



CONYGAR ZDP PLC

**Report And Accounts
30 September 2016**

Conygar ZDP PLC

Registered in England No. 8794437

CONYGAR ZDP PLC

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DIRECTORS AND ADVISERS

Directors

N J Hamway (Chairman)
R T E Ware
R H McCaskill

Secretary

R H McCaskill

Registered Office

Fourth Floor
110 Wigmore Street
London W1U 3RW

Registrar

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Nominated Adviser & Stockbroker

Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London EC2Y 9LY

Solicitors to the Company

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Auditors

Rees Pollock
35 New Bridge Street
London EC4V 6BW

Website

www.conygar.com

CHAIRMAN'S STATEMENT

I am pleased to present the Company's results for the year ended 30 September 2016.

The Company is a wholly owned subsidiary of The Conygar Investment Company PLC ("Conygar") and was established solely for the purpose of issuing and redeeming the 30,000,000 zero dividend preference shares issued in January 2014. The ZDP Shares are quoted on the main market of the London Stock Exchange under ticker CICZ.

The funds, net of issue costs so raised, have been lent to our parent company and in return, the parent company has undertaken to meet all costs and liabilities of the Company and to enable the Company to meet all its obligations in respect of the ZDP Shares. As part of this, the parent company is subject to a number of operational restrictions and financial covenants which your Board monitors carefully. I am pleased to say that thus far, Conygar has comfortably met all covenants and complied with all obligations and the outlook remains positive. In view of the close association between the Company and parent, I would strongly recommend that shareholders read the annual report of the parent company which has also been published today and is available on www.conygar.com.

N J Hamway
Chairman

15 December 2016

STRATEGIC REPORT

The Strategic Report provides a review of the business for the financial year, discusses the financial position at the year end and explains the principal risks and uncertainties facing the business and how we manage those risks. We will outline the strategy and business model.

Strategy and Business Model

Conygar ZDP PLC (the “Company”) is a company registered in England and Wales, incorporated on 28 November 2013 and is a wholly owned subsidiary of The Conygar Investment Company PLC (the “Parent”).

The Company’s principal investment objective is to provide the holders of the zero dividend preference shares (“ZDP Shares”) with a predetermined final capital entitlement. It was incorporated to be the issuer of the zero dividend preference shares.

On repayment, ZDP shareholders are entitled to receive an amount equal to 100 pence per share increased daily at an equivalent annual rate of 5.5% per annum. The ZDP Shares repayment date is 9 January 2019 and the final capital entitlement will be 130.7 pence per ZDP Share.

The Parent has entered into a Contribution Agreement with the Company to provide an undertaking to pay any costs and expenses incurred by the Company and to enable the Company to meet its payment obligations in respect of the ZDP Shares. Although the Parent has entered into an undertaking to meet all liabilities as they fall due, it is important to note that all risks are borne by the ZDP shareholders, who are not guaranteed to receive their full entitlement.

The Company is engaged in a single economic activity, primarily being, the raising of funds in order to provide financing to the Parent. All activities are carried out in the UK.

Position of Company at the year end

As at 30 September 2016, the Company maintained a strong position and the financing arrangements were performing as envisaged in the listing prospectus. In particular, the Parent had comfortably met all of the conditions and obligations under the various arrangements. These conditions are tested quarterly and no breaches have occurred at any point since incorporation. The definitions and conditions of issue are set out in the listing prospectus, a copy of which is available at www.conygar.com.

As at 30 September 2016, the two primary covenants were:

1. Cover Test (not less than 3.5x) – actual 4.8x
2. Investment Property Cover Test (not less than 2.5x) – actual 5.2x

Events since the balance sheet date

There were no significant events since the balance sheet date.

Financial review

Net Asset Value

The net assets of the Company were £50,000, comprising £34.47 million (2015: £32.52 million) amount due from parent company less £34.42 million (2015: £32.47 million) liability in respect of the zero dividend preference shares.

Cash flow

As all costs, expenses and funding activities are provided by the Parent, the Company has no cash flow.

STRATEGIC REPORT (continued)

Income

The Company received no income in the year.

Administrative Expenses

Administrative expenses during the year were £22,000 (2015: £14,000), consisting mainly of fees and costs associated with being listed on the London Stock Exchange. The Directors receive no remuneration for their services to the Company.

