

Company Registration Number 06315771

ZEST CARE HOMES LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2022

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 York House Northallerton DL6 2XQ

ZEST CARE HOMES LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Statement of Income and Retained Earnings	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 19

The following pages do not form part of the statutory financial statements:

ZEST CARE HOMES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their report and the financial statements of the company for the year ended 30 September 2022.

Business review

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

The company has 73 available beds (2021: 73). Occupancy has stabilised since the end of the last financial year. Average occupancy rates for the year were 92.3% (2021: 95.0%).

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.

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; and
- failure to recruit, retain and motivate the correct quality of care staff, adversely impacting the quality of care provided;

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.

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:

ZEST CARE HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Other key performance indicators

• **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). At year end our CQC quality rating was 'Good'.

• **Average occupancy**

The average occupancy of available beds expressed as a percentage, 92.3% (2021 - 95.0%)

• **Average weekly fee**

The average weekly fee achieved per occupied bed, £772 per week (2021 - £743 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 £76,558 (2021: £168,264)

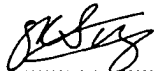
• **EBITDAR margin**

Home EBITDAR before central costs expressed as a percentage of revenue, 2.6% (2021 - 6.5%)

EBITDAR before central costs and EBITDAR margin have been impacted by above inflationary pay awards to our own nursing and care staff.

The directors wish to express their gratitude to the Home Managers and dedicated and committed staff working within the care homes. Their incredible efforts have allowed us to continue to provide a quality care service during the most testing of times.

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



.....
G K Sizer
Director

27/06/2023

ZEST CARE HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

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 judgments 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 £49,315 (2021 - £115,491).

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.

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 and the Group'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 and the Group's auditors are aware of that information

ZEST CARE HOMES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



.....
G K Sizer
Director

Date: 27/06/2023

ZEST CARE HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2022, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Changes in Equity 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

ZEST CARE HOMES LIMITED

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

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 set out 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.

ZEST CARE HOMES LIMITED

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

ZEST CARE HOMES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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
Northallerton

Date: 27/06/2023

ZEST CARE HOMES LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £	2021 £
Turnover		2,713,136	2,684,144
		<u>2,713,136</u>	<u>2,684,144</u>
Cost of Sales			
Home payroll costs		(2,198,840)	(2,126,309)
Home running costs		(444,866)	(389,570)
		<u>69,430</u>	<u>168,265</u>
Gross profit			
Covid-19 grant income		51,741	-
Central overheads		(44,613)	(40,495)
Depreciation		(19,693)	(15,411)
		<u>56,865</u>	<u>112,359</u>
Operating profit			
Tax on profit		(7,550)	3,132
		<u>49,315</u>	<u>115,491</u>
Profit after tax			
		<u>49,315</u>	<u>115,491</u>
Retained earnings at the beginning of the year		1,739,022	1,623,531
		<u>1,739,022</u>	<u>1,623,531</u>
Profit for the year		49,315	115,491
		<u>1,788,337</u>	<u>1,739,022</u>
Retained earnings at the end of the year			

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

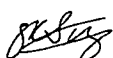
The notes on pages 12 to 19 form part of these financial statements.

ZEST CARE HOMES LIMITED
REGISTERED NUMBER: 06315771

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	7	37,638	23,991
		<u>37,638</u>	<u>23,991</u>
Current assets			
Debtors: amounts falling due within one year	8	11,736,899	7,034,833
Cash at bank and in hand	9	10,243	7,077
		<u>11,747,142</u>	<u>7,041,910</u>
Creditors: amounts falling due within one year	10	(9,995,444)	(5,325,880)
Net current assets		<u>1,751,698</u>	<u>1,716,030</u>
Total assets less current liabilities		<u>1,789,336</u>	<u>1,740,021</u>
Net assets		<u><u>1,789,336</u></u>	<u><u>1,740,021</u></u>
Capital and reserves			
Called up share capital	12	999	999
Profit and loss account		1,788,337	1,739,022
		<u>1,789,336</u>	<u>1,740,021</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: 27/06/2023

The notes on pages 12 to 19 form part of these financial statements.

