COMPANY REGISTRATION NUMBER 07246657

STOBART ESTATES HOLDINGS LIMITED

FULL AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

STOBART ESTATES HOLDINGS LIMITED

COMPANY INFORMATION

Directors:	N A Dilworth L I Girdwood
Registered office:	Third floor 15 Stratford Place London W1C 1BE
Auditor:	KPMG LLP 1 St Peter's Square Manchester M2 3AE

The directors present their report and financial statements for the year ended 28 February 2021. The company has met the requirements in the Companies Act 2006 to obtain the exemption provided, based on its size, from the presentation of a strategic report.

Results
The company did not trade during the current year or prior period and therefore a profit and loss account has not been presented.

Principal activity
The company's principal activity during is that of a non-trading holding company.

Business review
The company owns a 100% interest in WADI Properties Limited, the holding company for a number of companies whose principal activity is property investment. The company also owns a 100% interest in Stobart AD1 Limited and Stobart Green Energy Limited, the principal activity of both these companies is investment in renewable energy infrastructure.

Financial risk management objectives and policies
As a subsidiary of Esken Limited (previously Stobart Group Limited), the company has adopted the group's policies on risk management. The risks are assessed as operational, compliance and financial. Regular reviews of these risks are carried out.

Going concern
The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period until 31 January 2023 from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Esken Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Esken Limited providing additional financial support during that period. Esken Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. A material uncertainty exists over the ability of Esken Limited to provide ongoing financial support, please see note 1 for further details. Despite this, the Directors are comfortable that the going concern assumption remains appropriate.

Directors
The directors of the company are set out below. All directors served throughout the year unless otherwise indicated.

W Brady (resigned 30 April 2021)
N A Dilworth
L I Girdwood

Political and charitable contributions
No charitable or political contributions were made by the company in the year (2020: £Nil).

Disclosure of information to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

L I Girdwood
Director

27 August 2021

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOBART ESTATES HOLDINGS LIMITED

Opinion
We have audited the financial statements of Stobart Estates Holdings Limited ("the company") for the year ended 28 February 2021 which comprise the Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern
We draw attention to note 1 to the financial statements which indicates that the company's ability to continue as a going concern is dependent on financial support from its parent company Esken Limited. However, there is uncertainty that the parent company will be able to provide this financial support as there is a material uncertainty as to whether the Group can secure the necessary funding through i) the banks not recalling the Group's existing RCF ii) the banks allowing the Group further planned drawdowns through to August 2021 iii) the Group executing the heads of terms in respect of the convertible debt instrument, iv) the Group's successful completion of the Capital Raise and v) the Group obtaining the new RCF.

These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.
Our opinion is not modified in respect of this matter.

Going concern basis of preparation
The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.
Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Esken Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOBART ESTATES HOLDINGS LIMITED (CONTINUED)

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing 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, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.
Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOBART ESTATES HOLDINGS LIMITED (CONTINUED)

Directors' responsibilities
As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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 auditor's 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.

Michael Froom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square, Manchester, M2 3AE
27 August 2021

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 28 FEBRUARY 2021

The company has not traded and no statement of profit and loss and other comprehensive income has been presented.

The notes on pages 11 to 17 form part of these financial statements.

STOBART ESTATES HOLDINGS LIMITED

BALANCE SHEET

AT 28 FEBRUARY 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	3	**13,245,785**	13,245,785
Creditors: amounts falling due within one year	4	**(14,162,285)**	(14,162,285)
Net current liabilities		**(14,162,285)**	(14,162,285)
Total assets less current liabilities		**(916,500)**	(916,500)
Capital and reserves			
Called-up share capital	5	**1**	1
Profit and loss account		**(916,501)**	(916,501)
Shareholders' deficit		**(916,500)**	(916,500)

These financial statements were approved by the board of directors on 27 August 2021 and signed on its behalf by:

L I Girdwood
Director

Company Registration Number: 07246657

The notes on pages 11 to 17 form part of these financial statements.

STOBART ESTATES HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 28 FEBRUARY 2021

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 March 2020	1	(916,501)	(916,500)
Profit for the financial year	–	–	–
Total comprehensive income for the year	–	–	–
Balance at 28 February 2021	**1**	**(916,501)**	**(916,500)**

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 March 2019	1	(916,501)	(916,500)
Profit for the financial year	–	–	–
Total comprehensive income for the year	–	–	–
Balance at 29 February 2020	**1**	**(916,501)**	**(916,500)**

The notes on pages 11 to 17 form part of these financial statements.

