

COMPANY REGISTRATION NUMBER 06776030

SPD 1 LIMITED

Audited Financial Statements

For the year ended 28 February 2023



SPD1 LIMITED

COMPANY INFORMATION

YEAR ENDED 28 FEBRUARY 2023

Directors:

N Dilworth
L Girdwood

Registered office:

Third Floor
15 Stratford Place
London
W1C 1BE

Auditor:

Mazars LLP
1 St. Peter's Square
Manchester
M2 3DE

SPD1 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

The directors present their report and the financial statements of the Company for the year ended 28 February 2023. 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.

Principal activity

The principal activity of the Company is property development.

Business review

The profit for the year after taxation amounted to £16,813,204 (2022: £813,801). The directors do not recommend the payment of a dividend (2022: £Nil).

The Company owns a freehold property at Port of Weston.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate as the Directors have prepared cash flow forecasts for a period until July 2024 from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. A material uncertainty exists, please see note 1 for further details. Despite this, the Directors are satisfied that the going concern assumption remains appropriate.

Directors

The directors of the Company are listed below. All directors served throughout the year unless otherwise indicated.

N Dilworth
L Girdwood

Political and charitable contributions

No charitable or political contributions were made by the Company in the year (2022: £Nil).

Financial risk management objectives and policies

As a subsidiary of Esken 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.

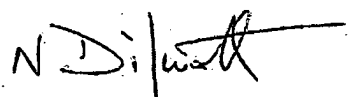
Disclosure of information to auditor

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.

Auditor

Resolutions to re-appoint Mazars LLP as auditor of the Company and for the approval of their remuneration were approved at the Annual General Meeting.

By order of the Board.



N Dilworth
Director
31 July 2023

SPD1 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPD 1 LIMITED

Opinion

We have audited the financial statements of SPD1 Limited (the 'Company') for the year ended 28 February 2023 which comprise the profit and loss account and other comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

The Company is a wholly owned subsidiary of Esken Limited, which together with other subsidiaries, forms part of the consolidated Esken Group ('the Group'). We draw attention to note 1 in the financial statements, which indicates the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. As set out in note 1 to the financial statements, the availability of sufficient liquidity for the Company's requirements during the next twelve months from the date of these financial statements is dependent on the ongoing ability of the Group to continue trading and provide the financial support required by the Company. The Group's ability to continue trading depends on a number of factors. In particular these include the successful completion and receipt of proceeds from the proposed sale of the Group's renewables business by 31 December 2023.

As stated in note 1, these events or conditions, along with the other matters as set forth in this note to the financial statements, indicate that a material uncertainty exists 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.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPD 1 LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPD 1 LIMITED

Auditor's 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 auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements is anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risk is related to management override of controls through posting of manual journal entries to manipulate financial results and cut-off risk on rental revenue.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.
- Addressing the cut-off risk on revenue recognition by testing a sample of revenue transactions to relevant support.

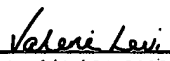
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPD 1 LIMITED

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.


Valerie Levi (Jul 31, 2023 18:56 GMT+1)

Valerie Levi (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peters Square
Manchester
M2 3DE
31 July 2023

SPD1 LIMITED

PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 28 FEBRUARY 2023

	Note	2023 £	2022 £
Revenue	2	81,261	121,264
Other Income	3	16,877,604	-
Administrative expenses	4	(145,661)	(127,463)
Reversal of impairment of fixed assets	7	-	820,000
Profit on ordinary activities before taxation		16,813,204	813,801
Tax on profit on ordinary activities		-	-
Profit and other comprehensive income for the year		16,813,204	813,801

There was no other comprehensive income in the current or prior year.

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

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

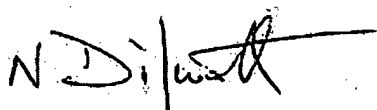
SPD1 LIMITED

STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	8	—	—
Tangible assets	7	5,460,000	5,460,000
		<u>5,460,000</u>	<u>5,460,000</u>
Current assets			
Debtors	9	224	—
Cash at bank and in hand		8,233	13,031
		<u>8,457</u>	<u>13,031</u>
Creditors: amounts falling due within one year	10	(87,995)	(16,905,773)
Net current liabilities		<u>(79,538)</u>	<u>(16,892,742)</u>
Net assets/(liabilities)		<u>5,380,462</u>	<u>(11,432,742)</u>
Capital and reserves			
Called-up share capital	11	1	1
Profit and loss reserve		5,380,461	(11,432,743)
Shareholders' surplus/(deficit)		<u>5,380,462</u>	<u>(11,432,742)</u>

These financial statements were approved by the board of directors on 31 July 2023 and signed on its behalf by:



N Dilworth
Director

Company Registration Number: 06776030

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

SPD1 LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 28 FEBRUARY 2023

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 March 2022	1	(11,432,743)	(11,432,742)
Profit for the financial year	–	16,813,204	16,813,204
Total comprehensive income for the year	–	16,813,204	16,813,204
Balance at 28 February 2023	1	5,380,461	5,380,462

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 March 2021	1	(12,246,544)	(12,246,543)
Profit for the financial year	–	813,801	813,801
Total comprehensive expense for the year	–	813,801	813,801
Balance at 29 February 2022	1	(11,432,743)	(11,432,742)

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

SPD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

1. Accounting policies

Basis of preparation

SPD1 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.

