

COMPANY REGISTRATION NUMBER: 08528951

**SQIB Limited**  
**Consolidated report and Financial Statements for**  
**the year ended**  
**31 March 2020**



## **SQIB Limited**

### **Officers and Professional Advisers**

**The board of directors**

G Humphreys  
K J Barber  
K R Spencer

**Company secretary**

C J Payne

**Registered office**

45 Westerham Road  
Bessels Green  
Sevenoaks  
Kent  
TN13 2QB

**Auditor**

Mercer & Hole  
Chartered Accountants  
Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
WD3 1JE

**Bankers**

National Westminster Bank Plc  
27 South Street  
Worthing  
West Sussex  
BN11 3AR

# **SQIB Limited**

## **Group Strategic Report**

### **Year ended 31 March 2020**

#### **Principal activities**

The principal activity of SQIB Limited during the year was that of a group holding company. The principal activities of subsidiaries of SQIB Limited are as follows: property development, investment and management, jet aircraft investment and charter aircraft service, and provision of hotel accommodation, venue hire and food and beverage.

#### **Results and performance**

The results for the year are set out on page 12 and show a loss before taxation for the year of £19,106,642 (2019: £10,207,195). The directors have not recommended a dividend.

The parent company results for the year show a loss before taxation of £19,169,265 (2019: £4,399,858).

The group results for the year are listed below in addition to the amortisation of goodwill for the year of (£27,070) and the share of profit for the year of associated undertakings of £635,908. The group results also reflect an additional depreciation charge of £205,902 due to a subsidiary's freehold investment property being treated as freehold land and buildings as it is occupied by a fellow subsidiary of SQIB Limited. This different accounting treatment results in the restriction of indexation relief allowed on the potential gain on disposal of the freehold land and building at its carrying value at 31 March 2020.

The group overall had a difficult year, with group operating losses increasing from £5,146,446 to £10,793,182. The group is reporting a loss before tax of £19,106,642 compared to £10,207,195 in the previous year. Results include a fair value adjustment on investment properties resulting in a gain of £3,985,425 (2019: £1,486,992 loss) as well as an impairment of investment in preference share capital amounting to £9,000,000.

The key driver of the decrease in operating profits is due to a £9,000,000 impairment against a holding of Markerstudy Holdings Limited preference shares in Bishops UK Limited. Administration expenses have reduced to £11,306,275 in 2020 (2019: £14,487,020), however, it should be noted that 2019's results included a one-off £4,055,286 impairment of goodwill. 2020's expenses include Integra Property Management Limited's café staff expenses of £136,128 and a write-off of £114,577 in connection with a historic VAT balance. Jet Aircraft Limited and Zenith Aircraft Limited suffered foreign exchange losses on translation of the US Dollar aircraft loans of £284,877 and £445,677, respectively.

The group total comprehensive loss for the year was £19,118,458 (2019: £9,542,299). As a result the group is showing a shareholders deficit of £32,039,131 (2019: £12,920,673) at 31 March 2020.

#### **Going concern**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out elsewhere in this Strategic Report, which also makes reference to the group's financial risk management objectives, including exposure to liquidity risk. The group meets its day to day working capital requirements through the support of its directors.

The financial statements have been prepared on the going concern basis as the director K R Spencer has undertaken to provide financial support, as required, to enable the group to continue to trade for a period of at least twelve months from the date of approval of these statement.

**SQIB Limited**  
**Group Strategic Report**  
**Year ended 31 March 2020**

**Going concern *(continued)***

Note 3 on pages 18 and 19 sets out the consequential material uncertainty in relation to going concern and the effect of the Covid-19 virus pandemic, the impact of which is described further down in this report.

Should the group be unable to meet its liabilities as they fall due, adjustments would have to be made to restate fixed assets as current assets and reduce the value of assets to their recoverable amounts and to provide for any further liabilities as they arise.

**Future outlook**

The company will continue to be a holding company for all of its subsidiaries. As noted above, on 31 December 2018, SQIB Limited acquired a 100% shareholding in E.J. Markham & Son Limited and One Media and Creative UK Limited, from Markerstudy Holdings Limited, a related party, for a consideration of £4,674,717. No further acquisitions of companies are planned. VS106 Limited and VS506 Limited were both disposed of by the company on 02 March 2020. Ozbury Limited acquired the entire issued share capital of VS106 Limited and VS506 Limited pursuant to the terms of a call option agreement for a payment of £1.00.

55 VS No 2 Limited had stock held for development of £Nil at 31 March 2020. This followed the sale of 3 apartments in the year to 31 March 2020. The view of the directors is that the sale of the remaining apartments is likely to prove difficult in the current environment and the remaining properties are to be reclassified as investment property as at 29 February 2020, which reflects the reality that these assets are now likely to be held for the long term.

The maintenance department within the Aviation division, comprising Zenith Aviation Limited, Jet Aircraft Limited and Zenith Aircraft Limited, had begun to generate significant profits prior to the impact of Covid-19. Since the relaxation of restrictions, the business has seen an increase in demand for charter. New customers are entering the market, which will support both future charter and engineering revenue.

Prior to the impact of Covid-19, management were continuing to focus on maximising revenue in Salomons UK Limited by increasing the volume of wedding bookings, event bookings, and restaurant/bar sales. In addition, management are continuing to review fixed costs to achieve cost savings and efficiencies wherever possible.

Management have reviewed any loss-making parts of each operation and in some cases removed them. There has been additional focus on squeezing value from existing assets to maximise profits without additional capital expenditure. This has proved successful, following the lifting of restrictions, and Salomons UK has benefitted from a strong summer season.

Businesses across the Group have continued the discipline and cost cutting that was necessary during the period of lockdowns to operate more efficiently.

## **SQIB Limited**

### **Strategic Report** *(continued)*

**Year ended 31 March 2020**

#### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of procedures and internal controls which are subject to Board approval and ongoing review by management and risk management. Compliance with regulation, legal and ethical standards is a high priority for the company and group and the compliance team and finance department take on an important oversight role in this regard. The Board is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The principal risks to the group are factors that affect property valuations and rental income streams such as Covid-19 mentioned below. This would have an impact on Bewl Events & Waterpark Limited, Bishops UK Limited, Connect Centre Limited, Goswell Properties Limited and 55VS No 2 Limited and could affect revenue within Integra Property Management Limited. Increase in local competition to provide hotel accommodation, venue and room hire would affect the revenue achievable within Salomons UK Limited. Increase in global fuel prices would lead to a reduction in gross profit margin for Zenith Aviation Limited and rising utility costs across the group.

#### **Covid-19 virus pandemic**

The ongoing worldwide pandemic of Covid-19 is making a significant impact on the short-term performance of the group. The Government-imposed travel bans meant all aircraft in the aviation division were temporarily grounded. Whilst this had a significant negative impact on chartering, maintenance was at capacity for the period as aircraft owners were using this as an opportunity to carry out major maintenance and upgrades. Chartering's peak season started later on in the year, following the relaxation of restrictions. This meant that the first half of 2021 was slow but was made up for with an extended peak season running through until November and demand allowed hourly flight rates to remain high. Salomons UK Limited and the trade at Bewl Water have also suffered due to the social distancing measures imposed. Conferences, weddings and other private events have been cancelled or postponed, and the hotel, Aqua Park, and leisure facilities were all forced to close temporarily. Income to the property division is protected by legally enforceable lease agreements, but cash flows were affected by lease deferrals. Despite a widespread roll out of a Covid-19 vaccine, there is still uncertainty due to several variants that have become prevalent globally. The UK Government are reluctant to reintroduce a full national lockdown, but it cannot be ruled out. There is medium to long term uncertainty and risk in the commercial and residential property markets as to valuations and sustainable rental values, however greater understanding of these risks will be known when the longer-term effect of the pandemic from the virus on the property market is clearer and to what extent it changes demand and working practices. Management are taking several steps to mitigate the impact of the reductions to turnover caused by the Covid-19 pandemic. This includes reducing headcount within Integra Property Management's maintenance team, controlling leisure's casual staffing and considering areas where it can refocus on higher contribution areas of the business, centralise support functions and implement other cost savings in the longer term. There is a great deal of uncertainty as to the longevity of the Covid-19 crisis. However, the director KR Spencer is committed to supporting all the SQIB subsidiary companies and this is expected to continue for the foreseeable future. The impact of Covid-19 is also considered in the going concern accounting policy in note 3 on pages 18 and 19.

