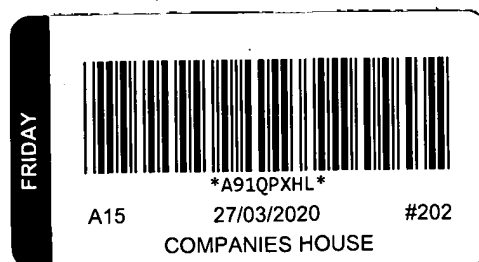


Registered number 05073406 (England and Wales)

Southside & City Developments Limited
Annual report and financial statements
For the 18 month period ended 30 June 2019



Southside & City Developments Limited

Annual report and financial statements For the 18 month period ended 30 June 2019

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Southside & City Developments Limited

Directors, officers and advisers

Directors

C Klerides
V Papadopoulos

Company secretary

CMK Management Ltd

Registered office

6 Grosvenor Street
London
W1K 4PZ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Southside & City Developments Limited

Strategic Report for the period ended 30 June 2019

The directors present their strategic report for Southside & City Developments Limited (the "Company") for the 18 month period from 1 January 2018 to 30 June 2019.

Fair review of the business

The principal activities of the Company during the period was the completion of matters relating to the disposal of the residual elements of its land assets.

During the prior year, the Company completed the disposal of all the significant elements of its land at its Luton site and substantially completed the agreed infrastructure works on the site it was due to carry out as part of the terms of sale. During the current period the Company completed any remaining infrastructure works and sold a small ancillary piece of land relating to the site.

The loss for the financial period amounted to £1,601,575 (2017: £293,934). This arises primarily as a result of accruing interest on its enabling loan facility.

At the balance sheet date, the company's remaining loan facility was its enabling loan facility. Its infrastructure loan and senior debt having been repaid in full in the prior year. PIK notes also remain outstanding.

There are no longer any key performance indicators because there is now minimal activity in the company following the sale of its main land assets. During the period, the sale proceeds were £90,000 (2017: £8,200,000) giving total cumulative sale proceeds of £34,952,000 since 2015.

The directors intend to place the company into voluntary liquidation after the period end, once the minor remaining assets have been disposed of.

Principal risks and uncertainties

The key financial risk affecting the Company has historically been viewed as the continued availability of funding.

The company, along with its sister company KDC Properties Ltd, is currently funded by Payment in Kind ("PIK") Notes and an enabling debt facility both of which have been in place for a number of years.

The Company has been in default of the terms of its PIK notes. No action has been taken by any of the lenders to accelerate the repayment of the PIK notes and during the period the lenders have removed the security previously held by them in respect of the outstanding debt. However, as a result of the default the facilities have been classified on the balance sheet as amounts owed within one year at both 31 December 2017 and at 30 June 2019.

Although the company's loan facilities remain in technical default, since the period end the remaining PIK note and Enabling facilities have continued.

As at the date of approval of the financial statements the company has received no indication from the lenders that they intend to invoke their rights under the facility agreements and demand repayment of the debt within the next 12 months, and therefore the facilities remain available to the company.

However it should be noted that the directors of the Company intend to liquidate the company in the near future, there being minimal remaining assets in the company.

Approved by the Board on 17/03/2020 and signed on its behalf by:



C Klerides

Director

Southside & City Developments Limited

Directors' report for the period ended 30 June 2019

Principal activities

The principal activities of the Company during the period was the completion of matters relating to the disposal of the residual elements of its land assets.

Subsequent events

Since the period end, the company's remaining land assets have been sold.

Directors

The directors who held office during the period and up to the date of signing the financial statements are given below:

V Papadopoulos

C Klerides

Dividends

No dividends were paid or proposed during the period (2017: £nil).

Going Concern and Future Developments

The company meets its day to day working capital requirements through the Enabling facilities provided by related company Laing O'Rourke Treasury Limited and any residual cash proceeds from the sale of assets and release of guarantees.

As a result of the default on the terms of the Company's facilities noted below, all facilities became repayable on demand in 2014. As at the date of approval of the financial statements and following repayment of the Senior and Super Senior debt in full, the Company has received no indication from the lenders that they intend to invoke their rights under the remaining facilities and demand repayment of that debt within the next 12 months, and therefore these facilities remain available to the Company.

As reported previously and as there is now minimal remaining activity and minimal remaining assets in the Company, the directors intend to commence liquidation proceedings as part of an orderly winding up process once the remaining minor assets have been sold or realised. These financial statements have been prepared on the basis that the company is not expected to be a going concern for at least 12 months after the date that these accounts have been approved.