1. Accounting policies

Basis of preparation
Stobart Estates Holdings Limited is a company limited by shares and is incorporated and domiciled in the UK. The presentational currency used in these financial statements is UK sterling.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Esken Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Esken Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from PO Box 286, Floor 2, Trafalgar Court, St Peter Port, Guernsey GY1 4LY.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention
The financial statements are prepared on the historical cost basis.

Going concern
The Company is a wholly owned subsidiary of Esken Limited, which together with other subsidiaries, forms part of the consolidated Esken Group (Group). The going concern basis of preparation of the Company is dependent on the ongoing ability of the Group to continue trading and provide the financial support required by the Company. Esken Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period until 31 January 2023 from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. However, the Group's consolidated financial statements for the year ended 28 February 2021 issued on 30 June 2021 includes a material uncertainty, relating to the Group's refinancing plans, that casts a significant doubt over the ability of the Group to continue as a going concern. The disclosure included in the Group financial statements is as below:

The Group's business activities, together with factors likely to affect its future performance and position, are set out in the Chairman's statement and the financial position of the Group, its cash flows and funding are set out in the Financial Review of the Group's Annual Report.

Note 25 of the Group's Annual Report includes details of the Group's loans and borrowings at the year end together with the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future through to January 2023. Accordingly, the financial statements have been prepared on a going concern basis. However, there is a material uncertainty in respect of this going concern assumption and the Directors have exercised a very significant degree of judgement in concluding that the Group remains a going concern, in particular the identification of the going concern period and identifying and describing the material uncertainties that exist in concluding that the going concern basis of preparation remains appropriate.

In performing the going concern assessment, the Directors have reviewed the cash flow forecasts together with the funding options that may be available to the Group and the likelihood of them being accessible, including the current revolving credit facility (RCF), in the timelines required and anticipated in the forecasts, which cover the period up to January 2023. As at 28 February 2021, the Group was drawn £55.0m on its £120m existing RCF and had cash balances of £12.4m, resulting in headroom as of that date of £77.4m. However as explained below any further drawdowns from the existing RCF are subject to bank consent. Whilst the Group continues to tightly manage its cash resources during the post year end period, the current position is that the Group has drawn down £95m on its existing RCF and plans to draw down a further £13m during July 2021 and £5m in August 2021. Whilst the banks have indicated in writing their willingness to allow the Group to draw down those funds through to August 2021, there is no certainty that this will be the case. In addition, the banks have indicated in writing their willingness to defer certain covenant tests attached to the existing RCF. Should the bank not defer the covenant tests, or not allow the planned drawdowns to August 2021, the Group may be unable to continue trading.

To enable the Group to repay its current RCF, the Group has announced it has entered into a signed term sheet on a £125m convertible debt instrument issued by its 100% owned subsidiary London Southend Airport Company Limited. The Group is currently still in negotiations with this lender and the agreed exclusivity period expires on 30 June 2021. Should this transaction not complete, the Group, in all likelihood, would need to market London Southend Airport for sale. In addition, the Group has announced its intention to raise net proceeds of approximately £40m by way of a documented equity raise (Capital Raise) that will be conditional upon, among other things, the approval of shareholders. A combined Prospectus to shareholders containing additional details on the convertible debt instrument and Capital Raise is intended to be published towards the end of July 2021. Should shareholders approve these transactions it is expected that the funds will be received by the Group before the end of August 2021. The funds raised will be used to repay the existing RCF, which is expected to be drawn down by £113m at the end of August 2021.

The completion of the convertible debt instrument is dependent on both the Capital Raise raising at least £40m and the Group securing a new RCF of £20m. In respect of the latter, the Group is in talks with its current banks to enter into a new RCF of £20m that would mature in January 2023. This has not yet been subject to the bank's credit committee approval process so there is a significant risk that this funding will not be secured. However, the banks have indicated in writing their willingness to support a RCF of £20m. The covenant requirements of this new RCF have been proposed but not yet been agreed. In addition, whilst the Group has had communication with a significant shareholder in respect of a Capital Raise of this magnitude, there is no certainty that this will successfully complete. Consequently, *particularly given the interdependencies between the three funding transactions (being the convertible debt instrument, Capital Raise and new RCF) meaning all three need to complete or none will complete, there is a high risk that the necessary funds will not be obtained.*

The reasonableness of the Group in assuming these funds will be received is a significant judgement and consequently there is a material uncertainty in respect of securing the necessary funds from i) the banks not recalling the existing RCF ii) the banks allowing the further planned drawdowns through to August 2021 iii) executing the heads of terms in respect of the convertible debt instrument, iv) successful completion of the Capital Raise and v) obtaining the new RCF.