SQIB subsidiary companies have a number of bank and other loans to help finance previous acquisitions of companies and properties. These bank loans and other loans are subject to interest charges and the group is at risk to any increases in either the base rate and/or the LIBOR.

The Aviation loans, entered into to finance the acquisition of aircraft, are USD denominated. The businesses' cash flows and loan values are exposed to currency fluctuations due to a strengthening U.S. Dollar or weaker Pound.

# SQIB Limited

## Strategic Report *(continued)*

### Year ended 31 March 2020

#### Key performance indicators *(continued)*

The group closely monitors its performance against a series of measures on a monthly and year to date basis. These cover key aspects of the business operations including debtors, creditors, expenses and cash flow. Expenses are monitored monthly by expense type and cash flow is monitored daily.

The group also monitors turnover, gross profit margin and operating profit/(loss). For the subsidiary company that provides hotel accommodation, its key performance indicator is to monitor occupancy. For the subsidiary that provides charter flights, its key performance indicator is the number of charters and number of non-flying days. In addition, for the seven subsidiaries that invest and develop property they monitor the investment property valuations for capital growth.

	2020	2019
	£	£
Group Turnover	29,507,714	24,091,197
Group Gross Profit	8,267,093	7,851,235
Group Operating Loss	(10,793,182)	(5,146,446)
Group Comprehensive Loss	(19,118,458)	(9,542,299)

For the year ended 31 March 2020, the group's gross profit percentage was 28% (2019: 32.6%).

	2020	2019
	£	£
Group Net Current (Liabilities)/Assets	(127,937)	38,587,014
Group Net Liabilities	(32,039,131)	(12,920,673)

The group's net current assets have decreased from last year by £38,714,953 as a result of the following key points. Preference share capital held by the group was impaired during the year amounting to £9,000,000. Impairment of amounts due from related parties totalling £6,303,288 were also incurred by SQIB Limited.

The group's net liabilities have increased from the prior year by £19,118,458. Losses incurred by Bishops UK Limited, Salomons Limited and Zenith Aviation Limited also contributed to the deterioration of the net balance sheet position.

For each of the subsidiary companies within the group, the level of trade debtors is monitored on a regular basis and each review examines the ageing of the debt to ensure that the debtor days does not exceed an excessive level. Management also monitors the level of trade creditors on a regular basis with the aim to maximise the level of credit available to the group within normal credit terms offered to it by suppliers.

#### Financial risk management objectives

The group is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due.

**Credit risk** - Credit risk is that the customer will be unable to pay amounts in full when due. The group manages this risk by reviewing suitable credit terms for each new customer and after suitable checks have been performed.

**Cash flow risk** - Cash flow risk is that the group will not have sufficient cash resources to meet its obligations as they fall due, in particular, interest charges and loan repayments. The group manages this risk through efficient working capital management and monitors its bank balances daily.

## **SQIB Limited**

### **Strategic Report** *(continued)*

**Year ended 31 March 2020**

#### **Non-financial key performance indicators**

The Strategic report does not include any non-financial key performance indicators as the directors consider it is not necessary for an understanding of the development, performance or position of the group's business.

This report was approved by the board of directors on 26/1/22 and signed on behalf of the board by:



K R Spencer  
Director

Registered office:  
45 Westerham Road  
Bessels Green  
Sevenoaks  
Kent  
TN13 2QB

**SQIB Limited**  
**Directors' Report**  
**Year ended 31 March 2020**

The directors present their report and the financial statements of the group for the year ended 31 March 2020.

**Directors**

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

G Humphreys  
K J Barber  
K R Spencer

**Dividends**

The directors do not recommend the payment of a dividend.

**Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

**Disclosure of information in the strategic report**

Matters required by Schedule 7 of the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic Report in accordance with section 414c(11) of the Companies Act 2006.

**Auditor**

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

- So far as they are aware, there is no relevant information of which the group and the company's auditor is unaware: and
- They have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

This report was approved by the board of directors on 26/1/22 and signed on behalf of the board by:



K R Spencer  
Director

Registered office:  
45 Westerham Road  
Bessels Green  
Sevenoaks  
Kent  
TN13 2QB



## **SQIB Limited**

### **Directors' Responsibilities Statement**

**Year ended 31 March 2020**

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and the company and the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SQIB Limited**

### **Independent Auditor's Report to the Members of SQIB Limited**

**Year ended 31 March 2020**

#### **Opinion**

We have audited the financial statements of SQIB Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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.

#### **Emphasis of matter – material valuation uncertainty**

We draw attention to note 3 and 13 to the financial statements which describes that a material valuation uncertainty exists in respect of the fair value of investment properties and that as such, less certainty and a higher degree of caution should be attached to the valuations. The ultimate outcome of the matter cannot presently be determined, and no adjustments to the value of the investment properties that may result have been made in the financial statements. Our opinion is not modified in respect of this matter.

#### **Material uncertainty related to going concern**

We draw attention to note 3 on pages 18 and 19 of the financial statements concerning the group's and the company's ability to continue as a going concern, the impact and potential impact of Covid 19 and the mitigating actions implemented and proposed by the group and the company.

The group had net current liabilities of £127,937 (2019: assets of £35,587,014) and net liabilities of £32,039,131 as at 31 March 2020 (2019: £12,920,673) which included £72,976,254 owed to other related parties (2019: £56,977,298). The company had net current assets of £56,110,849 (2019: £63,016,541) and net liabilities of £14,862,072 (2019: assets of £4,307,193) which included £12,475,151 (2019: £9,522,151) owed to other related parties.

The group and the company will rely on the ongoing support of 3rd party lenders and related parties and K R Spencer to continue to trade and meet its liabilities as they fall due. This support includes the successful refinancing of loans in certain of its subsidiaries, where these loans fall due for repayment within 12 months of the date these accounts are approved or have fallen due for repayment before the accounts are approved. Ongoing support from existing lenders is dependent on the group and the

## **SQIB Limited**

### **Independent Auditor's Report to the Members of SQIB Limited** *(continued)*

**Year ended 31 March 2020**

#### **Material uncertainty related to going concern** *(continued)*

company remaining in good standing with 3rd party lenders where loan covenants may have been breached, but not enforced, notwithstanding refinancing with the same lenders after the year end.

The support of K R Spencer, 3rd party lenders and related parties may be adversely affected by ongoing impact of the Covid 19 outbreak. Given the unpredictable nature and impact of the ongoing outbreak, the directors are unable to predict the full extent of the impact with regards to the going concern basis of accounting and its related disclosures. As stated in note 3 on pages 18 to 19, these events or conditions, along with the other matters explained in note 3 on pages 18 to 19 indicate that a material uncertainty exists that may cast significant doubt on the company's and the group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter

#### **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. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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

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

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

## SQIB Limited

### Independent Auditor's Report to the Members of SQIB Limited *(continued)*

Year ended 31 March 2020

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

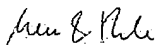
#### Auditor's responsibilities for the audit of the financial statements

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 these financial statements.

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

#### Use of our report

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

DocuSigned by:  
  
40DEB457AFAA408...