ZEST CARE HOMES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2021	999	1,739,022	1,740,021
Comprehensive income for the year			
Profit for the year	-	49,315	49,315
At 30 September 2022	<u>999</u>	<u>1,788,337</u>	<u>1,789,336</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	999	1,623,531	1,624,530
Comprehensive income for the year			
Profit for the year	-	115,491	115,491
At 30 September 2021	<u>999</u>	<u>1,739,022</u>	<u>1,740,021</u>

The notes on pages 12 to 19 form part of these financial statements.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 judgment 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 11.42, 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 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared the financial statements on a going concern basis. This assessment was made after taking account of all factors including consideration of the impact of the macro economy (including COVID 19 and the cost of living crisis). In assessing these factors management have, for a period of at least twelve months from financial statement approval:

- Prepared profit and loss budgets that demonstrate the continued generation of operating cashflows at an EBITDA contribution level,
- Considered the adequacy of these budgets in light of actual performance during the 2022 calendar year to date,
- Reviewed and secured third party funding support,
- Prepared cash flow forecasts that show after the settlement of non operating cash obligations continued financial headroom based on current available funds and facilities,
- Obtained a letter of support from its parent company and sufficed themselves that said support is highly probable if required,

In doing so the directors have sufficed themselves that the Company will meet its obligations for a period of at least twelve months from date of approval of these financial statements, and that in doing so they have considered that any uncertainty in the economy, including due to COVID-19 and the cost of living crisis, will not materially change this assessment.

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.

Resident care fees are recognised in the period in which their occupancy occurred.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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.

2.7 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 profit or loss.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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.

2.11 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

2.12 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 ordinary shares.

3. Judgments 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.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

4. Turnover

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

All turnover arose within the United Kingdom.

5. Employees

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

	2022	2021
	£	£
Care staff	94	95
Management and administration	3	5
	<hr/>	<hr/>
	97	100
	<hr/>	<hr/>

There were no directors emoluments made during the year (2021: £nil)

The directors who served during the year were remunerated by other companies in the group headed by Zest Investment Group Limited. It is impractical to allocate that remuneration on the basis of services to individual companies within the group.

6. Auditors' remuneration

The audit fee has been borne by another company within the group headed by Zest Investment Group Limited.

ZEST CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

7. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 October 2021	45,270	204,662	33,285	283,217
Additions	-	33,340	-	33,340
At 30 September 2022	45,270	238,002	33,285	316,557
Depreciation				
At 1 October 2021	45,270	180,671	33,285	259,226
Charge for the year on owned assets	-	19,693	-	19,693
At 30 September 2022	45,270	200,364	33,285	278,919
Net book value				
At 30 September 2022	-	37,638	-	37,638
At 30 September 2021	-	23,991	-	23,991

8. Debtors

	2022 £	2021 £
Trade debtors	21,487	16,196
Amounts owed by group undertakings	11,552,259	6,853,690
Other debtors	2,655	340
Prepayments and accrued income	152,597	149,156
Deferred taxation	7,901	15,451
	11,736,899	7,034,833

Amounts owed by group undertakings have no repayment date and are repayable on demand bearing no interest.

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	10,243	7,077
	<u>10,243</u>	<u>7,077</u>

10. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	164,717	204,903
Amounts owed to group undertakings	9,554,499	4,746,490
Other taxation and social security	73,426	63,162
Other creditors	199,183	302,639
Accruals and deferred income	3,619	8,686
	<u>9,995,444</u>	<u>5,325,880</u>

Amounts owed to group undertakings have no repayment date and are repayable on demand bearing no interest.

11. Deferred taxation

	2022 £
At beginning of year	15,451
Charged to profit or loss	(7,550)
At end of year	<u><u>7,901</u></u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	3,453	15,451
Short term timing differences - trading	4,448	-
	<u>7,901</u>	<u>15,451</u>

ZEST CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

12. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
999 (2021 - 999) Ordinary shares shares of £1.00 each	999	999

13. Pension commitments

The company operates a defined contribution 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 amounted to £36,586 (2021: £35,724).

Contributions totaling £17,793 (2021: £23,522) were payable to the fund at the reporting date and are included within creditors.

14. 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.

Included below are balances owing to Care Protect Limited, a related party through a mutual director. This transaction sits within other creditors on the face of the balance sheet.

	2022 £	2021 £
Care Protect Limited	(8,090)	(9,537)

15. 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 of the largest and smallest group.

The registered office address of this entity is 2nd Floor, 16 High Street, Yarm, 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 trustees of the Lausar Settlement, each of whom hold 50% of the issued share capital of the company.