Company Registration Number 06684578

ZEST INVESTMENT GROUP LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2021

ArmstrongWatson®
Accountants, Business & Financial Advisers

COMPANY INFORMATION

Directors	G K Sizer P H Scott
Registered number	06684578
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
Solicitors	DLA Piper UK LLP Princes Exchange Prices Square Leeds LS1 4BY

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Introduction

The directors present their report and the financial statements of the group for the year ended 30 September 2021.

Business review

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

The business has had another challenging year dealing with the Covid-19 outbreak. The group has 264 registered beds (2020: 264). During the year, 241 of these beds were available (2020: 241). Occupancy has stabilised since the end of the last financial year. That, together with financial support from central and local government, and partnerships with our commissioning NHS Trusts and Local Authorities has resulted in us continuing to offer a quality service to the residents in our care. Average occupancy rates for the year, based on the available beds, were 91.6% (2020: 92.2%).

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

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 group 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.

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 group 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 performance of each home against its operating budget and then review and update the home's action plan, which is a permanently evolving control document.

Financial key performance indicators

The key performance indicator (KPIs) that are used by the group 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). At year end our CQC quality rating was 'Good'.

- **Average occupancy**

The average occupancy of available beds expressed as a percentage, 91.6% (2020: 92.2%)

- **Average weekly fee**

Average weekly fee achieved per bed occupied, £822 per week (2020: £797 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 £1,068,903 (2020: £1,024,839)

- **EBITDAR margin**

Home EBITDAR before central costs expressed as a percentage of revenue, 11.3% (2020: 11.1%)

The directors wish to express their ongoing gratitude to the Home Managers and all of our dedicated and committed staff working within our care homes. Their incredible efforts have allowed us to continue to provide a quality care service during an extremely difficult period.

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

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G K Sizer
Director

Date: 21/6/22

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group 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 £229,980 (2020 - £314,621).

The directors recommend that no dividend be declared in respect of 2021 (2020 - £nil).

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 the building demographic. Health and Social care budgets for public sector supported clients aren't likely to 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.

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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.

Post balance sheet events

There have been no significant events affecting the Group 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.

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G K Sizer
Director

Date: 21/6/22

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEST INVESTMENT GROUP LIMITED

Opinion

We have audited the financial statements of Zest Investment Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the parent Company's affairs as at 30 September 2021 and of the Group's 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 Group 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 Group's or the parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEST INVESTMENT GROUP LIMITED (CONTINUED)

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.

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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEST INVESTMENT GROUP 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 Group 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEST INVESTMENT GROUP LIMITED (CONTINUED)

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.

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: 21 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Turnover	4	9,464,346	9,258,496
		9,464,346	9,258,496
Costs of sales			
Home payroll costs		(6,915,451)	(6,790,433)
Home running costs		(1,479,992)	(1,443,224)
Gross profit		1,068,903	1,024,839
Admin expenses			
Central overheads		(292,884)	(339,882)
Depreciation		(133,056)	(120,910)
Operating profit	5	642,963	564,047
Interest receivable and similar income	8	1,361	1,279
Interest payable and similar expenses	9	(150,843)	(92,578)
Profit before taxation		493,481	472,748
Tax on profit	10	(263,501)	(158,127)
Profit for the financial year		229,980	314,621
Other comprehensive income		(120,603)	(40,201)
Other comprehensive income for the year		(120,603)	(40,201)
Total comprehensive income for the year		109,377	274,420
Profit for the year attributable to:			
Owners of the parent Company		229,980	314,621
		229,980	314,621
Total comprehensive income for the year attributable to:			
Owners of the parent Company		109,377	274,420
		109,377	274,420

The notes on pages 15 to 30 form part of these financial statements.

ZEST INVESTMENT GROUP LIMITED
REGISTERED NUMBER: 06684578

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	12		14,392,827		14,388,031
			14,392,827		14,388,031
Current assets					
Debtors: amounts falling due within one year	14	582,130		668,918	
Cash at bank and in hand	15	1,048,178		718,067	
		1,630,308		1,386,985	
Creditors: amounts falling due within one year	16	(3,127,665)		(3,275,657)	
Net current liabilities			(1,497,357)		(1,888,672)
Total assets less current liabilities			12,895,470		12,499,359
Creditors: amounts falling due after more than one year	17		(4,337,500)		(4,365,000)
Provisions for liabilities					
Deferred taxation	19	(1,221,785)		(907,551)	
			(1,221,785)		(907,551)
Net assets			7,336,185		7,226,808
Capital and reserves					
Called up share capital	20		300		300
Revaluation reserve	21		382,364		502,967
Profit and loss account	21		6,953,521		6,723,541
			7,336,185		7,226,808