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.

As the consolidated financial statements of Esken Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

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 at least 31 July 2024 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 2023 issued on 21 June 2023 include a material uncertainty 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 Executive Chairman's statement on pages 20 to 23 and the financial position of the Group, its cash flows and funding are set out in the Financial review on pages 26 to 29 of the Group's Annual Report.

SPD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

Note 22 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 will have adequate resources to continue in operational existence for the foreseeable future until at least 30 June 2024. 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 significant degree of judgement in concluding that the Group remains a going concern. In particular, the assumption that the disposal of the Renewables business will complete prior to 31 August 2023, with the timing of completion and forecast consideration are both significant judgements.

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, for the period to 30 June 2024. Within this timescale, it is forecast that funds will be generated from the disposal of the Renewables business and that those proceeds, together with certain non-core asset disposals, will enable the repayment of the £50m term loan, and associated costs, settlement of the exchangeable bonds (bonds) in May 2024, and provide further liquidity to London Southend Airport (LSA), in addition to the short-term facility currently being negotiated with an existing lender, during the ongoing sale process.

The project to dispose of the Renewables business is significantly progressed, with the process being at an advanced stage with a preferred bidder now undertaking due diligence. The current timetable and management judgement assumes completion in August 2023.

As at 28 February 2023, the Group had cash balances of £50.3m. Included in this £50.3m of cash is £5.3m of cash ringfenced in London Southend Airport (LSA) and its subsidiaries, as part of the Carlyle Global infrastructure Opportunity Fund (CGI) convertible debt facility. Whilst the Group continues to tightly manage its cash resources, the current position is that the Group needs to complete the disposal of the Renewables business prior to the end of December 2023, or complete significant asset disposals, otherwise the Group may be unable to continue trading. The Directors have a reasonable expectation, following discussions with the appointed advisor, that the required disposal of the Renewables business will be completed at the quantum and within the timescales required.

Should the business disposal not successfully complete before the end of December 2023, this is expected to lead to severe liquidity issues and the Group will likely breach its forward looking covenant. The Directors would have a limited amount of time to raise additional funds if the timing of the business disposal was to be delayed, to allow the Group to continue trading. The Directors have prepared base case forecasts, together with sensitivity analysis on those forecasts, including a severe but plausible downside set of assumptions detailed below. Under both the base and plausible downside scenario, Group liquidity following the maturity of the bonds in May 2024 becomes negative, excluding the key mitigating action of disposal of the Renewables business. The reasonableness of the assumption made by the Directors that funds from the disposal of the Renewables business will be received is a significant judgement and this gives rise to a material uncertainty in respect of securing the necessary funds. Both forecasts include the critical assumption that the business disposal is successful, the base case forecast indicates Group headroom of c.£26m at 30 June 2024 and the severe but plausible downside indicates that the Group will have headroom of c.£4m at this date.

For the purposes of this going concern analysis, the base case forecast assumes:

- The Group completes the disposal of its Renewables business before 31 August 2023. The proceeds of which will be used to repay the term loan drawn in December 2022;*
- The Group settles its bonds, paying cash in excess of the collateral shares held;*
- Full year passenger volumes from LSA of c.0.1m for the year ending 28 February 2024 and c.0.5m passengers in the year ending 28 February 2025;*
- £34.0m cash received in respect of non-core asset disposals in the year ending February 2024;*
- The Group is able to finalise terms with an existing lender for a suitable additional short-term facility that would enable additional required liquidity of up to £5m to be injected into LSA, prior to 31 July 2023; and*
- Proceeds from the Renewables disposal would be available to be used in the LSA Group to meet ongoing forecast liquidity needs.*

SPD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

The severe but plausible downside excludes all but £9m of non-core asset disposals. That forecast also includes a reduction in 2025 Aviation operational and trading performance due to the slower recovery following the COVID-19 pandemic, resulting in a cash reduction to forecast. The passenger forecast for 2024, of c.0.1m, is primarily based on the known current routes available, and therefore Management do not believe that a downside sensitivity is required to these assumptions. The severe but plausible forecast also assumes that the completion of the Renewables business disposal will be delayed until November 2023. Based on those assumptions, the severe but plausible downside scenario does not have a material impact on the ability of the Group to continue in operational existence for the foreseeable future. However, it is important to note that if the Renewables business disposal is delayed beyond the severe but plausible downsides forecast, the forward looking covenant will be breached without additional mitigating actions, including the accelerated disposal of non-core assets and alternative funding arrangements.