The Directors have prepared base case forecasts to January 2023, together with sensitivity analysis on those forecasts, including a severe but plausible downside set of assumptions around the continued COVID-19 recovery for the Group whilst recognising the different recovery periods likely to be seen given the nature of the different operating divisions. Those severe but plausible forecasts reflect the benefit of certain controllable mitigating actions that the directors could take should the group require it, for example the deferral of discretionary cash outflows. On the assumption that the above planned debt and equity raises are substantially successful, the base case forecast indicates headroom of c.£15m, which would increase to c.£27m if non-controllable non-core asset sales of £12m successfully complete, at January 2023; and the severe but plausible downside indicates that the Group will have a shortfall of c.£11m at this point. This excludes any cash inflows from non-core asset sales or sublease of aircraft.

The Energy division has almost recovered to its pre-COVID volumes and the gate fee declines observed as a result of COVID-19 have now reversed. The Aviation division has not shown any signs of recovery as both airlines and passengers continue to be impacted by government COVID-19 restrictions and regular government policy changes making it difficult for airlines to plan and restart commercial flights. In particular, and for the purposes of this going concern analysis only, the base case forecast assumes:

- *The banks allow the Group to draw down £13m in July 2021 and £5m in August 2021 and does not require the Group to repay the existing RCF before the end of August 2021;*
- *The Group completes the Capital Raise and convertible debt issue discussed above, resulting in the receipt of gross proceeds of at least c.£165m which will largely be used to repay the existing RCF, which is expected to be drawn by £113m at the point of completion of the Capital Raise and convertible debt instrument.*
- *The Group enters into a new RCF of £20m and that this is refinanced prior to maturity in January 2023;*
- *A gradual resumption of flying from June 2021, with full year passenger volumes from LSA of c.0.3m for the year ending February 2022 and c.2.0m passengers in the year ending February 2023;*
- *Continued improvements in gate fee income along with the plants we supply experiencing improved availability;*
- *The liquidation of Stobart Air and payments for the remaining Propius obligations will result in cash outflows of c.£82m through to August 2023, which includes outflows in respect of aircraft lease payments, break fees in respect of the aircraft leases, maintenance obligations in respect of the aircraft, professional fees in respect of the liquidation and a contingency for unforeseen costs of liquidation;*
- *Significant professional fees in respect of the convertible debt instrument, equity raise and new RCF;*
- *An expectation that the Group will receive no sublease income in respect of the aircraft that will continue to be held by Propius; and*
- *No specific sector support from government and withdrawal of the Job Retention Scheme from 30 September 2021.*

Should the banks refuse to allow the planned drawdowns or require repayment of the existing RCF before the end of August 2021, or the Capital Raise, convertible debt transaction and new RCF are not successfully completed before the end of August 2021 the Group will have severe liquidity issues and the Director's would have a limited amount of time to raise additional funds, for example through a larger equity raise or a distressed sale of major assets, and this may not be completed in sufficient time to allow the Group to continue trading. Should this transaction not complete, the Group, in all likelihood, would need to market London Southend Airport for sale.

The Directors have considered a severe but plausible downside forecast. This scenario indicates that, before non-controllable mitigating actions such as non-core asset disposals, the Group will have a shortfall in headroom of c.£11m at January 2023. The downside detailed above is deemed by the Directors to provide a severe but plausible stress test on forecast trading results. This includes a significant reduction in 2022 and 2023 performance as a result of COVID-19 and reduced trading performance across both operations, resulting in a pre-mitigation cash reduction to forecast. If outcomes are unexpectedly significantly worse, the Directors would need to consider what additional mitigating actions were needed, for example, accessing the value of the asset base to support liquidity. Consequently, the Directors have concluded that to stress test a level of increased severity (beyond the downside modelled) that may create circumstances that represent further instances of a material uncertainty and which may cast an additional significant doubt about the group's ability to continue as a going concern, is not currently reasonable.

The severe but plausible downside forecast includes:

- *The new £20m RCF is not refinanced before maturity in January 2023;*
- *Passenger flying from LSA does not start increasing until September 2021 and passenger growth is slowed through to the year ending February 2023 with 1.3m passengers;*
- *No new incremental business in Aviation Services in the next financial year;*
- *Volume of waste wood supplied to energy plants is restricted to pre-COVID levels and with raw material in short supply due to low levels of construction activity, average gate fees reduce to c.90% of base case;*
- *An assumption that the proposed new £20m RCF is not refinanced prior to its maturity in January 2023;*
- *No aircraft sublease income received; and*
- *No cash received in respect of non-core asset disposals.*

These severe but plausible forecasts beyond 31 August 2021 assume the Capital Raise, convertible debt instrument and new RCF are successfully completed. If they are not completed by the end of August 2021 the Group will have severe liquidity issues and as noted above may not be able to continue trading beyond this point. The Board will of course seek to further mitigate the financial impact of this severe but plausible downside forecast should it arise. The main avenues to mitigate this include the disposal of non-core asset disposals and sub-letting the Propius aircraft. However, in the current environment the timing and value of these transactions may not be sufficient and, should this transaction not complete, the Group, in all likelihood, would need to market London Southend Airport for sale.