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

G K Sizer
Director

Date: 21/6/22

ZEST INVESTMENT GROUP LIMITED
REGISTERED NUMBER: 06684578

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Investments	13		9		9
			9		9
Current assets					
Debtors: amounts falling due within one year	14	8,058,451		10,892,112	
Cash at bank and in hand	15	923,558		494,648	
		8,982,009		11,386,760	
Creditors: amounts falling due within one year	16	(1,728,639)		(3,765,129)	
Net current assets			7,253,370		7,621,631
Total assets less current liabilities			7,253,379		7,621,640
Creditors: amounts falling due after more than one year	17		(4,337,500)		(4,365,000)
Net assets			2,915,879		3,256,640
Capital and reserves					
Called up share capital	20		300		300
Profit and loss account brought forward		3,256,340		3,476,343	
Loss for the year		(340,761)		(220,003)	
Profit and loss account carried forward			2,915,579		3,256,340
			2,915,879		3,256,640

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

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G K Sizer
Director

Date: 21/6/22

The notes on pages 15 to 30 form part of these financial statements.

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

	Called up share capital	Revaluation reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	300	543,168	6,408,920	6,952,388
Comprehensive income for the year				
Profit for the year	-	-	314,621	314,621
Deferred tax	-	(40,201)	-	(40,201)
Total comprehensive income for the year	-	(40,201)	314,621	274,420
At 1 October 2020	300	502,967	6,723,541	7,226,808
Comprehensive income for the year				
Profit for the year	-	-	229,980	229,980
Deferred tax	-	(120,603)	-	(120,603)
Total comprehensive income for the year	-	(120,603)	229,980	109,377
At 30 September 2021	300	382,364	6,953,521	7,336,185

The notes on pages 15 to 30 form part of these financial statements.

COMPANY 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 2019	300	3,476,343	3,476,643
Comprehensive income for the year			
Loss for the year	-	(220,003)	(220,003)
Total comprehensive income for the year	-	(220,003)	(220,003)
At 1 October 2020	300	3,256,340	3,256,640
Comprehensive income for the year			
Loss for the year	-	(340,761)	(340,761)
Total comprehensive income for the year	-	(340,761)	(340,761)
At 30 September 2021	300	2,915,579	2,915,879

The notes on pages 15 to 30 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	229,980	314,621
Adjustments for:		
Depreciation of tangible assets	100,881	120,910
Interest paid	150,843	92,578
Interest received	(1,361)	(1,279)
Taxation charge	263,501	158,127
Decrease/(increase) in debtors	86,788	(324,073)
Increase in creditors	275,545	340,117
Corporation tax (paid)/received	(172,592)	-
Net cash generated from operating activities	933,585	701,001
Cash flows from investing activities		
Purchase of tangible fixed assets	(105,676)	(64,185)
Sale of tangible fixed assets	-	11,782
Interest received	1,361	1,279
Net cash from investing activities	(104,315)	(51,124)
Cash flows from financing activities		
New loans received	2,337,500	-
Repayment of loans	(2,685,815)	(128,027)
Interest paid	(150,843)	(92,578)
Net cash used in financing activities	(499,158)	(220,605)
Net increase in cash and cash equivalents	330,112	429,272
Cash and cash equivalents at beginning of year	718,067	288,795
Cash and cash equivalents at the end of year	1,048,179	718,067
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,048,179	718,067
	1,048,179	718,067

The notes on pages 15 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. General information

Zest Investment Group Limited is the holding company to a trading group. All companies within the group are engaged in the operation of care homes for the elderly. The company operates from its registered office address at 2nd Floor, Tirrem House, 16 High Street, Yarm, Cleveland, TS15 9AE.

Zest Investment Group Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom.

These financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the group 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 Section 1A of 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

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:

- Confirmed with group undertakings that obligations owed will not be called in for settlement at the detriment of the company.

- Reviewed and secured third party funding support, including an extension of repayment dates of that outlined in notes 16, 17 and 18.

- Prepared cash flow forecasts that show after the settlement of non operating cash obligations continued financial headroom based on current available funds and facilities.

In doing so the directors have sufficed themselves that the Group 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 Group 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 Group 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 occured.

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.