Overall, the Directors are satisfied that the Group will have sufficient funds to continue to meet its liabilities as they fall due until at least 30 June 2024 and therefore have prepared the financial statements on a going concern basis. However, as previously noted this is highly dependent on the successful completion of the Group's disposal plans, which indicate the existence of a material uncertainty related to events or conditions 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 financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue recognition

Turnover represents rental income from the Company's freehold property. Revenue is measured at the fair value of the consideration receivable under the terms of the relevant leases, and is recognised when performance obligations have been satisfied, which in the view of the directors is spread evenly over the term of the lease. Incentives paid to tenants to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period.

Tangible assets

Freehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment in value. Depreciation is provided on items of property, plant and equipment, other than land, to write-off to their residual value the carrying value of items over their expected useful lives.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement in the period the asset is derecognised.

Financial instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

On initial recognition, a financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely repayments of principal and interest on the principal amount outstanding.

Trade and other receivables are amounts due from customers for or services performed in the ordinary course of business. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company recognises loss allowances for expected credit losses ('ECL') on financial assets measured at amortised cost. Loss allowances for trade and other receivables, including intercompany balances, are always measured at an amount equal to lifetime ECL.

SPD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

Financial liabilities are classified as measured at amortised cost or 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 is 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 joint ventures and associated undertakings

Investments in joint ventures and associated undertakings are held at cost less accumulated impairment losses.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2. Turnover

Turnover, all of which arises in the United Kingdom, is analysed as follows:

	2023 £	2022 £
Rental income	81,261	121,264

3. Other Income

	2023 £	2022 £
Intercompany loans waived during the period	16,877,604	-
	16,877,604	-

4. Administrative Expenses

	2023 £	2022 £
Other administrative Expenses	145,661	127,463
	145,661	127,463

SPD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

5. Directors and employees

Remuneration in respect of the directors was as follows:

	2023 £	2022 £
Emoluments and benefits in kind	1,224,000	703,932
Pension contributions	67,000	92,085
	<u>1,291,000</u>	<u>796,017</u>

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 (2022: 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.

6. Taxation on ordinary activities

There was no tax charge for the year (2022: £Nil).

Factors affecting total tax charge

The difference between the tax assessed in the year and the charge based on the standard rate of corporation tax in the UK of 19% (2022: 19%) is reconciled as follows:

	2023 £	2022 £
Profit on ordinary activities before taxation	16,813,204	813,801
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2022: 19%)	3,194,509	154,622
Expenses not deductible for tax	(3,206,745)	-
Amounts not recognised	12,236	(154,622)
Tax charge for the year	<u>-</u>	<u>-</u>

No deferred tax asset or liability has been recognised in the financial statements at 28 February 2023 (2022: £Nil). The total unrecognised deferred tax amounts to £3,352,358 (2022: £3,337,808).

7. Tangible fixed assets

	Freehold property £
Cost	
At 1 March 2022	<u>14,500,000</u>
Depreciation / impairment	
At 1 March 2022	9,040,000
At 28 February 2023	<u>9,040,000</u>
Net book value	
At 28 February 2023	<u>5,460,000</u>
At 28 February 2022	<u>5,460,000</u>

The Company continues to pursue a number of disposal / development options for this asset.

SPD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

8. Investments

	£
Cost and net book value	
At 1 March 2022 and 28 February 2023	-

The Company owns one ordinary £1 share in Convoy Limited, it is the only investment in jointly controlled entities:

Name of company	Country of incorporation	Class of shares held	Ownership
Convoy Limited	Isle of Man	Ordinary	50%

9. Debtors

	2023 £	2022 £
Other debtors	224	-
	<u>224</u>	<u>-</u>

10. Creditors: amounts falling due within one year

	2023 £	2022 £
Amounts owed to group undertakings	40,280	16,857,929
Trade creditors	415	-
Other creditors	47,300	47,844
	<u>87,995</u>	<u>16,905,773</u>

Amounts owed to Group undertakings are repayable on demand and non-interest bearing.

11. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

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.

SPD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

12. 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.

There were no other related party transactions.

13. Immediate and ultimate parent company

The Company is a subsidiary of Westlink Holdings Limited which is the immediate parent company. The ultimate parent company and controlling party is Esken Limited, a company incorporated in Guernsey.

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