26/1/2022

Alexander Bell FCA (Senior Statutory Auditor)  
For and on behalf of Mercer & Hole, Statutory Auditor  
Chartered Accountants

Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
WD3 1JE

**SQIB Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 31 March 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	<b>4</b>	<b>29,507,714</b>	<b>24,091,197</b>
Cost of sales		<b>(21,240,621)</b>	<b>(16,239,962)</b>
<b>Gross profit</b>		<b>8,267,093</b>	<b>7,851,235</b>
Distribution expenses		<b>(76,593)</b>	<b>(21,888)</b>
Administrative expenses (including impairment of goodwill - £nil (2019: £4,055,286))		<b>(11,306,275)</b>	<b>(14,487,020)</b>
Other operating income	<b>5</b>	<b>1,322,593</b>	<b>1,511,227</b>
Impairment of preference share capital	<b>15</b>	<b>(9,000,000)</b>	<b>-</b>
<b>Operating loss</b>	<b>6</b>	<b>(10,793,182)</b>	<b>(5,146,446)</b>
Bad debt expense		<b>-</b>	<b>1,096,969</b>
Loan written off		<b>(6,303,288)</b>	<b>1,923,150</b>
Share of profit/(loss) of associates		<b>1,112,579</b>	<b>(275,211)</b>
Profit on disposal of subsidiary undertakings	<b>15</b>	<b>472,405</b>	<b>-</b>
Interest receivable and similar income	<b>9</b>	<b>2,436,279</b>	<b>256,065</b>
Fair value gain/(loss) on investment properties	<b>13</b>	<b>3,985,425</b>	<b>(1,486,992)</b>
Interest payable and similar expenses	<b>10</b>	<b>(10,016,860)</b>	<b>(6,574,730)</b>
<b>Loss before taxation</b>		<b>(19,106,642)</b>	<b>(10,207,195)</b>
Tax (charge)/credit on loss	<b>11</b>	<b>(11,816)</b>	<b>664,896</b>
<b>Loss and total comprehensive expense for the financial year</b>		<b>(19,118,458)</b>	<b>(9,542,299)</b>

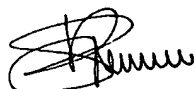
All the activities of the group are from continuing operations.

The notes on pages 18 to 44 form part of these financial statements.

**SQIB Limited**  
**Consolidated Statement of Financial Position**  
**31 March 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	21,177	47,182
Intangible assets – negative goodwill	12	(98,009)	(125,145)
		<u>(76,832)</u>	<u>(77,963)</u>
Freehold investment properties	13	82,656,279	39,202,497
Tangible assets	14	33,001,973	32,911,428
Investments	15	635,982	9,000,076
		<u>116,217,402</u>	<u>81,036,038</u>
<b>Current assets</b>			
Stocks	16	729,997	47,481,552
Debtors due within one year	17	34,103,487	46,753,349
Debtors due after more than one year	17	41,394,626	23,252,099
Cash at bank and in hand		2,430,157	2,996,567
		<u>78,658,267</u>	<u>120,483,567</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(78,786,204)</u>	<u>(81,896,553)</u>
<b>Net current (liabilities)/assets</b>		<u>(127,937)</u>	<u>38,587,014</u>
<b>Total assets less current liabilities</b>		<u>116,089,466</u>	<u>119,623,052</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(146,623,837)</u>	<u>(131,264,329)</u>
<b>Provisions for liabilities</b>	21	<u>(1,504,760)</u>	<u>(1,279,396)</u>
<b>Net liabilities</b>		<u>(32,039,131)</u>	<u>(12,920,673)</u>
<b>Capital and reserves</b>			
Called up share capital	24	8,338,420	8,338,420
Revaluation reserve	28	10,810,660	6,540,847
Profit and loss account	28	(51,188,211)	(27,799,940)
<b>Shareholders deficit</b>		<u>(32,039,131)</u>	<u>(12,920,673)</u>

These financial statements were approved by the board of directors and authorised for issue on 26/1/22, and are signed on behalf of the board by:



K R Spencer  
Director

Company registration number: 08528951

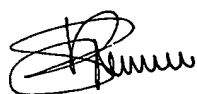
The notes on pages 18 to 44 form part of these financial statements.

**SQIB Limited****Company Statement of Financial Position****31 March 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	15	2,096,229	11,444,402
<b>Current assets</b>			
Debtors due within one year	17	2,484,492	2,458,806
Debtors due after more than one year	17	66,170,648	70,175,820
Cash at bank and in hand		304	16,321
		<u>68,655,444</u>	<u>72,650,947</u>
<b>Creditors: amounts falling due within one year</b>	18	<b>(12,544,593)</b>	<b>(9,634,406)</b>
<b>Net current assets</b>		<b>56,110,851</b>	<b>63,016,541</b>
<b>Total assets less current liabilities</b>		<b>58,207,080</b>	<b>74,460,943</b>
<b>Creditors: amounts falling due after more than one year</b>	19	<b>(73,069,152)</b>	<b>(70,153,750)</b>
<b>Net liabilities</b>		<b>(14,862,072)</b>	<b>4,307,193</b>
<b>Capital and reserves</b>			
Called up share capital	24	8,338,420	8,338,420
Profit and loss account	28	(23,200,492)	(4,031,227)
<b>Shareholders' funds</b>		<b>(14,862,072)</b>	<b>4,307,193</b>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The loss for the financial year of the parent company was £19,169,265 (2019: £4,399,858).

These financial statements were approved by the board of directors and authorised for issue on 26/1/22, and are signed on behalf of the board by:



K R Spencer  
Director

Company registration number: 08528951

The notes on pages 18 to 44 form part of these financial statements.

**SQIB Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 31 March 2020**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
<b>At 1 April 2018</b>	8,338,420	8,713,610	(20,430,404)	<b>(3,378,374)</b>
Loss for the financial year	–	–	(9,542,299)	<b>(9,542,299)</b>
<b>Total comprehensive income for the year</b>	–	–	(9,542,299)	<b>(9,542,299)</b>
Reclassification from revaluation reserve to profit and loss account	–	(2,172,763)	2,172,763	–
<b>At 31 March 2019</b>	<u>8,338,420</u>	<u>6,540,847</u>	<u>(27,799,940)</u>	<u><b>(12,920,673)</b></u>
Loss for the financial year	–	–	–(19,118,458)	<b>(19,118,458)</b>
<b>Total comprehensive income for the year</b>	–	–	–(19,118,458)	<b>(19,118,458)</b>
Reclassification from revaluation reserve to profit and loss account	–	4,269,813	(4,269,813)	–
<b>At 31 March 2020</b>	<u>8,338,420</u>	<u>10,810,660</u>	<u>(51,188,211)</u>	<u><b>(32,039,131)</b></u>

The notes on pages 18 to 44 form part of these financial statements.



**SQIB Limited****Company Statement of Changes in Equity****Year ended 31 March 2020**

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 April 2018</b>	<b>8,338,420</b>	<b>368,631</b>	<b>8,707,051</b>
Loss for the financial year	–	(4,399,858)	<b>(4,399,858)</b>
<b>Total comprehensive income for the year</b>	–	<b>(4,399,858)</b>	<b>(4,399,858)</b>
<b>At 31 March 2019</b>	<b>8,338,420</b>	<b>(4,031,227)</b>	<b>4,307,193</b>
Loss for the financial year	–	(19,169,265)	<b>(19,169,265)</b>
<b>Total comprehensive income for the year</b>	–	<b>(19,169,265)</b>	<b>(19,169,265)</b>
<b>At 31 March 2020</b>	<b>8,338,420</b>	<b>(23,200,492)</b>	<b>(14,862,072)</b>

The notes on pages 18 to 44 form part of these financial statements.