Accordingly within these financial statements, all assets and liabilities have been classified as current. Assets have been stated at their recoverable amounts. It is not anticipated that any demand for repayment will be made by the lenders and PIK Note holders prior to the company being placed in liquidation.

Political donations

The Company and its subsidiaries made no political donations during the period (2017: £nil).

Southside & City Developments Limited

Directors' report for the period ended 30 June 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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 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.

Statements of Disclosure of information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

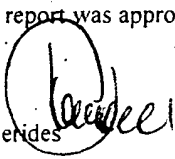
- (1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to act as auditors and a resolution that they be appointed as independent auditors of the Company will be passed at the Annual General Meeting.

Approval

This report was approved by the board on 17/05/2020 and signed on its behalf by


C Klerides

Director

Southside & City Developments Limited

Independent auditors' report to the members of Southside & City Developments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Southside & City Developments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies and judgments.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1.7 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Southside & City Developments Limited

Independent auditors' report to the members of Southside & City Developments Limited

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 March 2020

Southside & City Developments Limited

Profit and loss account Year ended 30 June 2019

	Note	For the period ended 30 June 2019 £	For the year ended 31 December 2017 £
Turnover	2	90,000	8,200,000
Cost of sales		(116,896)	(7,075,461)
Gross (loss)/profit		(26,896)	1,124,539
Administrative expenses		(380,193)	(321,219)
Operating (loss)/profit	5	(407,089)	803,320
Interest receivable and similar income	6	1,751	278
Interest payable and similar expenses	7	(1,196,237)	(1,097,532)
Loss before taxation		(1,601,575)	(293,934)
Tax	8	-	-
Loss for the financial year		(1,601,575)	(293,934)

Statement of comprehensive income For the period ended 30 June 2019

	For the period ended 30 June 2019 £	For the year ended 31 December 2017 £
Loss for the financial year	(1,601,575)	(293,934)
Other comprehensive income:	-	-
Total comprehensive expense for the year	(1,601,575)	(293,934)

Further comments on the profit and loss account line items are presented in notes 1-16 of the financial statements.

The notes on pages 10-15 form integral part of these financial statements.

Southside & City Developments Limited

Balance sheet as at 30 June 2019

	Note	30 June 2019 £	31 December 2017 £
Current assets			
Stocks	9		90,000
Debtors:			
amounts falling due:			
within one year	10	1,900	503,573
after more than one year	11		
Cash at bank and in hand		127,312	504,726
		<u>129,212</u>	<u>1,098,299</u>
Creditors: amounts falling due			
within one year	12	(75,028,354)	(74,395,866)
		<u>(74,899,142)</u>	<u>(73,297,567)</u>
Net current liabilities			
		<u>(74,899,142)</u>	<u>(73,297,567)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		(74,899,143)	(73,297,568)
		<u>(74,899,142)</u>	<u>(73,297,567)</u>
Total shareholders' deficit		<u>(74,899,142)</u>	<u>(73,297,567)</u>

The notes on pages 10-15 form integral part of these financial statements.

The financial statements of Southside & City Developments Limited, registered number 5073406, on pages 7 to 15 were approved by the board of directors on 17/3/2020 and signed on its behalf by



C Klerides
Director

Further comments on the balance sheet line items are presented in notes 1-16 of the financial statements.

Southside & City Developments Limited

Statement of changes in equity For the period ended 30 June 2019

	Called up share capital £	Profit and loss account £	Total shareholders' deficit £
Balance at 1 January 2017	1	(73,003,634)	(73,003,633)
Comprehensive expense			
Loss for the financial year and total comprehensive expense	-	(293,934)	(293,934)
Balance at 31 December 2017	<u>1</u>	<u>(73,297,568)</u>	<u>(73,297,567)</u>
Comprehensive expense			
Loss for the period and total comprehensive expense	-	(1,601,575)	(1,601,575)
Balance at 30 June 2019	<u>1</u>	<u>(74,899,143)</u>	<u>(74,899,142)</u>

The notes on pages 10-15 form integral part of these financial statements

Southside & City Developments Limited

Notes to financial statements For the period ended 30 June 2019

1. SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS

1.1 Basis of preparation of financial statements

These financial statements have been prepared on a basis other than a going concern as explained in the director's report. They have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ('FRS 102') and section 396 of the Companies Act 2006. The principal accounting policies are set out below.