Financing

The Company entered into a non-interest bearing loan agreement with the Parent dated 7 January 2014 whereby the net proceeds from the issue of the zero dividend preference shares were lent to the Parent (£29,331,714). As at 30 September 2016, the Parent owed £34.5 million (2015: £32.5 million) to the Company under the loan agreement.

Finance costs during the year amounted to £1.9 million (2015: £1.8 million), of which £1.8 million (2015: £1.7 million) is accrued as additional capital in respect of the zero dividend preference shares. The total amount repayable at maturity on 9 January 2019 is £39,210,000.

Taxation

There is no tax charge in respect of the year. Any tax losses incurred by the Company are available to be surrendered to the Parent by way of group relief.

Capital Management

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure the appropriate financing is available to the Parent Group.

Given its sole purpose as an issuer of ZDP Shares, the Company operates within the well defined and tight parameters set out in the listing prospectus. The Company seeks to ensure that the ZDP Shares stay within agreed covenants.

Treasury Policies

The objective of the Company's treasury policies is to manage the Company's financial risk and to ensure the Company is able to satisfy its obligations in respect of the zero dividend preference shares.

The Group finances its activities with a combination of issue of ordinary share capital and zero dividend preference shares. It is not anticipated that any other financing will be required over the life of the Company. Derivative instruments are not required to be employed by the Company and would yield no benefit.

There is no requirement to manage cash as the Parent meets all costs and liabilities. The Board is content that the Parent has sufficient liquidity to meet the requirements of the business in terms of funding.

Issue of Share Capital

The Company issued fifty thousand ordinary shares of £1 each to the Parent on 3 January 2014. These shares carry full rights to vote, dividend entitlement and distribution in respect of a winding-up of the Company.

The Company issued 30,000,000 zero dividend preference shares at 100 pence per share, which were listed on the London Stock Exchange on 10 January 2014. The ZDP Shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote as a class on certain proposals which would be likely to materially affect their position. In the event of a winding-up of

STRATEGIC REPORT (continued)

the Company, the capital entitlement of the ZDP Shares (except for any undistributed revenue profits) will rank ahead of the ordinary shares but behind other creditors of the Company. Whilst share capital for company law purposes, the ZDP Shares are accounted for as a debt instrument under IFRS.

Dividend Policy

It is not intended that any dividend will be paid in respect of either the ordinary shares or the zero dividend preference shares issued by the Company.

Principal Risks and Uncertainties

Managing risk is an integral element of the Company's management activities and an appropriate amount of time is spent assessing and managing risks to the business. Responsibility for risk management rests with the Board, with external advisers used where necessary.

Strategic risks

Strategic risks are risks arising from an inappropriate strategy or through flawed execution of a strategy. By definition, strategies tend to be longer term than most other risks. Strategic risks identified include global or national events, regulatory and legal changes, market or sector changes and key staff retention.

The Board devotes a considerable amount of time and resource continually monitoring and discussing the environment in which we operate and the potential impacts upon the Company. We are confident that we have sufficiently high calibre directors and other resources to manage strategic risks.

We are content that the Company has the right approach towards strategy and our financial performance and delivery of strategy is good evidence of that.

Operational risks

Owing to the simple business model and operation of the Company, there are few risks and uncertainties specific to it. However, the Company is heavily reliant upon the ability of the Parent to meet its obligations under the Contribution Agreement and this is considered to be the principal operational risk. The specific risks faced by the Parent are contained within its financial statements. The directors of the Company are also directors of the Parent and are therefore in a position to assess the recoverability of amounts due from The Conygar Investment Company PLC. The various covenants and Parent obligations are monitored at regular intervals.

The Company has not suffered any material loss from operational risks during the year.

This report was approved by the Board on 15 December 2016 and signed on its behalf by:

R H McCaskill
Director

BOARD OF DIRECTORS

Chairman – Nigel Hamway

Nigel Hamway, aged 60, qualified as a member of the Institute of Chartered Accountants in England and Wales with Peat Marwick after obtaining a degree from Cambridge University. He joined Dubilier plc as chief financial accountant, leaving to take up a position in international corporate finance at Charterhouse Bank in 1986, becoming a director in 1990. From 1991 to the present, he has been a director of Charterhouse Development Capital. For several years, he was responsible for Charterhouse's international investment business and he has had extensive board experience in many countries and businesses. Nigel is the Chairman of The Conygar Investment Company PLC.

