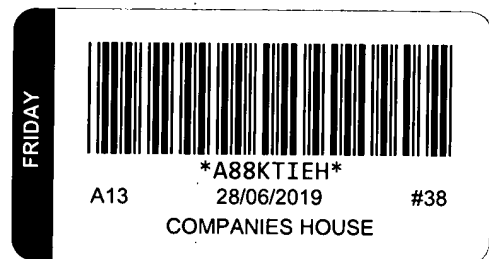


ZEST CARE HOMES LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2018



ArmstrongWatson[®]
Accountants, Business & Financial Advisers

ZEST CARE HOMES LIMITED

COMPANY INFORMATION

Directors	G K Sizer P H Scott
Registered number	06315771
Registered office	2nd Floor 16 High Street Yarm Cleveland TS15 9AE
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditor York House Northallerton North Yorkshire DL6 2XQ
Bankers	Santander UK plc Bootle Merseyside L30 4GB

ZEST CARE HOMES LIMITED

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ZEST CARE HOMES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

Introduction

The directors present their report and the financial statements of the company for the year ended 30 September 2018.

Business review

The principal activity of the company during the current and prior year was the operation of care homes for the elderly.

The care home business has made steady progress during the current year. Occupancy rates improved slightly and available beds were 93.8% occupied at the year end (2017 - 93.6%).

In terms of outlook, the directors remain committed to the totem of 'quality and profit being synonymous'. We continue to focus on maximising occupancy whilst continuously improving the level of service offered. As individual homes achieve capacity and satisfactory regulatory reports, the strategy remains thereafter to improve fee rate mix by using natural occupancy churn to offer bed space to the highest potential fee payer. We continue to attempt to improve private to public fee payer mix.

In tandem service enhancements continue such as the introduction of CCTV monitoring this year and supernumerary deputy managers with a very specific focus on daily and weekly in house quality audit, staff training and supervision, staff roster management and appraisal.

Our objective remains to have all homes performing at budgeted occupancy, with excellent regulatory reports, with positive local reputations as a result. Year on year we expect incremental improvement in average fee rate and steady improvement in EBITDA contribution as a result.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks and uncertainties and steps are undertaken to understand and evaluate these in order to achieve our objective of providing excellent, affordable long-term care in the communities where we operate.

The key risks faced by the company are:

- failure to comply with regulation, possibly leading in extreme cases to loss of registration to operate;
- failure to achieve quality standards, possibly leading to suspension of admissions to our home;
- generating severe negative publicity were a serious incident to occur at one of our homes;
- budgeted occupancy levels not being achieved with negative impact on revenue and profitability;
- average weekly fees do not keep pace with cost inflation, putting margins under pressure;
- failure to recruit, retain and motivate the correct quality of care staff, adversely impacting the quality of care provided; and
- failure to renew banking facilities.

Due to the current size of the business, these risks are managed by day to day involvement in the operation of the homes by the directors. The company also contracts with a quality audit assessor to independently assess and grade each aspect of our care service against the regulatory standards. Monthly review meetings are held between the Managing Director and each Home Manager to monitor the performance of each home against its operating budget and to review and update the home's action plan, which is a permanently evolving control document.

ZEST CARE HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Financial key performance indicators

The key performance indicators (KPIs) that are used by the company to monitor progress against its strategy and business plan are as follows:

KPI Description

- **Quality outcome**
Assessment of each home using our own internal audit assessment tool, conducted by an independent consultant on a monthly basis, as well as having regard to those assessments and inspections by external agencies (contracting authorities and regulators, CQC and RQIA).
- **Average occupancy**
The average occupancy of available beds expressed as a percentage, 93.8% (2017 - 91.9%)
- **Average weekly fee**
The average weekly fee achieved per occupied bed, £700 per week (2017 - £672 per week)
- **Home EBITDAR before central costs**
Home EBITDAR (Earnings before interest, tax, depreciation, amortisation and rent) before central costs. EBITDAR during the year was £892,266 (2017 - £1,358,141)
- **EBITDAR margin**
Home EBITDAR before central costs expressed as a percentage of revenue, 10.4% (2017 - 16.6%)

EBITDAR before central costs and EBITDAR margin have been impacted by above inflationary pay awards to nursing and care staff in order to address recruitment shortages in certain locations.