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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:

Freehold property	- 50 years
Motor vehicles	- 4 years
Fixtures and fittings	- 4 - 5 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.

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

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 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Group 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.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.15 Financial instruments

The Group 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is

2. Accounting policies (continued)

2.15 Financial instruments (continued)

an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.16 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

The directors consider that material estimates and judgements are applied in assessing the recoverability of inter company debtors. The directors assess whether there are indicators that the related debtors are not recoverable. This includes assessing the solvency and ability of subsidiary undertakings to pay those debts.

The directors consider that material estimates and judgements are applied in assessing for impairment of freehold property. The directors assess whether there are any indicators that the carrying value of the freehold property exceeds the recoverable amount in the financial statements. If there are any indicators of impairment a formal impairment review is undertaken, for example assessing the net realisable value against market data.

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. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation	100,881	120,910

6. Auditors' remuneration

	2021	2020
Fees payable to the Group's auditor and its associates in respect of:		
Audit of the group financial statements	15,500	15,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. Employees

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

	2021 No.	2020 No.
Care staff	304	319
Management and administration	13	13
	317	332

The Company has no employees other than the directors, who did not receive any remuneration *(2020 - £NIL)*
The aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	5,901,582	5,641,067
Social security costs	445,249	423,241
Pension costs	107,656	101,109
	6,454,487	6,165,417

8. Interest receivable

	2021 £	2020 £
Other interest receivable	1,361	1,279
	1,361	1,279

9. Interest payable and similar expenses

	2021 £	2020 £
Loan interest payable	149,897	92,578
Other interest payable	946	-
	150,843	92,578

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	69,539	90,364
Adjustments in respect of previous periods	331	-
	69,870	90,364
Total current tax	69,870	90,364
Deferred tax		
Origination and reversal of timing differences	21,352	13,896
Changes to tax rates	172,626	53,867
Adjustments in respect of previous periods	(347)	-
Total deferred tax	193,631	67,763
Taxation on profit on ordinary activities	263,501	158,127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£	£
Profit on ordinary activities before tax	493,478	472,748
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	93,761	89,822
Effects of:		
Expenses not deductible for tax purposes	799	14,438
Changes in tax rates	-	53,867
Adjustments to tax charge in respect of prior periods	(15)	-
Non-taxable income	(3,669)	-
Tax rate changes	172,625	-
Total tax charge for the year	263,501	158,127

Factors that may affect future tax charges

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000.

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £340,761 (2020 - loss £220,003).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 October 2020	14,250,000	87,140	1,447,595	15,784,735
Additions	-	-	105,677	105,677
At 30 September 2021	14,250,000	87,140	1,553,272	15,890,412
Depreciation				
At 1 October 2020	-	87,140	1,309,564	1,396,704
Charge for the year on owned assets	-	-	100,881	100,881
At 30 September 2021	-	87,140	1,410,445	1,497,585
Net book value				
At 30 September 2021	14,250,000	-	142,827	14,392,827
At 30 September 2020	14,250,000	-	138,031	14,388,031

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Freehold	14,250,000	14,250,000
	14,250,000	14,250,000

12. Tangible fixed assets (continued)

Company

	Fixtures and fittings £
Cost or valuation	
At 1 October 2020	21,184
At 30 September 2021	21,184
Depreciation	
At 1 October 2020	21,184
At 30 September 2021	21,184
Net book value	
At 30 September 2021	-
At 30 September 2020	-

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2020	9
At 30 September 2021	9

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Zest Investment (Watton) Limited	Dormant	Ordinary	100%
Zest Investment (Bohill) Limited	Dormant	Ordinary	100%
Zest Investment (Newtownards) Limited	Dormant	Ordinary	100%
Zest Investment (Swaffham) Limited	Dormant	Ordinary	100%
Zest Investment (Omagh) Limited	Operation of care homes	Ordinary	100%
Zest Investment (Portadown) Limited	Letting of freehold property	Ordinary	100%
Zest Investment (Bridgewater) Limited	Dormant	Ordinary	100%
Zest Investment Property Group Limited	Intermediate Holding company	Ordinary	100%
Bramley (2007) Limited *	Intermediate Holding company	Ordinary	100%
Bramley Court (Care Homes) Limited*	Operation of care homes	Ordinary	100%
Zest Care Homes Limited	Operation of care homes	Ordinary	100%

* Bramley (2007) Limited is a subsidiary of Zest Investment Group Limited. Bramley Court (Care Homes) Limited is a subsidiary of Bramley (2007) Limited. The registered office address of the above listed subsidiaries is the same as that presented on the company information page.