Overall, despite the material uncertainty set out above, the directors are satisfied that the group will have sufficient funds to continue to meet its liabilities as they fall due until at least January 2023 from the date of approval of the annual financial statements and therefore have prepared the financial statements on a going concern basis.

However, this is dependent on the successful completion of the Group's refinancing plans (certain of which are interdependent), notably:

- *the banks not requiring repayment of the existing RCF before the end of August 2021;*
- *the banks allowing the Group to draw down from the existing RCF £13m in July 2021 and £5m in August 2021;*
- *the successful completion of the Capital Raise of net £40m before the end of August 2021,*
- *successful completion of the convertible debt instrument of gross £125m before the end of August 2021; and*
- *the successful completion of the new RCF of £20m maturing in January 2023, before the end of August 2021, and it's refinancing on maturity in January 2023.*

The successful completion of the Group's refinancing plans, along with other matters referred to above, represent a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The Group financial statements do not include any adjustments that would be necessary if the going concern basis was inappropriate.

Taking all these factors into account, the directors are satisfied that the company will have sufficient funds to continue to meet its liabilities as they fall due until at least January 2023 from the date of approval of the annual financial statements and therefore have prepared the financial statements on a going concern basis. However the Directors consider that the Company's ability to continue as a going concern is dependent on the ongoing financial support from the Group and to enable this to occur the Group needs to successful complete it's refinancing plans which, together with the other matters referred to above, represents a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would be necessary if this basis were inappropriate.

On 26 August 2021, the Group successfully completed its refinancing plans, including the equity raise, convertible debt in LSA and new RCF facility in line with the directors' expectations.

Financial instruments
Financial liabilities are classified as measured at amortised cost of fair value through profit or loss (FVTPL). A financial liability is classified as FVTPL if it is held for trading, if it is a derivative or if it as designated as such on initial recognition. Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Investments in subsidiaries
Investments in subsidiaries are held at cost less accumulated impairment losses.

2. Directors and employees

Remuneration in respect of the directors was as follows:	**2021**	2020
	£	£
Emoluments and benefits in kind	**975,129**	857,591
Pension contributions	**176,017**	137,510
	1,151,146	995,101

The remuneration disclosed above is borne by a fellow group company. The directors of the company are also directors of fellow subsidiaries. There were no employees of the company during the year other than the directors (2020: Nil). The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies

3. Investments

	Subsidiary undertakings £
Cost and net book value	
At 1 March 2020 and 28 February 2021	**13,245,785**

The principal companies in which the Company's interest at the year end is more than 20% are as follows:

Name of company	Ownership	Country of incorporation	Principal activity
WADI Properties Limited	100%	United Kingdom	Holding company
Stobart AD1 Limited	100%	United Kingdom	Investment company
Stobart Green Energy Limited	100%	United Kingdom	Investment company

4. Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	**14,162,285**	14,162,285

Amounts owed to group companies are repayable on demand, however as disclosed in note 1 the company has received confirmation from parent undertaking of its continuing financial support and that repayment will not be demanded within 12 months of the date of these financial statements.

5. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 ordinary share of £1 each	**1**	1

All shares rank pari passu for dividend rights and provide the holder with one vote.
The following describes the nature and purpose of each reserve within equity:
Share capital – Nominal value of share capital subscribed for.
Profit and loss account – All other net gains and losses and transactions with owners not recognised elsewhere

6. Related party transactions

The company has taken advantage of the exemptions within FRS 101 and has not disclosed transactions with wholly owned group undertakings or compensation of Key Management Personnel.

No other related party transactions occurred.

7. Ultimate parent company

The company is a subsidiary of Esken Limited which is the ultimate parent company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Esken Limited, incorporated in Guernsey. No other group financial statements include the results of the Company.

The consolidated accounts in which the company is included are available from PO Box 286, Floor 2, Trafalgar Court, St Peter Port, Guernsey GY1 4LY.

8. Contingent liability

The company has entered into a cross-guarantee arrangement in respect of the bank borrowings of Esken Limited, the ultimate parent undertaking. At 28 February 2021 the maximum potential liability amounted to £55,000,000 (2020: £75,000,000).