Director – Robert Ware

Robert Ware, aged 62, served as a director of Development Securities plc between 1988 and 1994, filling the roles of joint managing director and finance director in the latter stage of his tenure. In 1994, he left to take up the position of managing director of Dunton Group plc where he stayed until November 1996. He joined MEPC plc in June 1997, serving first as corporate development director and then, as deputy chief executive between June 1997 and June 2003. He is a non-executive director of Tarsus Group plc and chairman of Terra Catalyst Fund, Marwyn Value Investors Ltd and Marwyn Management Partners Limited. Robert is the Chief Executive of The Conygar Investment Company PLC.

Director – Ross McCaskill

Ross McCaskill, aged 37, graduated with a degree in Classics from Oxford University in 2003 and subsequently joined Dixon Wilson, a firm of Chartered Accountants specialising in the provision of services to high net worth private clients. Having received a broad training, Ross qualified as a member of the Institute of Chartered Accountants in England and Wales and was then seconded to the firm's Paris office. In 2007, he joined Prestbury Investment Holdings Limited and managed the finances of a number of the group's investment property portfolios. Ross is the Finance Director of The Conygar Investment Company PLC.

DIRECTORS' REPORT

Directors' Report

The directors present their report and the accounts of the Company for the year ended 30 September 2016.

Principal Activities and Review of the Business

The principal activity of the Company during the year was to provide the holders of the zero dividend preference shares ("ZDP Shares") with a predetermined final capital entitlement. It was incorporated to be the issuer of the zero dividend preference shares.

A review of the Company's activities and likely future developments during this year is dealt with in the Chairman's Statement and the Strategic Report. The Company is a wholly owned subsidiary of The Conygar Investment Company PLC.

Significant Events Since the Balance Sheet Date

There were no significant events since the balance sheet date.

Results and Dividends

The Company's results for the year and the Company's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend.

The Directors and Their Interests in the Shares of the Company

The directors who served the Company during the year were as follows:

N J Hamway
R T E Ware
R H McCaskill

None of the directors have any interest in the shares or ZDP Shares of the Company. The directors' interests in the shares of the parent are found in the annual report of The Conygar Investment Company PLC. All of the directors are male.

R T E Ware retires by rotation at the Annual General Meeting, and being eligible, he offers himself for re-election. The board confirms that the performance of R T E Ware continues to be effective and demonstrates commitment to the role. The board therefore believes it is in the interest of shareholders that he is re-elected.

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Major Interests in Shares

The issued ordinary share capital is 100% owned by The Conygar Investment Company PLC.

Voting Rights

The ordinary shares in the Company are entitled to vote and carry equal rights to dividends. They are entitled to participate in a distribution arising from a winding up of the Company.

The ZDP Shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote as a class on certain proposals which would be likely to materially affect their position.

DIRECTORS' REPORT (continued)

In the event of a winding-up of the Company, the capital entitlements of the ZDP shares (except for any undistributed revenue profits) will rank ahead of ordinary shares but behind other creditors of the Company.

Compliance with Corporate Governance

The Company is committed to high standards of corporate governance and the Board is accordingly accountable to the Company's shareholders for good corporate governance. However, as the Company has only ZDP shares listed, it is not required to comply with the UK Corporate Governance Code. In particular, the Board has carefully considered the independence of each director and, notwithstanding the cross-directorships detailed above, has concluded that each director is wholly independent. The directors believe that the Board has an appropriate balance of skills, experience and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company.

Given the nature of the Company's business and the number of directors, the directors have not established separate committees of the Board but deal with all business themselves.

Further detailed disclosures relating to the corporate governance procedures of the group can be found in the annual report of the parent company, The Conygar Investment Company PLC. The Board is of the opinion that these internal control and risk management procedures are adequate for the Company given its limited activities.

Creditor Payment Policy and Practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. At present, the parent bears all costs on behalf of the Company and its creditor payment policy is available in the annual report of The Conygar Investment Company PLC.