**SQIB Limited**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 March 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	26	14,123,230	(87,822,423)
Interest paid		(9,596,198)	(5,167,938)
Income taxes received/(paid)		109,009	(116,609)
Net cash from/(used in) operating activities		<u>4,636,041</u>	<u>(93,106,970)</u>
<b>Investing activities</b>			
Purchase of tangible assets		(2,002,425)	(7,182,959)
Proceeds on disposal of tangible fixed assets		-	1,003
Purchase of investment property improvements		(2,191,821)	(1,904,559)
Proceeds on disposal of investment property		-	4,665,000
Disposal of subsidiaries (net of cash disposed)		(179,082)	-
Purchase of subsidiaries (net of cash acquired)		-	(4,592,412)
Purchase of other investments		-	(40)
Proceeds on disposal of preference shares		-	28,214,151
Interest received		2,436,279	256,065
Net cash (used in)/generated from investing activities		<u>(1,937,049)</u>	<u>19,456,249</u>
<b>Financing activities</b>			
Proceeds of new bank loans		2,374,000	75,775,353
Repayment of bank loans		(5,639,402)	(3,128,183)
Net cash (used in)/generated from financing activities		<u>(3,265,402)</u>	<u>72,647,170</u>
Net decrease in cash and cash equivalents		<u>(566,410)</u>	<u>(1,003,551)</u>
Cash and cash equivalents at beginning of year		2,996,567	4,000,118
<b>Cash and cash equivalents at end of year</b>		<u>2,430,157</u>	<u>2,996,567</u>
<b>Relating to</b>			
Cash at bank and in hand		<u>2,430,157</u>	<u>2,996,567</u>

The notes on pages 18 to 44 form part of these financial statements.

## **SQIB Limited**

### **Notes to the Financial Statements**

#### **Year ended 31 March 2020**

##### **1. General information**

The company is a private company limited by shares, registered and incorporated in England and Wales. The address of the registered office is 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.

The principal activities of the company and its subsidiaries (the group) and the nature of the group's operations are set out in the Strategic Report on page 2.

##### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

##### **3. Accounting policies**

###### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity. All balances are rounded to the nearest £.

###### **Reduced Disclosures**

The company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost; loan defaults or breaches, and descriptions of hedging relationships
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

###### **Going concern**

The group made a loss before tax of £19,106,642 (2019: £10,207,195) during the year ended 31 March 2020. At 31 March 2020 the group had net current liabilities of £127,937 (2019: £38,587,014 net current assets) and net liabilities of £32,039,131 (2019: £12,920,673) including amounts due from the parent undertaking and other related parties of £58,166,122 (2019: £33,834,594) of which £47,697,914 (2019: £23,252,099) was due after more than one year. At 31 March 2020 the group owed £72,976,254 (2019: £56,977,298) to other related parties.

At 31 March 2020 the company had net current assets of £56,110,851 (2019: £63,016,541) including £68,616,508 (2019: £72,622,156) due from group companies and related parties, £66,170,648 (2019: £70,175,820) of which was due after more than one year. At 31 March 2020 the company owed £12,475,151 (2019: £9,522,151) to group companies and other related parties.

## **SQIB Limited**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 March 2020**

#### **3. Accounting policies *(continued)***

##### **Going concern *(continued)***

The financial statements have been prepared on a going concern basis which assumes that the group and the company will be able to continue in operational existence for at least twelve months from the date of approval of these financial statements. This depends on the group and the company continuing to meet its day to day working capital requirements.

In addition, K R Spencer has confirmed that he will provide continuing financial support to the group and the company for a period of at least 18 months from the date these financial statements are approved such that the group and the company will continue to be able to meet their obligations as they fall due.

The directors have continued to consider the effect of the ongoing worldwide pandemic of Covid-19 which is making a significant impact on the short-term performance of the group as detailed in the Strategic Report on page 4. Should the economic impacts continue to be longer lasting and result in widespread corporate failure across the economy then the risk to the business will increase significantly, as assets may not be recoverable in order to settle creditor balances as they become payable and loans could be repayable if the group is unable to meet or renegotiate loan covenants which were breached subsequent to the year end, as detailed in note 25.

Management are taking several steps to mitigate the impact of the reductions to turnover caused by the Covid-19 pandemic. This includes reducing headcount within Integra Property Management's maintenance team, controlling leisure's casual staffing and considering areas where it can refocus on higher contribution areas of the business, centralise support functions and implement other cost savings in the longer term.

Given the unpredictable nature and impact of the outbreak, and how rapidly the responses to the outbreak are changing, the directors are unable to predict the full extent of the impact with regards to the going concern basis of accounting and its related disclosures.

The group, group companies and K R Spencer have a number of options available to generate cash flows to meet the group's and the company's working capital requirements including potential asset disposals or additional funds provided by external borrowings or by its shareholders but the ability to generate these additional funds will depend on the economic situation which is currently uncertain.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group and the company will have adequate resources to continue in operational existence over the twelve months from the date of approval of these financial statements. For these reasons they continue to adopt the going concern basis of accounting in preparing the financial statements

## **SQIB Limited**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 March 2020**

#### **3. Accounting policies *(continued)***

##### **Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the statement of comprehensive income after or up to the date that control passes respectively.

All intra-group transaction, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill represents the excess of the consolidation for an acquired undertaking, compared with the fair value of net assets acquired. It is capitalised and written off evenly over 5 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Revenue recognition**

The turnover shown in the profit and loss account is exclusive of Value Added Tax and represents amounts receivable in respect of rental income, property management fees, hotel accommodation, food and beverage sales, venue hire and aircraft leasing services provided during the period. Revenue is recognised when the amount of revenue can be reliably measured at the point when goods and services have been provided.

##### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

For investment properties measured at fair value, deferred tax is measured using the tax rates and allowances that apply to the sale of the property.

## **SQIB Limited**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 March 2020**

#### **3. Accounting policies *(continued)***

##### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

##### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term.

##### **Intangible assets**

Goodwill is capitalised and written off evenly over 5 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

Negative goodwill arises when the fair value of the consideration for an acquired undertaking, or acquired trade and assets, is less than the fair value of the separable net assets. The amount up to the value of the non-monetary assets acquired is credited to the profit and loss account in the period in which those non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit, which the directors consider to be 5 years.

##### **Intangible fixed assets other than goodwill**

Intangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated amortisation.

Amortisation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Website	- 33% straight line
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##### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

## SQIB Limited

### Notes to the Financial Statements *(continued)*

**Year ended 31 March 2020**

#### **3. Accounting policies *(continued)***

##### **Tangible assets *(continued)***

Individual freehold and leasehold properties, other than investment properties, are revalued to fair value every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged or credited to the profit and loss account.

##### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold land and buildings	-	2% straight line
Fixtures, fittings, plant & machinery and hotel equipment	-	10% - 25% straight line
Long leasehold property	-	86 years straight line
Leasehold improvements	-	2% straight line
Office, IT equipment and motor vehicles	-	20% - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

##### **Investment properties**

Investment properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in profit or loss.

##### **Investments**

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently at cost less any accumulated impairment losses.

Interests in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss.

##### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

## **SQIB Limited**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 March 2020**

#### **3. Accounting policies** *(continued)*

##### **Impairment of fixed assets** *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

##### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition including capitalised interest costs in respect of development property.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand.

##### **Financial instruments**

###### ***Financial assets***

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

###### ***Financial assets at fair value through profit or loss***

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

###### ***Loans and receivables***

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.



## **SQIB Limited**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 March 2020**

#### **3. Accounting policies *(continued)***

##### **Financial instruments *(continued)***

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

##### ***Financial liabilities***

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

##### ***Other financial liabilities***

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

##### **Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

## **SQIB Limited**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 March 2020**

##### **Judgements and key sources of estimation uncertainty** *(continued)*

###### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

###### **Valuation of investment properties**

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment properties which are stated at fair value. The group uses lease terms, market conditions and sales prices based upon known market transactions for similar properties as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the group's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate. In addition, the deferred tax liabilities recognised in respect of the fair value gains and losses on these investment properties are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of these future events and as to the future tax rates that will be applicable.

The directors consider that as at 31 March 2020, there was a material uncertainty relating to the valuation. This highlights the significant estimation uncertainty regarding the valuation of investment property due to the Covid-19 pandemic. The valuations as at the current balance sheet date should therefore be treated with additional caution.

###### **Carrying value of preference share investment**

The group holds an investment in preference shares in Markerstudy Holdings Limited a related party, at a cost of £9,000,000 (2019: £9,000,000). The conditions attaching to these preference shares resulted in classification as Section 11 financial instruments under FRS 102. Nonetheless, a requirement to carry these at fair value is still present. During the year an impairment review of preference share capital was carried out resulting in an impairment loss of £9,000,000, as the shares were purchased at nominal value post year end.