All dormant companies listed above are incorporated in the United Kingdom and have taken advantage of the UK Companies Act 2006, S480 exemption from audit.

The aggregate of the share capital and reserves as at 30 September 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Zest Investment (Watton) Limited	1	-
Zest Investment (Bohill) Limited	1	-
Zest Investment (Newtownards) Limited	(98,173)	-
Zest Investment (Swaffham) Limited	1	-
Zest Investment (Omagh) Limited	(199,245)	(142,470)
Zest Investment (Portadown) Limited	368,267	(79,133)
Zest Investment (Bridgewater) Limited	(56,076)	-
Zest Investment Property Group Limited	902,104	-
Bramley (2007) Limited *	(1,755,751)	-
Bramley Court (Care Homes) Limited*	4,645,457	676,853
Zest Care Homes Limited	1,740,021	115,491

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. Debtors

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Trade debtors	49,308	385,214	-	-
Amounts owed by group undertakings	-	-	8,010,196	10,824,672
Other debtors	233,119	110,593	47,044	66,318
Prepayments and accrued income	299,703	173,111	-	-
Deferred taxation	-	-	1,211	1,122
	582,130	668,918	8,058,451	10,892,112

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

15. Cash and cash equivalents

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Cash at bank and in hand	1,048,179	718,067	923,558	494,648
	1,048,179	718,067	923,558	494,648

16. Creditors: Amounts falling due within one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Trade creditors	336,952	313,946	4,586	2,355
Amounts owed to group undertakings	-	9,293	56,076	1,879,823
Corporation tax	69,870	172,592	-	14,264
Other taxation and social security	197,613	132,155	-	197
Other creditors	2,401,251	2,271,521	1,640,377	1,844,490
Accruals and deferred income	121,979	376,150	27,600	24,000
	3,127,665	3,275,657	1,728,639	3,765,129

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

17. Creditors: Amounts falling due after more than one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Bank loans	2,337,500	-	2,337,500	-
Other loans	2,000,000	4,365,000	2,000,000	4,365,000
	4,337,500	4,365,000	4,337,500	4,365,000

Bank loans are secured on the properties held by the group. £2,337,500 of new bank loans were taken out during the year to part re-finance existing debt. Interest on this loan is payable monthly at a rate of 5.5% above base rate. Interest on the remaining £2,000,000 of other loan is fixed at 2%. Loans are repayable in March 2024.

18. Loans

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Amounts falling due 1-2 years				
Bank loans	2,337,500	-	2,337,500	-
Other loans	2,000,000	4,365,000	2,000,000	4,365,000
	4,337,500	4,365,000	4,337,500	4,365,000

19. Deferred taxation

Group

	2021 £
At beginning of year	(907,551)
Charged to profit or loss	(193,631)
Charged to other comprehensive income	(120,603)
At end of year	(1,221,785)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

19. Deferred taxation (continued)

Company

	2021 £
At beginning of year	1,122
Charged to profit or loss	89
At end of year	1,211

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Accelerated capital allowances	(1,221,785)	(907,551)	1,211	1,122
	(1,221,785)	(907,551)	1,211	1,122

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
300 (2020 - 300) Ordinary shares shares of £1.00 each	300	300

21. Reserves

Revaluation reserve

This reserve represents the accumulated unrealised profits on the revaluation of the company's properties. This reserve is held net of deferred tax at the prevailing statement of financial position taxation rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

22. Related party transactions

The company has taken the exemption provided under FRS 102 to not disclose intercompany transactions with other group undertakings within the Zest Investment Group. Other than as disclosed below, there have been no transactions with the directors of the company or the group during the year.

Included within other creditors is an amount due to directors and connected parties of £1,501,058 (2020: £1,821,873). The balances are interest free with no fixed repayment dates.

The directors consider Care Protect Limited to be a related party by virtue of common directors. The amount owd by Care Protect Limited at the year end was £9,537 (2020: £17,656). This amount relates to short term working capital movements. Care Protect Limited provides visual surveillance and monitoring services to the group.

The directors consider Sistine Properties (Thetford) Limited to be a related party by virtue of a common director, P Scott. The company has entered into a loan facility agreement with Sistine Properties (Thetford) Limited. The amount outstanding at the balance sheet date was £2,000,000 (£4,365,000). At the balance sheet date, the loan was due for repayment in March 2024.

23. Controlling party

The company 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.