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Company Registration No. 5457495 (England and Wales)

ZESTHOUSE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012



ZESTHOUSE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Director | S S Conway |
| Secretary | A W Porter |
| Company number | 5457495 |
| Registered office | 3rd Floor Sterling House Langston Road Loughton Essex IG10 3TS |
| Auditors | BDO LLP 55 Baker Street London United Kingdom W1U 7EU |
| Business address | PO Box 206 Loughton Essex IG10 1PL |
| Bankers | Barclays Bank Plc 1 Churchill Place London E14 5HP Principality Building Society P O Box 89 Principality Buildings Queen Street Cardiff CF10 1UA |
| Solicitors | Howard Kennedy 19 Cavendish Square London W1A 2AW |

ZESTHOUSE LIMITED

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ZESTHOUSE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2012

The director presents his report and financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the company continued to be that of property development

Director

The following director has held office since 1 April 2011

S S Conway

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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

ZESTHOUSE LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

Statement of disclosure to auditors

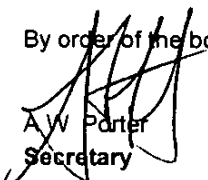
(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and,

(b) he has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information

(c) BDO LLP have expressed their willingness to continue in the office Under the Companies Act 2006 section 487(2) they will be automatically re-appointed 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

By order of the board



A W Porter
Secretary

27 September 2012

ZESTHOUSE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZESTHOUSE LIMITED

We have audited the financial statements of Zesthouse Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - 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 is reliant on the continuing support of its bankers. One of the company's loan covenants is in breach. The directors have had no indication from the bank that they will call in their security over the property as a result of the breach although there is no guarantee that they will not do so. These conditions 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 adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ZESTHOUSE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ZESTHOUSE LIMITED

Matters on which we are required to report by exception

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

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

BDO LLP

Thomas Edward Goodworth (Senior Statutory Auditor)

For and on behalf of BDO LLP

27/09/12

Statutory Auditor

55 Baker Street
London
United Kingdom

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

ZESTHOUSE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

| | Notes | 2012 £ | 2011 £ |
|---|----------|----------------|-----------------|
| Cost of sales | | (9,969) | - |
| Gross loss | | (9,969) | - |
| Administrative expenses | | (601) | (758) |
| Other operating income | | 30,143 | 15,008 |
| Operating profit | 2 | 19,573 | 14,250 |
| Other interest receivable and similar income | | 1 | - |
| Interest payable and similar charges | 3 | (24,798) | (25,796) |
| Loss on ordinary activities | | (5,224) | (11,546) |
| Joint developers' share of loss | | 9,059 | 10,934 |
| Profit/(loss) on ordinary activities before and after taxation | 7 | 3,835 | (612) |

The profit and loss account has been prepared on the basis that all operations are continuing operations
There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 7 to 9 form part of these financial statements

ZESTHOUSE LIMITED

Company Registration No 5457495

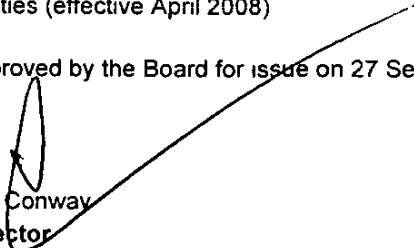
BALANCE SHEET

AS AT 31 MARCH 2012

| | Notes | 2012 £ | £ | 2011 £ | £ |
|---|-------|--------------------|-----------------|--------------------|-----------------|
| Current assets | | | | | |
| Stocks | | 990,882 | | 987,628 | |
| Debtors | 4 | 132,821 | | 120,481 | |
| Cash at bank and in hand | | 2,625 | | 144 | |
| | | <u>1,126,328</u> | | <u>1,108,253</u> | |
| Creditors: amounts falling due within one year | 5 | <u>(1,178,229)</u> | | <u>(1,163,989)</u> | |
| Total assets less current liabilities | | | <u>(51,901)</u> | | <u>(55,736)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 6 | | 2 | | 2 |
| Profit and loss account | 7 | | <u>(51,903)</u> | | <u>(55,738)</u> |
| Shareholders' funds | | | <u>(51,901)</u> | | <u>(55,736)</u> |

These financial statements have been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Board for issue on 27 September 2012


S S Conway
Director

ZESTHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going concern

The company's bank loan includes a net rental income to interest cover covenant. The company is in breach of this covenant at the year-end. The directors have had no indication from the bank that they will call in their security over the property as a result of the breach although there is no guarantee that they will not do so. The loan has been reclassified as falling due within one year as a result of the breach. These conditions indicate that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors, in their consideration of going concern, have reviewed the company's future cash forecasts and revenue projections, which they believe are based on prudent market data and past experience and believe, based on those forecasts and projections and the continued support of the bank involved, that it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover comprises amounts receivable from the sale of developed units. Profit on the sale of developed units is taken on receipt of sales proceeds at legal completion.

1.4 Stock

Stock represents property acquired for development together with work in progress on those properties. These assets are included at the lower of cost and net realisable value. Cost for this purpose comprises the purchase cost of the land and buildings and development expenditure.

Profit on sale of developed properties are taken on receipt of sales proceeds at legal completion. Costs attributable to each sale comprise an appropriate proportion of the total costs of the development.

1.5 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1.6 Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

ZESTHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

| | | | |
|----------|---|------------------|------------------|
| 2 | Operating profit | 2012 | 2011 |
| | | £ | £ |
| | Operating profit is stated after charging | | |
| | Auditors' remuneration | 500 | 500 |
| | | <u>500</u> | <u>500</u> |
| 3 | Interest payable | 2012 | 2011 |
| | | £ | £ |
| | On bank loans and overdrafts | 24,798 | 25,796 |
| | | <u>24,798</u> | <u>25,796</u> |
| 4 | Debtors | 2012 | 2011 |
| | | £ | £ |
| | Trade debtors | 3,530 | 249 |
| | Amounts due from joint developers | 129,291 | 120,232 |
| | | <u>132,821</u> | <u>120,481</u> |
| | All amounts fall due for payment within one year | | |
| 5 | Creditors: amounts falling due within one year | 2012 | 2011 |
| | | £ | £ |
| | Bank loans and overdrafts (secured) | 616,931 | 644,810 |
| | Trade creditors | 4,974 | 5,633 |
| | Amounts owed to group undertakings | 553,655 | 513,046 |
| | Accruals and deferred income | 2,669 | 500 |
| | | <u>1,178,229</u> | <u>1,163,989</u> |
| 6 | Share capital | 2012 | 2011 |
| | | £ | £ |
| | Allotted, called up and fully paid | | |
| | 2 Ordinary shares of £1 each | 2 | 2 |
| | | <u>2</u> | <u>2</u> |

ZESTHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

7 Statement of movements on profit and loss account

| | Profit and loss account £ |
|--------------------------|------------------------------------|
| Balance at 1 April 2011 | (55,738) |
| Profit for the year | 3,835 |
| Balance at 31 March 2012 | <u>(51,903)</u> |

8 Control

At the balance sheet date the immediate parent company was Galliard Homes Limited, a company registered in England and Wales, and the ultimate parent company was Galliard Holdings Limited, a company registered in England and Wales

Galliard Holdings Limited prepares group financial statements and copies can be obtained from 3rd Floor Sterling House, Langston Road, Loughton, Essex IG 10 3TS

Since the year end Galliard Holdings Limited has been acquired by Galliard (Group) Limited

S S Conway Esq is the ultimate controlling party

9 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8, from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company and are publicly available