Charitable Donations and Political Contributions

The Company made no political or charitable donations during the year.

Community, Employee and Environmental issues

In carrying out its activities and in its relationships with the community, the Company aims to conduct itself responsibly, ethically and fairly. The Company has no employees. The Company is responsible for nil tonnes of carbon dioxide equivalent.

Conflicts of Interest

Under the Companies Act 2006, a director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to approve such situations.

The Company maintains a register of directors' conflicts of interest which have been disclosed and approved by the other directors. Directors are required to disclose to the board any changes to conflicts or any potential new conflicts.

Financial Instruments

Details of the Company's financial instruments are given in note 9.

DIRECTORS' REPORT (continued)

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The directors are required to prepare financial statements for the Company in accordance with the International Financial Reporting Standards as adopted by the European Union ('IFRS') and have elected to prepare financial statements for the Company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 2006 and Article 4 of the IAS Regulation. 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 the affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that the financial statements present fairly for each financial year, the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all the applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance.

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. The directors 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.

The directors have chosen, in accordance with S414c (11) of the Companies Act 2006, to include Principal Risks and Uncertainties within the Strategic Report.

Electronic Publication

The directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (continued)

Provision of Information to Auditors

Each of the persons who is a director at the date of approval of this annual report confirms 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 he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Rees Pollock have expressed their willingness to continue in office and a resolution to re-appoint them as auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on 7 February 2017 at 3.00 pm, at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London, SE1 2AU. As the business of the meeting does not include any resolution to vary, modify or abrogate any special rights attached to ZDP shares nor any resolution to wind up the Company, holders of the zero dividend preference shares are not permitted to attend. The notice of meeting and the resolutions to be proposed at that meeting are attached on page 23.

By Order of the Board

R H McCaskill
Company Secretary

15 December 2016

DIRECTORS' REMUNERATION REPORT

None of the Directors received any remuneration for his services during the year. No Director has a service contract with the Company and no Director is eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

On behalf of the Board

R H McCaskill
Director

15 December 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONYGAR ZDP PLC

We have audited the financial statements of Conygar ZDP PLC for the year ended 30 September 2016 which comprise the statement of comprehensive income, the statement of changes in equity, the balance sheets, and the related notes. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 which 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 this report, or the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Director's Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implication for our report.

Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Companies Act 2006.

Opinion on the matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CONYGAR ZDP PLC (continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Jonathan Munday (Senior statutory auditor)

For and on behalf of Rees Pollock, Statutory Auditor
London

15 December 2016

Conygar ZDP PLC

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2016

| | <i>Note</i> | <i>Year Ended</i> <i>30 Sep 2016</i> <i>£'000</i> | <i>Year Ended</i> <i>30 Sep 2015</i> <i>£'000</i> |
|--|-------------|---|---|
| Administrative expenses | 2 | <u>(22)</u> | <u>(14)</u> |
| Operating loss | | (22) | (14) |
| Finance costs | 3 | <u>(1,944)</u> | <u>(1,849)</u> |
| Loss before Taxation | | (1,966) | (1,863) |
| Taxation | 4 | <u>—</u> | <u>—</u> |
| Total comprehensive loss for the year | | <u><u>(1,966)</u></u> | <u><u>(1,863)</u></u> |
| Basic and diluted earnings per share | 5 | (3,932)p | (3,726)p |

All of the activities of the Company are classed as continuing.

Conygar ZDP PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

| | <i>Share Capital £'000</i> | <i>Capital Contribution £'000</i> | <i>Retained Earnings £'000</i> | <i>Total £'000</i> |
|--|------------------------------------|---|--|------------------------|
| Balance as at 1 October 2014 | 50 | 1,304 | (1,304) | 50 |
| Total comprehensive loss for the year | – | – | (1,863) | (1,863) |
| Contribution by parent company | – | 1,863 | – | 1,863 |
| Balance as at 30 September 2015 | 50 | 3,167 | (3,167) | 50 |
| | | | | |
| | <i>Share Capital £'000</i> | <i>Capital Contribution £'000</i> | <i>Retained Earnings £'000</i> | <i>Total £'000</i> |
| Balance as at 1 October 2015 | 50 | 3,167 | (3,167) | 50 |
| Total comprehensive loss for the year | – | – | (1,966) | (1,966) |
| Contribution by parent company | – | 1,966 | – | 1,966 |
| Balance as at 30 September 2016 | 50 | 5,133 | (5,133) | 50 |

