	(201,881)	(835,829)
	476,868	-
	476,868	-

Bank loans and overdrafts are secured by fixed and floating charge over the assets of the company.

# Zest Food Limited

## Notes forming part of the financial statements for the year ended 28 March 2019 (continued)

### 15 Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1,451,370 (2018 – 1,336,314) ordinary class 'A' shares of 0.01p each	1,451	1,337
30,000 (2018 – 30,000) ordinary class 'B' shares of £1 each	30,000	30,000
	<u>31,451</u>	<u>31,337</u>

During the year 115,056 (2018: 69,739) shares were issued at a price of £10.02 (2018: £10.02) per share for a total consideration of £1,152,860 (2018: £698,785).

### 16 Commitments under operating leases

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

	Land and Buildings 2019 £	Other 2019 £	Land and buildings 2018 £	Other 2018 £
Not later than 1 year	2,412,702	54,170	1,449,500	43,944
Later than 1 year and not later than 5 years	8,997,373	108,675	5,200,500	16,910
Later than 5 years	11,190,306	-	5,231,792	-
	<u>22,600,381</u>	<u>162,845</u>	<u>11,811,792</u>	<u>60,854</u>

### 17 Related party transactions

V D Mckevitt is also a director of Chelsea Fine Foods Limited. Sales of £724 (2018 - £1,840) were made to Chelsea Fine Foods Limited during the year, whilst purchases of £4,158 (2018 - £18,292) were made in the same period. All transactions were conducted on an arm's length basis on normal trading terms. At 28 March 2019, £Nil (2018 - £Nil) was owed to Chelsea Fine Foods Limited and £Nil (2018 - £286) was owed by Chelsea Fine Foods Limited.

### 18 Post balance sheet events

As described in note 1 to the financial statements under the section on going concern, the company's creditors agreed the company's proposals for a Company Voluntary Arrangement (CVA) on 12 December 2019.

Under the terms of the CVA, no stores have been immediately closed, although rents have been significantly reduced on 14 of the company's stores until such time as the stores are vacated or a new lease agreement is reached with the respective landlords. The rents on the remaining 10 stores in the property estate have not been compromised as part of the CVA. Two months' notice can be served on these 14 stores by either the company or the landlord and therefore it is expected that a number of these stores will close in the next twelve months. It is uncertain at this stage how many of these 14 stores will be retained under new lease agreement after this period.

The impact of this cannot be quantified at the current time and no adjustments have been made in these financial statements to reflect the outcome of the CVA as it is a non-adjusting post balance sheet event.