###### **Recoverability of amounts due from group and related parties**

The directors consider the amounts due to the company from other group companies and related parties to be fully recoverable based on the support provided by the group and its controlling shareholders.

###### **Recoverability of other debtors**

The directors consider the amounts due from other debtors to be fully recoverable.

###### **Carrying value of investments in subsidiaries and goodwill**

The recoverable amount of goodwill and investments in subsidiaries is based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units within each subsidiary undertaking and associated forecast income and expenditure. Management prepare regular forecasts and utilise these to determine the presence of impairment factors which would impact the carrying value of goodwill or investments in subsidiaries.

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 4. Turnover

Turnover arises from:

	2020	2019
	£	£
Property development, investment and management	11,265,269	11,273,696
Jet investment and charter service	12,768,951	9,335,232
Provision of hotel accommodation, venue hire and food and drink	4,261,928	3,192,454
Advertising, publishing and PR services	658,353	171,433
Pawnbrokers	553,213	118,382
	<u>29,507,714</u>	<u>24,091,197</u>

The group's turnover is generated solely from its activities in the United Kingdom.

### 5. Other operating income

	2020	2019
	£	£
Rental income	1,235,634	1,462,632
Other operating income	86,959	48,595
	<u>1,322,593</u>	<u>1,511,227</u>

### 6. Operating loss

Operating loss is stated after charging/(crediting):

	2020	2019
	£	£
Amortisation of intangible assets	26,005	564,042
Amortisation of negative goodwill	(27,136)	(40,543)
Depreciation of tangible assets	1,908,556	1,534,560
Impairment of preference share capital	9,000,000	-
Loss on disposal of tangible assets	3,324	2,325
Operating lease rentals	75,186	79,062
Foreign exchange differences	760,961	833,623

Amortisation of intangible assets and depreciation of tangible assets are included in administrative expenses.

### 7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	27,500
Fees payable to the company's auditor for the audit of the company's subsidiaries	-	157,000
Total audit fees	<u>15,000</u>	<u>184,500</u>

# SQIB Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2020 No.	2019 No.
Management and charter staff	52	49
Catering and hospitality staff	125	97
Administrative staff	3	-
Retail and hospitality staff	14	21
	<u>194</u>	<u>167</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £	2019 £
Wages and salaries	5,564,875	5,062,848
Social security costs	445,121	379,451
Other pension costs	108,751	59,193
	<u>6,118,747</u>	<u>5,501,492</u>

The average number of persons employed by the company during the year, excluding the directors amounted to nil (2019: nil). The aggregate payroll costs incurred by the company during the year was nil (2019: nil).

During the year the directors received no remuneration in respect of qualifying services (2019: none).

#### 9. Interest receivable and similar income

	2020 £	2019 £
Interest on cash and cash equivalents	1,390,099	255,762
Interest on bank deposits	366	303
Other interest receivable	1,045,814	-
	<u>2,436,279</u>	<u>256,065</u>

#### 10. Interest payable and similar expenses

	2020 £	2019 £
Interest on banks loans and overdrafts	2,439,563	2,356,753
Other interest payable and similar charges	7,156,635	3,590,872
Share of associates' interest payable and similar expenses	420,662	627,105
	<u>10,016,860</u>	<u>6,574,730</u>

# SQIB Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 11. Tax on loss

##### Major components of tax income

	2020 £	2019 £
<b>Current tax:</b>		
UK current tax	34,626	10,121
Adjustment in respect of prior periods	(10,121)	-
Share of associated undertakings tax charge	56,008	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(71,960)	(208,101)
Adjustment in respect of prior periods	3,263	(466,916)
<b>Tax on loss</b>	<b>11,816</b>	<b>(664,896)</b>

During the year, the UK main rate of corporation tax was 19%.

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020 the Chancellor announced that the tax rate would remain at 19%. In March 2021 the Chancellor announced that the corporation tax rate would increase from 19% to 25% from 1 April 2023, however as this was not substantively enacted at the reporting date, this rate has not been used to measure deferred tax.

Deferred tax assets not recognised relate to trading losses brought forward in currently loss making subsidiary entities. These losses total £10,494,179 (2019: £12,278,468).

##### Reconciliation of tax expense

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Loss on ordinary activities before taxation	(19,106,642)	(10,207,195)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	(3,630,262)	(1,939,367)
Adjustment to tax charge in respect of prior periods	(4,020)	(466,916)
Effect of income not taxable for tax purposes	(130,005)	-
Effect of expenses not deductible for tax purposes	4,411,462	1,787,109
Fixed asset differences	87,555	38,347
Group relief surrendered	(20,179)	(20,941)
Amounts relating to changes in tax rates	(257,083)	18,613
Chargeable gains	70,855	(231,201)
Deferred tax not recognised	(441,525)	(25,819)
Effect of overseas tax rates for subsidiaries	475	-
Associates results reported net of tax	(75,457)	175,279
<b>Tax on loss</b>	<b>11,816</b>	<b>(664,896)</b>

# SQIB Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 12. Intangible assets

Group	Goodwill £	Negative goodwill £	Website £	Total £
<b>Cost at 1 April 2019 and 31 March 2020</b>	<b>6,814,079</b>	<b>(686,332)</b>	<b>55,007</b>	<b>6,182,754</b>
<b>Amortisation and impairment</b>				
At 1 April 2019	6,813,953	(561,187)	7,951	6,260,717
Charge for the year	66	(27,136)	25,939	(1,131)
<b>At 31 March 2020</b>	<b>6,814,019</b>	<b>(588,323)</b>	<b>33,890</b>	<b>6,259,586</b>
<b>Carrying amount</b>				
<b>At 31 March 2020</b>	<b>60</b>	<b>(98,009)</b>	<b>21,117</b>	<b>(76,832)</b>
At 31 March 2019	126	(125,145)	47,056	(77,963)

The company has no intangible assets.

The negative goodwill arising on the acquisitions of Integra Property Management Limited, Zenith Aviation Limited, Zenith Strutton Ground Holdings Limited and E.J.Markham & Son Limited of £295,080, £255,577, £7,482 and £128,193 is due to the assets having been purchased for less than the aggregate of their individual fair values.

#### 13. Freehold investment properties

Group	Freehold investment properties £
<b>Cost or valuation</b>	
At 1 April 2019	39,202,497
Additions	2,191,821
Revaluations	3,985,425
Transfers from stocks	42,080,187
Disposals	(4,803,651)
<b>At 31 March 2020</b>	<b>82,656,279</b>

During the year the group undertook improvement work across various investment properties within the UK. The cost of additions was £2,191,821 (2019: £1,904,559).

Additionally, stock held for development amounting to £42,080,187 (2019: £nil) was transferred from stock to investment properties (note 16).

During the year, valuations of certain of the investment properties were carried out on 29 February 2020 and 4 March 2020 by Broadlands Commercial Property Agents Limited and Dexters Chartered Surveyors respectively, which resulted in an overall net fair value gain of £3,985,425 arising in the year (2019: £1,489,992 fair value loss).

The remaining investment properties held by the company as at 31 March 2020 are included at the directors' estimate of fair value at that date.

The historical cost of the freehold investment properties is £76,391,873 (2019: £36,923,516).

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 13. Freehold investment properties *(continued)*

The outbreak of Covid-19, declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted Market Activity in many sectors. As at the valuation date, the directors consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to Covid-19 means that valuers are faced with an unprecedented set of circumstances on which to base a judgement. The valuations across all investment properties are therefore reported in the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. A "material valuation uncertainty" does not mean that the valuations cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that in the current extraordinary circumstances, less certainty can be attached to valuations than would otherwise be the case.