Conygar ZDP PLC

BALANCE SHEET

As at 30 September 2016

Company Number 8794437

| | <i>Note</i> | <i>30 Sep 2016</i> £'000 | <i>30 Sep 2015</i> £'000 |
|--------------------------------------|-------------|-----------------------------|-----------------------------|
| Non-current assets | | | |
| Amounts due from parent company | 6 | <u>34,465</u> | <u>32,521</u> |
| Total non-current assets | | <u>34,465</u> | <u>32,521</u> |
| Total assets | | 34,465 | 32,521 |
| Non-current liabilities | | | |
| Zero dividend preference shares | 7 | <u>(34,415)</u> | <u>(32,471)</u> |
| Total non-current liabilities | | <u>(34,415)</u> | <u>(32,471)</u> |
| Total liabilities | | <u>(34,415)</u> | <u>(32,471)</u> |
| Net assets | | <u>50</u> | <u>50</u> |
| Equity | | | |
| Share capital | 8 | 50 | 50 |
| Capital contribution | | 5,133 | 3,167 |
| Retained earnings | | <u>(5,133)</u> | <u>(3,167)</u> |
| Total equity | | <u>50</u> | <u>50</u> |

The accounts on pages 15 to 22 were approved by the Board and authorised for issue on 15 December 2016 and are signed on its behalf by:

R T E Ware

R H McCaskill

NOTES TO THE ACCOUNTS
For the year ended 30 September 2016

1. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Basis of Preparation

The annual financial statements of the Company are prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as issued by the IASB as adopted by the European Union.

The principal accounting policies of the Company are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated.

Interpretations and Amendments to Published Standards Effective in the Accounts

For the purposes of the preparation of the accounts, the Company has applied all standards and interpretations that will be effective for the accounting periods commencing on or after 1 October 2015.

The following standards and interpretations have been adopted:

- Annual improvements 2012 (effective for accounting periods beginning on or after 1 July 2014 although endorsed for annual periods on or after 1 February 2015);
- Annual improvements 2013 (endorsed for annual periods on or after 1 January 2015).

Management has assessed the impact of the standards and interpretations on the Company and concluded they are not applicable to the Company's circumstances and do not require amendment of the Company's accounting policies.

Standards, Interpretations and Amendments to Published Standards that are not yet Effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 October 2016 or later periods but which the Company has not adopted early are as follows:

- Annual improvements 2014 (effective for accounting periods beginning on or after 1 January 2016);
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective for accounting periods beginning on or after 1 January 2016);
- IFRS 9 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018);

Management continues to monitor the IASB's on-going work on improvements to financial reporting but does not currently believe that the amendments and interpretations listed above will have a material effect on the Company's reported income or net assets.

Revenue

Interest income is recognised in revenue on an accruals basis.

Expenses

All expenses are borne by the Company's parent company, The Conygar Investment Company PLC.

NOTES TO THE ACCOUNTS (continued)

For the year ended 30 September 2016

1. Accounting Policies (continued)

Zero Dividend Preference Shares

Zero Dividend Preference Shares are recognised as liabilities in the Statement of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued entitlement to the date of these financial statements.

Intercompany Receivable

Intercompany receivables are recognised as assets in the Statement of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition, they are measured at amortised cost which represents the initial loan plus the accrued interest receivable at the reporting date.

Finance Costs

Finance costs are calculated as the difference between the proceeds on the issue of Zero Dividend Preference Shares and the final liability and are charged as finance costs over the term of the life of these shares using the effective interest method.

Taxation

The charge for taxation is based on the taxable profits for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are never taxable or deductible. The Company's liability for tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Taxation

Taxation deferred or accelerated can arise due to temporary differences between treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all temporary differences that have arisen, but not reversed, by the reporting date.

Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities. Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares; and
- 'Retained earnings' represents retained profits.

Key Estimates and Assumptions

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single economic and geographic segment of business primarily being the raising of funds in order to provide financing to the Parent.