This report was approved by the board and signed on its behalf.



G K Sizer
Director

Date: 27 June 2019

ZEST CARE HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £603,923 (2017 - £1,065,985).

Directors

The directors who served during the year were:

G K Sizer
P H Scott

Future developments

The directors believe sector outlook remains positive. Demographic analysis confirms an ageing population and the incidence of dementia is forever increasing as a percentage of overall client morbidity. Zest continues to increase dementia registration categories as a response to this building demographic. Health and Social care budgets for public sector supported clients won't increase materially over the next few years as public finances remain tight which in essence increases the number of people self-funding and/or paying a top up.

ZEST CARE HOMES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Employment policies

The company gives full consideration to applications for employment from disabled persons and provides the same career prospects and scope for realising their potential as other employees. Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever possible. During the year, the policy of providing employees with information about the company was improved to make all employees aware of financial and economic factors affecting the performance of the company, with regular meetings being held between management and employees.

Matters covered in the strategic report

Information is not shown in the directors' report because it is shown in the strategic report instead under S414C (11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



G K Sizer
Director

Date: *27 June 2019*

ZEST CARE HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ZEST CARE HOMES LIMITED

Opinion

We have audited the financial statements of Zest Care Homes Limited (the 'Company') for the year ended 30 September 2018, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, 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 30 September 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

ZEST CARE HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ZEST CARE HOMES LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion 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 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.

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 or the Directors' 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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.

Auditors' responsibilities for the audit of the financial statements

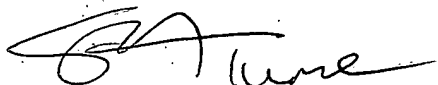
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ZEST CARE HOMES LIMITED (CONTINUED)

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 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.



Simon Turner (Senior statutory auditor)

for and on behalf of
Armstrong Watson Audit Limited

Chartered Accountants
Statutory Auditor

Northallerton

Date:

27 June 2019

ZEST CARE HOMES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Turnover	4	8,556,702	8,200,786
Cost of sales		(7,664,436)	(6,842,645)
Gross profit		892,266	1,358,141
Administrative expenses		(271,997)	(270,276)
Operating profit		620,269	1,087,865
Tax on profit		(16,346)	(21,880)
Profit after tax		603,923	1,065,985
Retained earnings at the beginning of the year		266,928	(799,057)
		266,928	(799,057)
Profit for the year		603,923	1,065,985
Retained earnings at the end of the year		870,851	266,928

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 18 form part of these financial statements.

ZEST CARE HOMES LIMITED
REGISTERED NUMBER: 06315771

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	8	181,143	187,221
		<u>181,143</u>	<u>187,221</u>
Current assets			
Debtors: amounts falling due within one year	9	1,496,034	771,711
Cash at bank and in hand	10	11,297	9,251
		<u>1,507,331</u>	<u>780,962</u>
Creditors: amounts falling due within one year	11	(816,624)	(700,256)
Net current assets		<u>690,707</u>	<u>80,706</u>
Net assets		<u><u>871,850</u></u>	<u><u>267,927</u></u>
Capital and reserves			
Called up share capital	13	999	999
Profit and loss account		870,851	266,928
		<u><u>871,850</u></u>	<u><u>267,927</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G K Sizer
Director

Date: 27 June 2019

The notes on pages 10 to 18 form part of these financial statements.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. General information

The company is a private company limited by shares incorporated and domiciled in the United Kingdom. It trades from its registered office address at 2nd Floor, Tirrem House, 16 High Street, Yarm, Cleveland, TS15 9AE.