### 14. Tangible assets

Group	Freehold land and buildings £	F & F, P & M and Hotel equipment £	Long leasehold property £	Leasehold improv's £	Office, IT equipment and motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 Apr 2019	10,228,720	23,299,242	3,962,584	759,880	146,840	<b>38,397,266</b>
Additions	-	575,005	-	1,379,790	47,630	<b>2,002,425</b>
Disposals	-	(3,924)	-	-	-	<b>(3,924)</b>
<b>At 31 Mar 2020</b>	<b>10,228,720</b>	<b>23,870,323</b>	<b>3,962,584</b>	<b>2,139,670</b>	<b>194,470</b>	<b>40,395,767</b>
<b>Depreciation</b>						
At 1 Apr 2019	612,876	4,236,630	138,230	360,759	137,343	<b>5,485,838</b>
Charge for the year	205,902	1,338,180	46,076	308,053	10,345	<b>1,908,556</b>
Disposals	-	(600)	-	-	-	<b>(600)</b>
<b>At 31 Mar 2020</b>	<b>818,778</b>	<b>5,574,210</b>	<b>184,306</b>	<b>668,812</b>	<b>147,688</b>	<b>7,393,794</b>
<b>Carrying amount</b>						
<b>At 31 Mar 2020</b>	<b>9,409,942</b>	<b>18,296,113</b>	<b>3,778,278</b>	<b>1,470,858</b>	<b>46,782</b>	<b>33,001,973</b>
At 31 Mar 2019	9,615,844	19,062,612	3,824,354	399,121	9,497	32,911,428

The company has no tangible assets.

The freehold land and buildings were formally valued by Copping Joyce Chartered Surveyors LLP using the investment method of valuation in November 2015. The directors consider the value of the freehold land and buildings to be correct as at 31 March 2020.

The historical cost of the freehold land and building is £3,249,220 (2019: £3,249,220).

# SQIB Limited

## Notes to the Financial Statements (continued)

### Year ended 31 March 2020

#### 15. Investments

Group	Interests in associates £	Other investments £	Preference share capital £	Total £
<b>Share of net assets/cost</b>				
At 1 April 2019	-	76	9,000,000	<b>9,000,076</b>
Share of result of associate	635,908	-	-	<b>635,908</b>
<b>At 31 March 2020</b>	<b>635,908</b>	<b>76</b>	<b>9,000,000</b>	<b>9,635,984</b>
<b>Impairment</b>				
Impairment loss	-	-	9,000,000	<b>9,000,000</b>
<b>At 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>9,000,000</b>	<b>9,000,000</b>
<b>Carrying amount</b>				
<b>At 31 March 2020</b>	<b>635,908</b>	<b>76</b>	<b>-</b>	<b>635,984</b>
At 31 March 2019	-	76	9,000,000	9,000,076

The group holds a 30% interest in RQ Capital Limited (303 ordinary shares of 10p each), an entity registered in the UK that provides property development and bridging loans.

The group holds 35,747 ordinary C shares of 1p each in Rothbury Road Limited (acquired for consideration of £36). Rothbury Road Limited is an entity registered in the UK that provides property development services.

During the year an impairment review of preference share capital was carried out resulting in an impairment loss of £9,000,000. At the year end a subsidiary company held preference share capital in Markerstudy Holdings Limited of £nil (2019: £9,000,000).

The group holds 40,000 Ordinary C shares of £0.001 each in 32/34 Eagle Wharf Road Limited (acquired for consideration of £40). 32/34 Eagle Wharf Road Limited is an entity registered in the UK that provides property development services.

#### Company

	Other investments £	Shares in group undertakings £	Total £
<b>Cost</b>			
At 1 April 2019	40	15,769,437	<b>15,769,477</b>
Disposals	-	(2)	<b>(2)</b>
<b>31 March 2020</b>	<b>40</b>	<b>15,769,435</b>	<b>15,769,475</b>
<b>Impairment</b>			
At 1 April 2019	-	(4,325,075)	<b>(4,325,075)</b>
Impairment losses	-	(9,348,171)	<b>(9,348,171)</b>
<b>31 March 2020</b>	<b>-</b>	<b>(13,673,246)</b>	<b>(13,673,246)</b>
<b>Carrying amount</b>			
<b>At 31 March 2020</b>	<b>40</b>	<b>2,096,189</b>	<b>2,096,229</b>
At 31 March 2019	40	11,444,362	11,444,402



# SQIB Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 15. Investments *(continued)*

On 12 March 2020, the company disposed of its 100% shareholdings in VS 106 Limited and VS 506 Limited (1 ordinary share of £1 each in each company) for consideration of £2 which gave rise to a profit on disposal for the group of £472,405. The shares in each company were purchased by Ozbury Limited, a company in which K J Barber is also a director.

The company's impairment loss for the year relates to the investments in Bishops UK Limited and Goswell Properties Limited.

#### Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Bewl Events & Waterpark Limited - Property investment and development	100 ordinary shares of £1 each	100
Bishops UK Limited - Property investment and development	8,326,150 ordinary shares of £1 each	100
Connect Centre Limited - Property investment and development	1 ordinary share of £1 each	100
Goswell Properties Limited - Property investment and development	2 ordinary shares of £1 each	100
Integra Property Management Limited - Property management	1,200 ordinary shares of £1 each	100
Jet Aircraft Limited - Jet aircraft investment	1 ordinary share of £1 each	100
Salomons UK Limited - Provision of hotel accommodation, venue hire and food and beverage	1,000 ordinary shares of £1 each	100
55 VS No 1 Limited - Property investment and development	1 ordinary share of £1 each	100
Zenith Aircraft Limited - Jet aircraft investment	4 ordinary shares of £1 each	100
E.J.Markham & Son Limited - Pawnbrokers	6,627 ordinary shares of £1 each	100
One Media and Creative UK Limited - Provision of advertising, publishing and PR services	10,000 ordinary shares of £0.01 each	100
<b>Companies held indirectly by SQIB Limited</b>		
Zenith Aviation Limited - Bespoke charter aircraft service	1 ordinary share of £1 each	100
Zenith Strutton Ground Holdings Limited - Property investment and development	1 ordinary share of £1 each	100
Zenith Strutton Ground Property Limited - Property investment and development	100 ordinary shares of £1 each	100
55 VS No 2 Limited - Property investment and development	1 ordinary share of £1 each	100
55 VS HL N1 Limited - Dormant company	1 ordinary share of £1 each	100
55 VS HL N2 Limited - Dormant company	1 ordinary share of £1 each	100
55 VS UL N1 Limited - Dormant company	1 ordinary share of £1 each	100
55 VS UL N2 Limited - Dormant company	1 ordinary share of £1 each	100

All of the companies have their registered office at 45 Westerham Road, Sevenoaks, Kent TN13 2QB.

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 15. Investments *(continued)*

#### Associates

The following company is incorporated in the United Kingdom and has its registered office at Bawdeswell Hall, Bawdeswell, Dereham, NR20 4SA.

RQ Capital Limited	303 ordinary shares of 10p each	£30
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#### Other investments

32/34 Eagle Wharf Road Limited	40,000 Ordinary C shares of 0.1p	£40
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The group holds 20% of the nominal value of ordinary shares issued by 32/34 Eagle Wharf Road Limited. 32/34 Eagle Wharf Road Limited is not accounted for as an associated undertaking because the group is not in a position to exercise significant influence. At 31 August 2019 the capital and reserves of 32/34 Eagle Wharf Road Limited was a debit of £1,623,807 (2018: £1,275,250) and its loss for the year then ended was £348,557 (2018: £960,247). The registered office of 32/34 Eagle Wharf Road Limited is 1<sup>st</sup> Floor, Kirkdale House, 7 Kirkdale Road, Leytonstone, London, E11 1HP.

### 16. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials	40,334	37,102	-	-
Finished goods and goods for resale	658,893	582,893	-	-
Food and drink	25,024	23,079	-	-
Development properties	5,746	46,838,478	-	-
	<u>729,997</u>	<u>47,481,552</u>	<u>-</u>	<u>-</u>

Included within the stock at the year end is an amount of £nil (2019: £5,619,190) relating to capitalised interest cost within the stock held for development held by 55 VS No 2 Limited.