Statement of Cash Flows

No Cash Flow Statement is presented as all funding activities are provided by the Parent.

NOTES TO THE ACCOUNTS (continued)

For the year ended 30 September 2016

2. Administrative Expenses

| | <i>Year Ended</i> 30 Sep 2016 | <i>Year Ended</i> 30 Sep 2015 |
|---|----------------------------------|----------------------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Costs of meeting regulatory obligations | 22 | 14 |

Fees paid to auditors in respect of audit services amounted to £18,000 (2015: £10,000).

3. Finance Costs

| | <i>Year Ended</i> 30 Sep 2016 | <i>Year Ended</i> 30 Sep 2015 |
|-----------------------------|----------------------------------|----------------------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Interest on ZDP shares | 1,810 | 1,716 |
| Amortisation of issue costs | 134 | 133 |
| | <u>1,944</u> | <u>1,849</u> |

4. Taxation

| | <i>Year Ended</i> 30 Sep 2016 | <i>Year Ended</i> 30 Sep 2015 |
|---|----------------------------------|----------------------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Loss before taxation | (1,966) | (1,863) |
| Multiplied by rate of tax – 20.0% (2015: 20.5%) | (393) | (382) |
| Not deductible for tax purposes | 389 | 382 |
| Group relief | 4 | – |
| Tax charge for year | <u>–</u> | <u>–</u> |

5. Earnings Per Share

The calculation of earnings per share is based on a loss after tax figure for the year of £1,966,000 (2015: £1,863,000) and the weighted average number of 50,000 (2015: 50,000) ordinary shares in issue during the year. The basic and diluted earnings per share are the same.

6. Amounts due from Parent Company

| | <i>Year Ended</i> 30 Sep 2016 | <i>Year Ended</i> 30 Sep 2015 |
|---|----------------------------------|----------------------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Balance at start of year | 32,521 | 30,672 |
| Parent loan repaid | (28) | (14) |
| Additions under contribution agreements | 1,972 | 1,863 |
| Balance at end of year | <u>34,465</u> | <u>32,521</u> |

Funds raised through ZDP share issue, after the deduction of issue costs of £668,286 totalled £29,331,714. These funds were transferred to the Parent as a non-interest bearing loan repayable on demand according to the Loan Agreement dated 7 January 2014.

NOTES TO THE ACCOUNTS (continued)

For the year ended 30 September 2016

6. Amounts due from Parent Company (continued)

On 7 January 2014, the Company entered into a Contribution Agreement with the Parent. The agreement provides an undertaking by the Parent to pay any costs and expenses incurred by the Company in respect of its operation and the continuation of its business and to enable the Company to meet its payment obligations in respect of the ZDP shares. The Parent has agreed to support the Company's obligations and has agreed to certain protections to ensure the Parent does not make distributions or returns of capital without retaining sufficient capital to meet its obligations to the Company.

7. Zero Dividend Preference Shares

| | 30 Sep 2016 | 30 Sep 2015 |
|-----------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Balance at start of year | 32,471 | 30,622 |
| Amortisation of share issue costs | 134 | 133 |
| Accrued capital | 1,810 | 1,716 |
| Balance at end of year | 34,415 | 32,471 |

The Company issued 30,000,000 zero dividend preference shares ('ZDP shares') at 100 pence per share. The ZDP shares have an entitlement to receive a fixed cash amount on 9 January 2019, being the maturity date, but do not receive any dividends or income distributions. Additional capital accrues to the ZDP shares on a daily basis at a rate equivalent to 5.5% per annum, resulting in a final capital entitlement of 130.7 pence per share. The ZDP shares were listed on the London Stock Exchange on 10 January 2014.

During the year, the Company has accrued for £1,810,000 (2015: £1,716,000) of additional capital. The total amount repayable at maturity is £39,210,000.

The ZDP shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote as a class on certain proposals which would be likely to materially affect their position. In the event of a winding-up of the Company, the capital entitlement of the ZDP shares (except for any undistributed revenue profits) will rank ahead of ordinary shares but behind other creditors of the Company.

8. Share Capital

The authorised share capital of the Company is fifty thousand ordinary shares issued at £1. On 3 January 2014, the Company issued fifty thousand ordinary shares at par value.