The impact on the profit and loss and balance sheet of preparing the accounts on a basis other than a going concern at the end of this period has not been significant given the small amount of assets in the company and the fact that the principle liabilities were already classified as repayable on demand. The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 6 Grosvenor Street, London, W1K 4PZ

1.2 Stock and work in progress

Land and developments held as trading stock are valued at the lower of direct cost plus attributable overheads and estimated net realisable value. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of stocks. Net realisable value is the estimated selling price less applicable variable selling expenses and less costs to complete.

1.3 Finance Income/Costs

Interest charged on bank and other loans used to fund the development of the site is recognised in the Profit and Loss Account as an expense.

1.4 Financial risk management

The Directors receive quarterly reports from the project managers which review progress on the site and project forward from a financial viewpoint to see anticipated sales and financial returns.

1.5 Turnover

Turnover is recognised at the fair value of consideration received or receivable at the point that the company has transferred the significant risks and rewards of ownership to the buyer, and to the extent that it is probable that future economic benefits will flow to the company.

Turnover in respect of the sale of the company's trading stock of land is usually recognised at the time of completion of the sales contract.

Turnover in respect of the provision of infrastructure works is recognised using the percentage completion method based on the stage of completion of the contract at the balance sheet date, providing the expected outcome of the contract can be reliably estimated as regards turnover, costs incurred, costs to complete and stage of completion.

1.6 Financial instruments

Financial assets

Basic financial instruments which include trade receivables, cash and bank balances are initially recognised at transaction price, and such assets are subsequently carried at amortised cost using the effective interest method. At the end of each accounting period such assets are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is recognised in the profit and loss account. If there is subsequent event which results in a reversal of part or all of the impairment, the reversal is recognised in the profit and loss up to the amount of the previous impairment brought forward.

Financial liabilities

Basic financial liabilities including trade and other payables, bank and other loans, and amount due to other group companies are initially recognised at transaction price. If the transaction is a financing transaction the debt is measured at the present value of future cash flows discounted at a market rate of interest. Subsequently trade and other payables and debt instruments are measured at amortised cost using the effective interest method.

Southside & City Developments Limited

Notes to financial statements For the period ended 30 June 2019 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS (CONTINUED)

1.7 Going Concern

The company meets its day to day working capital requirements through the Enabling facilities provided by related company Laing O'Rourke Treasury Limited and any residual cash proceeds from the sale of assets and release of guarantees.

As a result of the default on the terms of the Company's facilities noted below, all facilities became repayable on demand in 2014. As at the date of approval of the financial statements and following repayment of the Senior and Super Senior debt in full, the Company has received no indication from the lenders that they intend to invoke their rights under the remaining facilities and demand repayment of that debt within the next 12 months, and therefore these facilities remain available to the Company.

As reported previously and as there is now minimal remaining activity and minimal remaining assets in the Company, the directors intend to commence liquidation proceedings as part of an orderly winding up process once the remaining minor assets have been sold. These financial statements have been prepared on the basis that the company is not expected to be a going concern for at least 12 months after the date that these accounts have been approved.

Accordingly within these financial statements, all assets and liabilities have been classified as current. Assets have been stated at their recoverable amounts. It is not anticipated that any demand for repayment will be made by the lenders and PIK Note holders prior to the company being placed in liquidation.

2 Turnover

All turnover arose from the sale of land during the period and occurred in the UK.

3 Employees and directors

There were two employees (including directors) during the period (2017: two). Directors' emoluments amounted to £70,020 for the period (2017: £52,641).

4 Financial Status

The company, together with its sister company KDC Properties Limited successfully restructured its existing debt facilities in 2011. The senior debt of the Company was bifurcated into £20,801,109 of 'Senior debt' and £67,158,707 of 'Payment In Kind ('PIK') notes'. The Senior debt was subsequently repaid. As part of the restructure, the Company, together with its sister company, KDC Properties Limited an 'Enabling Facility' of £5,500,000. At the period end the balance on the Enabling Facility was £5,005,316 (2017: £4,209,079). All Enabling Facility funding in the period was provided to the Company and none to KDC Properties Ltd.

Since the period end the Enabling facilities have continued in place.

As at the date of approval of the financial statements the company has received no indication from the lenders that they intend to invoke their rights under the facilities and demand repayment of the remaining debt prior to the proposed orderly winding up of the company.