During the year, stock held for development, amounting to £42,080,187 (2019: £nil) was transferred to investment properties (note 13).

# SQIB Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2020

### 17. Debtors

Amounts falling due within one year:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,631,555	1,649,343	–	–
Amounts owed by parent undertakings	982,990	5,985,846	982,990	983,466
Amounts owed by group undertakings	–	–	1,462,870	1,462,870
Corporation tax recoverable	9,875	106,488	–	–
Deferred tax asset	875,498	581,437	–	–
Prepayments and accrued income	2,963,305	1,893,016	26,160	–
Other debtors	27,640,264	36,537,219	12,472	12,470
	<u>34,103,487</u>	<u>46,753,349</u>	<u>2,484,492</u>	<u>2,458,806</u>

Amounts falling due after more than one year:

Amounts owed by parent undertakings	4,400,000	–	4,400,000	–
Amounts owed by group undertakings	–	–	24,776,022	46,923,721
Other debtors	36,994,626	23,252,099	36,994,626	23,252,099
	<u>41,394,626</u>	<u>23,252,099</u>	<u>66,170,648</u>	<u>70,175,820</u>

On 29 March 2019 the company made a loan to Bishops U.K. Limited totalling £12,150,000 which is repayable on 29 March 2022 secured with a legal charge over David Salomons House, Tunbridge Wells. Interest is being charged at 5% per annum.

Also included within amounts owed to the company by group undertakings is £8,096,884 (2019: £26,858,822) owed from a subsidiary company which is secured over the title of the development property of that company.

### 18. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	1,885,064	3,302,515	–	–
Trade creditors	2,924,915	1,759,037	–	1,650
Amounts owed to parent undertaking	7,305,998	–	–	–
Amounts owed to group undertakings	–	–	7,456,475	4,561,475
Accruals and deferred income	4,679,536	10,240,952	55,890	30,904
Corporation tax payable	36,901	–	–	–
Social security and other taxes	276,758	129,312	–	–
Director loan accounts	–	5,894,479	–	–
Other creditors	61,677,032	60,570,258	5,032,228	5,040,377
	<u>78,786,204</u>	<u>81,896,553</u>	<u>12,544,593</u>	<u>9,634,406</u>

Included within other creditors are loans of £5,950,000 (2019: £5,950,000) which were due for repayment on 30 November 2013 but have not been recalled at the date of approval of these financial statements.

## SQIB Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2020

#### 18. Creditors: amounts falling due within one year *(continued)*

One of the bank loans held by Connect Centre Limited is committed to repay the aggregate of LIBOR plus 2.5%, per quarter. The amount due within a year is £200,000 (2019: £200,000) and the balance of £1,975,000 (2019: £2,175,000) falls due after more than one year. There is a registered charge over the property and bank accounts held by Connect Centre Limited in favour of Santander Bank plc.

A facility has been granted to SQIB Limited, which the directors understand will act as an "umbrella" financing arrangement across the group, with Bishops UK Limited, Salomons UK Limited and Zenith Aviation Limited as the intended beneficiaries. The balance included within other creditors in the group balance sheet is £21,750,000 (2019: £21,750,000). Interest is being charged at base rate plus 4.5% and the repayment date of the loan was 4 January 2020. This amount has not been recalled at the date of approval of these financial statements.

Included within other creditors are amounts due in respect of pension contributions, totalling £23,036 (2019: £12,025).

#### 19. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	<b>114,294,694</b>	119,256,145	<b>73,069,152</b>	70,153,750
Other creditors	<b>32,329,143</b>	12,008,184	—	—
	<b><u>146,623,837</u></b>	<u>131,264,329</u>	<b><u>73,069,152</u></b>	<u>70,153,750</u>

A bank loan that was obtained during the year ended 31 March 2015 for £1,500,000 relates to a mortgage held with Handelsbanken. As part of this agreement Handelsbanken hold a charge over the investment property within Goswell Properties Limited. Interest on this loan is charged at LIBOR plus 3.5%.

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £7,046,857 (2019: £7,748,222) held with Lombard North Central Plc. Zenith Aircraft Limited is committed to repay the aggregate of US LIBOR plus 2%, per quarter, on the outstanding loan value. There is a registered charge over the plant and machinery held by Zenith Aircraft Limited in favour of Lombard North Central Plc.

## SQIB Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2020

#### 19. Creditors: amounts falling due after more than one year *(continued)*

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £4,742,052 (2019: £5,065,675) held with Paragon Business Finance Plc. There are registered charges over the plant and machinery. As part of the term for this loan, K R Spencer has provided a personal guarantee.

The loan facility that was acquired from Natwest Bank Plc on 22 June 2018 has been further drawn down during the year and amounts to £4,053,668 at 31 March 2020 (2019: £1,670,123). Interest is being charged at base rate plus 3%. An agreement was signed extending the repayment date to 13 August 2021.

On 25 May 2018 a loan facility was acquired from Investec Bank Plc for £8,871,000. As a result a registered charge exists over the following properties Unit 16 Waterfall Industrial Estate Cradley Heath, Markerstudy House Chelmsford, Lancaster House St. Ives, Causeway House Chiddingstone, Markerstudy House Bessels Green, Unit 2 Chapman Way Tunbridge Wells, Oriel Cottage Tunbridge Wells and Treetops Tunbridge Wells. Interest is being charged at base rate plus 2.75% with a repayment date of 25 May 2023.

Included within bank loans is a loan falling due after more than one year held by 55 VS NO 2 Limited of £25,961,633 (2019: £31,000,000). During 2018, 55 VS No 2 Limited entered into a new financing arrangement with Deutsche Bank Plc which resulted in no short-term repayment being due. The entire remaining bank loan balance due of £25,961,633 was repayable on 25 October 2021. The interest rate to be charged on this loan is LIBOR plus 2.5% per annum. The bank loan is secured by way of a fixed and floating charge over all of the assets of 55 VS No 2 Limited including a legal charge over the title of the development property.

Included within bank loans is a loan falling due after more than one year held by SQIB Limited of £73,069,152 (2019: £70,153,750) that is due to be repaid in full on 29 March 2024. Interest is charged at 8% per annum and is repayable in quarterly instalments. The bank loan is secured by fixed and floating charges over the assets of the company and the group and is subject to loan covenants which were breached subsequent to the year end.

#### 20. Borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	<b>116,179,758</b>	122,558,660	<b>73,069,152</b>	70,153,750
Amount due to parent undertaking	<b>7,305,998</b>	-	-	-
Amounts due to other related parties	<b>72,976,254</b>	56,977,298	<b>5,018,676</b>	4,960,676
	<b><u>82,167,316</u></b>	<u>63,393,313</u>	<b><u>5,018,676</u></b>	<u>4,960,676</u>
Payable within one year	<b>82,167,316</b>	63,393,313	<b>5,018,676</b>	4,960,676
Payable after more than one year	<b>114,294,694</b>	116,142,645	<b>73,069,152</b>	70,153,750

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 21. Provisions

Group	Deferred tax (note 22) £
At 1 April 2019	1,279,396
Charge to profit or loss	225,364
At 31 March 2020	<u>1,504,760</u>

### 22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Included in debtors (note 17)	875,498	581,437	-	-
Included in provisions (note 21)	<u>(1,504,760)</u>	<u>(1,279,396)</u>	-	-
	<u>(629,262)</u>	<u>(697,959)</u>	-	-

The major deferred tax liabilities and assets recognised are:

Deferred tax liabilities:

	2020	2019
	£	£
Accelerated capital allowances	97,450	77,465
Other timing differences	2,338	1,839
Valuation of investment properties	199,974	(4,906)
Valuation of freehold land & buildings	<u>1,204,998</u>	<u>1,204,998</u>
	<u>1,504,760</u>	<u>1,279,396</u>

Deferred tax assets:

	2020	2019
	£	£
Decelerated capital allowances	227,011	316,168
Other timing differences	<u>648,487</u>	<u>265,269</u>
	<u>875,498</u>	<u>581,437</u>

Movements in the year:

	Group 2020	Company 2020
	£	£
Net liability at 1 April 2019	697,959	-
Charge to profit or loss	<u>(68,697)</u>	-
Net liability at 31 March 2020	<u>629,262</u>	-

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 23. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £108,751 (2019: £59,193).