9. Financial Instruments

The Company's financial instruments comprise fixed interest creditors, financial liabilities at amortised cost and loans and receivables.

The main risks arising from the Company's financial instruments are liquidity risk and funding risk and credit risk.

Liquidity and Funding Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is considered to be significant as the Company is reliant upon repayment from its parent company. Details of how this risk is managed are contained within the financial statements of the parent company.

NOTES TO THE ACCOUNTS (continued)

For the year ended 30 September 2016

9. Financial Instruments (continued)

Contractual maturity analysis for financial liabilities at 30 September 2016 and 30 September 2015

| | <i>Within three years</i> | <i>Total</i> |
|------------------------------------|---------------------------|---------------|
| | <i>£'000</i> | <i>£'000</i> |
| ZDP Shares final redemption figure | <u>39,210</u> | <u>39,210</u> |

Credit Risk

This is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Company.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

Loans and receivables

| | <i>30 Sep 2016</i> | <i>30 Sep 2015</i> |
|---------------------------------|--------------------|--------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Amounts due from parent company | <u>34,465</u> | <u>32,521</u> |

10. Controlling and Related Parties

The Company is wholly owned by The Conygar Investment Company PLC (the "Parent"). The Parent is therefore the immediate and ultimate controlling party.

The Company also entered into a non-interest bearing Loan Agreement with the Parent dated 7 January 2014. As at 30 September 2016, the Parent owed £34.5 million (2015: £32.5 million) to the Company under the Loan Agreement.

The Directors received no remuneration for their services to the Company during the year.

11. Events After the Reporting Date

There are no subsequent events requiring disclosure in these financial statements.

Conygar ZDP PLC
(Company Number 8794437)
(the “Company”)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “meeting”) of the Company will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London, SE1 2AU on 7 February 2017 at 3.00 pm for the following purposes:

ORDINARY BUSINESS

Ordinary Resolutions

- 1 To receive the Company’s annual accounts for the financial year ended 30 September 2016 together with the last directors’ report, the last directors’ remuneration report and the auditors’ report on those accounts and the auditable part of the remuneration report.
- 2 To receive and approve the directors’ remuneration report for the financial year ended 30 September 2016.
- 3 To re-appoint Rees Pollock as auditors to hold office from the conclusion of the meeting to the conclusion of the next general meeting at which accounts are laid before the Company.
- 4 To authorise the directors of the Company (the “Directors”) to agree the remuneration of the auditors.
- 5 To re-appoint the following director who retires in accordance with the Articles of Association of the Company: Robert Thomas Ernest Ware.

Registered Office
Fourth Floor
110 Wigmore Street
London
W1U 3RW

By Order of the Board
R H McCaskill
Company Secretary

15 December 2016

NOTICE OF ANNUAL GENERAL MEETING (continued)

Explanatory Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Only those holders of Ordinary Shares registered in the Company shall be entitled to attend and vote at the Annual General Meeting. Holders of ZDP shares have the right to receive notice of general meetings of the Company but do not have any right to attend, speak and vote at any general meeting of the Company unless the business of the meeting includes any resolution to vary, modify or abrogate any of the special rights attached to ZDP shares.

Appointment of proxies

2. A member entitled to attend, vote and speak at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. More than one proxy may be appointed provided that each proxy is appointed to exercise the rights attached to different shares. To be effective, a form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the Company's registered office ("Registered Office") addressed to the Company Secretary not later than 48 hours before the time of the meeting excluding non-working days. The appointment of a proxy will not prevent a member from attending the meeting and voting and speaking in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every Ordinary share of which he/she is the holder.

Appointment of proxy by post

3. To appoint a proxy using the proxy form, the form must be:
 - i. completed and signed;
 - ii. sent or delivered to the Company Secretary at the Registered Office; and
 - iii. received by the Company Secretary no later than 3 February 2017 at 3.00 pm.

Termination of proxy appointments

4. A member is entitled to change a proxy instruction. In order to revoke a proxy instruction you will need to inform the Company using the following method:
 - by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to **The Company Secretary, Fourth Floor, 110 Wigmore Street, London W1U 3RW**. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company Secretary no later than 3.00 pm on 3 February 2017.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