5 Operating (loss)/profit

This is arrived at after charging:

	30 June 2019	December 2017
	£	£
Services provided by the Company's auditors - fees payable for the audit	<u>25,050</u>	<u>36,000</u>

Southside & City Developments Limited

Notes to financial statements For the period ended 30 June 2019 (continued)

6 Interest receivable and similar income

	30 June 2019	31 December 2017
	£	£
Interest received on bank account	<u>1,751</u>	<u>278</u>

7 Interest payable and similar expenses

	30 June 2019	31 December 2017
	£	£
Interest on enabling, infrastructure and other loans	<u>1,196,237</u>	<u>1,097,532</u>

8 Tax

	30 June 2019	31 December 2017
	£	£
Cyprus corporation tax		
Current tax on income for the year	<u>-</u>	<u>-</u>

The tax assessed for the year is the standard rate of corporation tax in Cyprus 12.5% (2017: 12.5%).

	30 June 2019	31 December 2017
	£	£
Tax reconciliation		
Loss before taxation	<u>(1,601,575)</u>	<u>(293,934)</u>
Loss before taxation multiplied by rate of corporation tax in Cyprus of 12.5% (2017: 12.5%)	(200,197)	(36,742)
Losses not recognised	200,197	36,742
Total tax charge	<u>-</u>	<u>-</u>

The directors do not consider the deferred tax on losses is recoverable with sufficient certainty to recognise an asset. The Company is a Cypriot tax resident company and will be subject to rates and law applicable within the Cyprus tax jurisdiction.

Southside & City Developments Limited

Notes to financial statements For the period ended 30 June 2019 (continued)

9 Stocks

Stocks	30 June 2019	31 December 2017
	£	£
Work in progress	-	90,000
	<u>-</u>	<u>90,000</u>

There was one minor land sale during the period, which was disposed of in May 2018.

10 Debtors: amounts falling due within one year

	30 June 2019	31 December 2017
	£	£
Trade debtors	-	35,312
Other debtors	1,900	468,261
	<u>1,900</u>	<u>503,573</u>

11 Debtors: amounts falling due after more than one year

	30 June 2019	31 December 2017
	£	£
S&CD Developments Limited	229,995	204,373
Impairment of intercompany balance	(229,995)	(204,373)
	<u>-</u>	<u>-</u>

The inter-company balances were unsecured, interest free and repayable upon demand. The inter-company debtor arose from expenses incurred on its behalf and is not anticipated to be recoverable. Accordingly during the period, the impairment was increased by £25,622 (2017: £26,107) to cover the increase in the balance owed to the Company.

Southside & City Developments Limited

Notes to financial statements For the period ended 30 June 2019 (continued)

12 Creditors: amounts falling due within one year

	30 June 2019	31 December 2017
	£	£
Trade creditors	5,400	81,400
Enabling Facility loan	4,147,437	4,147,437
Interest on Enabling loan	857,880	61,643
PIK Notes	66,766,564	66,766,564
KDC Properties Limited	3,093,032	3,178,032
Other creditors	-	124,790
Accruals and deferred income	158,041	36,000
	<u>75,028,354</u>	<u>74,395,866</u>

The Company is a joint borrower with its sister company, KDC Properties Limited for all loans and PIK notes.

As explained in note 4, the Company's PIK notes and enabling loan facility are technically repayable on demand. As a consequence, the debt continues to be classified as falling due within one year.

The Senior Debt Loan and PIK notes were historically secured on the remaining development site land included within work in progress (2017: £90,000). During the period, the lenders agreed to release all security held in respect of remaining PIK Notes and loans.

The Enabling Facility loan is a £4,500,000 loan facility, increased to £5,500,000 in 2016, attracting a fixed 17.5% interest rate on amounts drawn. £5,005,317 of this facility was drawn at 30 June 2019 (2017: £4,209,079).

13 Called up share capital

	30 June 2019	31 December 2017
	£	£
Called up share capital		
Authorised		
100 (2017:100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
1 (2017:1) ordinary shares of £1 each	<u>1</u>	<u>1</u>

14 Ultimate parent undertaking

The immediate parent undertaking is S&CD Developments Limited a company registered in Cyprus.

The ultimate parent company and controlling party of S&CD Developments Limited is Suffolk Partners Corporation a company registered in the British Virgin Islands.

Southside & City Developments Limited

Notes to financial statements For the period ended 30 June 2019 (continued)

15 Related party transactions

Loan interest of £1,196,237 (2017: £1,066,280) was charged by Laing O'Rourke Treasury Limited in respect of interest charges on the Enabling loan during the period.

During the period the Company paid £150,000 (2017: £185,000) of management fees to Augur Group Limited.

16 Commitments

In 2016, the Company's bankers had provided a performance and guarantee bond on behalf of the Company with a maximum value of £700,743 in respect of infrastructure works being carried out on the Luton site. This bond expired during the period and all funds held as security have been repaid to the Company (2017 outstanding: £280,297).