The principal activity of the company is the operation of care homes for the elderly.

These financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 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 Zest Investment Group Limited as at 30 September 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

2.3 Going concern

The company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the company should be able to operate comfortably within the level of the loan facility.

On this basis the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 4 years
Fixtures and fittings	- 3 - 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal to the related actual results.

There are no key sources of estimation uncertainty in applying accounting policies in the financial statements.

4. Turnover

The whole of the turnover is attributable to the provision of care homes for the elderly.

All turnover arose within the United Kingdom.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

5. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>4,000</u>	<u>4,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

6. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,934,195	4,461,103
Social security costs	348,450	291,786
Cost of defined contribution scheme	43,642	24,085
	<u>5,326,287</u>	<u>4,776,974</u>

The directors received no emoluments during the year current financial year or the previous financial year for their services to the company.

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Care staff	298	367
Management and administration	13	13
	<u>311</u>	<u>380</u>

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

7. Taxation

	2018 £	2017 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	16,346	14,949
Changes to tax rates	-	6,931
Total deferred tax	16,346	21,880
Taxation on profit on ordinary activities	16,346	21,880

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	620,269	1,087,865
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	117,851	212,119
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	4,245
Capital allowances for year in excess of depreciation	106	-
Adjustments to tax charge in respect of prior periods	2,200	-
Tax rate changes	(1,664)	6,931
Group relief	111,061	24,265
Transfer pricing adjustments	(213,208)	(225,680)
Total tax charge for the year	16,346	21,880

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

ZEST CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

8. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 October 2017	87,140	1,105,588	1,192,728
Additions	-	124,687	124,687
At 30 September 2018	87,140	1,230,275	1,317,415
Depreciation			
At 1 October 2017	80,511	924,996	1,005,507
Charge for the year on owned assets	6,629	124,136	130,765
At 30 September 2018	87,140	1,049,132	1,136,272
Net book value			
At 30 September 2018	-	181,143	181,143
At 30 September 2017	6,629	180,592	187,221

9. Debtors

	2018 £	2017 £
Trade debtors	166,957	141,334
Amounts owed by group undertakings	1,211,386	507,556
Other debtors	3,768	1,200
Prepayments and accrued income	68,110	59,462
Deferred taxation	45,813	62,159
	1,496,034	771,711

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	11,297	9,251
	11,297	9,251

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	230,534	162,569
Other taxation and social security	111,737	68,568
Other creditors	214,768	60,587
Accruals and deferred income	259,585	408,532
	<u>816,624</u>	<u>700,256</u>

12. Deferred taxation

	2018 £
At beginning of year	62,159
Charged to profit or loss	(16,346)
At end of year	<u>45,813</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	43,613	59,959
Short term timing differences	2,200	2,200
	<u>45,813</u>	<u>62,159</u>

13. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
999 (2017 - 999) Ordinary shares of £1.00 each	<u>999</u>	<u>999</u>

14. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £43,642 (2017 - £24,085). Contributions totalling £17,242 (2017 - £5,103) were payable to the fund at the reporting date and are included in creditors.

ZEST CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

15. Related party transactions

The company has taken advantage of the exemption contained in Section 33 of FRS 102 "Related Party Disclosure" from disclosing transactions with the entities which are part of the group, since 100% of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available.

16. Controlling party

The directors regard Zest Investment Group Limited, a company incorporated in the United Kingdom and registered in England and Wales, as being the company's immediate and ultimate parent company and is the parent company of the largest and smallest group which includes the company. The registered office address of this entity is 2nd Floor, 16 High Street, Yarm, Cleveland, TS15 9AE. Copies of the group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Zest Investment Group Limited is jointly controlled by Mr G Sizer and the Trustee of the Lausar Settlement, each of whom hold 50% of the issued share capital of the company.