### 24. Called up share capital

#### Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary Class A shares of £1 each	6,253,817	6,253,817	6,253,817	6,253,817
Ordinary Class B shares of £1 each	1,042,302	1,042,302	1,042,302	1,042,302
Ordinary Class C shares of £1 each	1,042,301	1,042,301	1,042,301	1,042,301
	<u>8,338,420</u>	<u>8,338,420</u>	<u>8,338,420</u>	<u>8,338,420</u>

For each class of share, they do not have the right to fixed income, each share type carries the right to one vote at general meetings of the company.

### 25. Post balance sheet events

Subsequent to the year end the company was in breach of one of its loan covenants as described in Note 19. The lender has confirmed that they consider the loan facility to be in good standing and are not exercising any rights under the loan agreements in relation to this breach.

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 26. Cash generated from operations

	2020 £	2019 £
Loss for the period	(19,118,458)	(9,542,299)
Adjustments for		
Income tax expense/(income)	11,816	(664,896)
Finance costs	10,016,860	6,574,730
Investment income	(2,436,279)	(256,065)
Loss on disposal of tangible assets	3,325	2,325
Profit on disposal of subsidiary undertakings	(472,405)	-
Fair value (gains)/losses on investment properties	(3,985,425)	1,486,992
Amortisation and impairment of intangible assets	(2,631)	4,578,785
Depreciation of tangible assets	1,908,556	1,534,560
Share of results of associates	(1,112,579)	275,211
Impairment of preference share capital	9,000,000	-
Loans written off	6,303,288	-
	<u>117,567</u>	<u>3,989,343</u>
Movements in working capital:		
Decrease in stock	4,671,368	7,146,878
Increase in debtors	(11,615,222)	(41,494,227)
Increase/(decrease) in creditors	<u>20,949,517</u>	<u>(57,464,417)</u>
Cash generated from/(absorbed by) operations	<u>14,123,230</u>	<u>(87,822,423)</u>

### 27. Analysis of changes in net debt

Group	1 April 2019 £	Cash flows £	Disposal of subsidiaries	31 March 2020 £
Cash at bank and in hand	2,996,567	(566,410)	-	2,430,157
Borrowings	(122,558,660)	3,265,402	3,113,500	(116,179,758)
	<u>(119,562,093)</u>	<u>2,698,992</u>	<u>3,113,500</u>	<u>(113,749,601)</u>

### 28. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Fair value reserve - this records the value of investment property fair value movements recognised in the profit and loss account to distinguish between distributable and non-distributable reserves.



# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 29. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2020 £	2019 £
Tangible assets	<u>31,514</u>	<u>1,995,098</u>

### 30. Operating leases

#### As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Not later than 1 year	1,677,467	1,274,896	-	-
Later than 1 year and not later than 5 years	4,957,292	3,875,875	-	-
Later than 5 years	1,350,583	1,385,000	-	-
	<u>7,985,342</u>	<u>6,535,771</u>	<u>-</u>	<u>-</u>

#### As lessee

The total future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Not later than 1 year	97,000	180,333	-	-
Later than 1 year and not later than 5 years	354,667	1,274,667	-	-
Later than 5 years	1,073,000	1,160,000	-	-
	<u>1,524,667</u>	<u>2,615,000</u>	<u>-</u>	<u>-</u>

### 31. Financial instruments

The carrying amount of the Group's financial instruments at 31 March were:

	2020 £	2019 £
Financial assets:		
Instruments measured at fair value through profit or loss	<u>-</u>	<u>9,000,000</u>

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 32. Related party transactions

#### Group

Key management personnel received no remuneration in the current or prior year.

Transactions between the Group and its related parties are disclosed below:

#### Key management personnel

	2020	2019
	£	£
Rent management fee income	275	824
Other fee income	93,803	110,758

#### Other relates parties

	2020	2019
	£	£
Rent invoiced	718,885	700,000
Rent management fee income	44,969	29,826
Other fee income	(1,000)	235,745
Expenditure recharged	3,214,946	656,023
Expenditure incurred	503,250	171,061
Provision of consultancy services	14,225	14,225
Recharge of hotel expenses	280,383	39,034
Accommodation, room and venue hire	172,644	83,646
Recharge of staff costs and meeting rooms	343,108	123,256
Income from charter flight services	400,278	290,287
Service and facilities charge	2,794,771	2,409,925
Income from advertising	74,183	47,626
Other operating income	-	9,790
Accrued interest	1,936,593	-

Rent management fee income is received from the landlords of properties managed by the group. Other fee income represents fees charged for services provided to the tenants of properties managed on behalf of the landlords.

	2020	2019
	£	£
Recharged staff and related costs	(467,746)	(9,020)
Recharged telephone and printing costs	(68,307)	(72,316)
Purchase of advertising and marketing services	(72,973)	(13,059)
Recharged computer expenses	(3,680)	-
Staff costs and meeting rooms recharged	(23,395)	(13,953)
Recharge of credit cards for hotel / Bewl Water expenses	(68,479)	(1,973)
Purchase of office equipment	(184)	(1,315)
Purchase of insurance cover	(214,023)	(78,618)
Purchase of gifts	(187)	(1,290)
Purchase of uniforms and decorations	(278,697)	(399)
Insurance costs	(223,749)	(395,081)
Purchase of IT/Telecommunication	(151,604)	(176,139)
Consultancy fees	(128,716)	(197,520)
Provision of staff and associated costs	(2,178)	(219,159)
Interest expense	-	(2,219,073)
Purchase of hotel equipment	(13,539)	(3,977)

# SQIB Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 32. Related party transactions *(continued)*

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties

	2020 £	2019 £
Key management personnel	49,319	-
Other related parties	58,166,122	27,848,748
Entities with control, joint control or significant influence over the company	5,382,990	5,985,846

Amounts owed to related parties

	2020 £	2019 £
Key management personnel	-	5,894,479
Other related parties	72,976,254	56,977,298

Included within transactions with key management personnel were amounts due of £nil (2019: £5,894,479).

Other related parties comprise companies in the group headed by Markerstudy Holdings Limited, and a company with common directorship, and are related by virtue of common control.

Impairments of £6,303,288 (2019: £nil) have been recognised in respect of amounts owed by related parties.

An amount of £8,147,354 (2019: £8,794,807) was included in bank loans owing by Zenith Aircraft Limited at the year ended 31 March 2020. As part of the terms for this bank loan, K R Spencer had provided a personal guarantee. An amount of £5,326,619 (2019: £5,621,603) was included in bank loans owing by Jet Aircraft Limited at the year ended 31 March 2020. As part of the terms for this bank loan, K R Spencer had provided a personal guarantee.

Included in other creditors is £420,000 (2019: £nil) which relates to funding provided by a related party company, which is related by virtue of common control.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. A bad debt credit of £nil (2019: £1,096,969) has been recognised in the year in respect of bad debts from related parties.

# SQIB Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 32. Related party transactions *(continued)*

#### Company

Transactions between the company and its related parties are disclosed below:

Amounts owed to related parties

	2020 £	2019 £
Other related parties	<u>5,018,676</u>	<u>4,960,676</u>

Amounts owed by related parties

	2020 £	2019 £
Other related parties	<u>36,994,626</u>	<u>23,252,099</u>

### 33. Controlling party

The immediate and ultimate parent undertaking by virtue of its 75% shareholding in SQIB Limited is Armature Limited, a company registered in England and Wales, and represents the largest and smallest group for which consolidated accounts including SQIB Limited are prepared. Copies of these financial statements may be obtained from 45 Westerham Road, Bessels Green, Sevenoaks, Kent TN13 2QB.

Armature Limited is controlled by K R Spencer and A Spencer by virtue of their 50%/50% ownership of Armature Limited.