

Registered number: 08644111

VICTORIA GARDENS DEVELOPMENT LIMITED


DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

VICTORIA GARDENS DEVELOPMENT LIMITED

COMPANY INFORMATION


Directors	A Alrashed R S Graham
Company secretary	Taylor Wessing Secretaries Limited
Registered number	08644111
Registered office	5 New Street Square London EC4A 3TW
Independent auditors	BDO LLP Statutory Auditor 150 Aldersgate Street London EC1A 4AB



VICTORIA GARDENS DEVELOPMENT LIMITED

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VICTORIA GARDENS DEVELOPMENT LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The company's principal activity during the year was the planning & development of the Stockley House site, London.

Directors

The directors who served during the year were:

A Alrashed
R S Graham

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.


Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

+ 
A Alrashed
Director


R. GRAHAM

VICTORIA GARDENS DEVELOPMENT LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**


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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 Company will continue in business.

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



VICTORIA GARDENS DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VICTORIA GARDENS DEVELOPMENT LIMITED

Opinion

We have audited the financial statements of Victoria Gardens Development Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
 - the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
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VICTORIA GARDENS DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VICTORIA GARDENS DEVELOPMENT LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

Opinion on other matters prescribed by the Companies Act 2006


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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VICTORIA GARDENS DEVELOPMENT LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Simon Fowles (Senior statutory auditor)

for and on behalf of
BDO LLP

Statutory Auditor

150 Aldersgate Street

London

EC1A 4AB

Date:

VICTORIA GARDENS DEVELOPMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Administrative expenses		(199,243)	(185,630)
Operating loss		(199,243)	(185,630)
Interest receivable and similar income		3,484	290
Interest payable and similar expenses		(4,713,239)	(4,301,905)
Loss before tax		(4,908,998)	(4,487,245)
Tax on loss		95,000	-
Loss for the financial year		(4,813,998)	(4,487,245)

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 9 to 17 form part of these financial statements.

VICTORIA GARDENS DEVELOPMENT LIMITED
REGISTERED NUMBER: 08644111

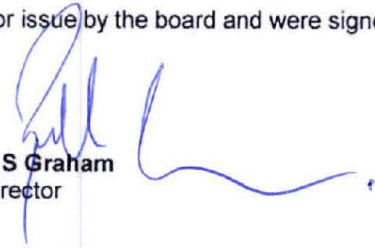
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Current assets			
Stocks	8	49,315,108	48,218,272
Debtors: amounts falling due within one year	9	301,874	65,953
Cash at bank and in hand	10	2,741,508	3,918,571
		<u>52,358,490</u>	<u>52,202,796</u>
Creditors: amounts falling due within one year	11	(22,034,179)	(17,064,487)
Net current assets		30,324,311	35,138,309
Total assets less current liabilities		30,324,311	35,138,309
Creditors: amounts falling due after more than one year	12	(33,300,000)	(33,300,000)
Net (liabilities)/assets		(2,975,689)	1,838,309
Capital and reserves			
Called up share capital	14	10,700,100	10,700,100
Profit and loss account		(13,675,789)	(8,861,791)
		<u>(2,975,689)</u>	<u>1,838,309</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


A Alrashed
Director


R S Graham
Director

Date:

The notes on pages 9 to 17 form part of these financial statements.

VICTORIA GARDENS DEVELOPMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	10,700,100	(4,374,546)	6,325,554
Comprehensive income for the year			
Loss for the year	-	(4,487,245)	(4,487,245)
At 1 January 2018	10,700,100	(8,861,791)	1,838,309
Comprehensive income for the year			
Loss for the year	-	(4,813,998)	(4,813,998)
At 31 December 2018	10,700,100	(13,675,789)	(2,975,689)

The notes on pages 9 to 17 form part of these financial statements.

VICTORIA GARDENS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company for the year ended 31 December 2018 and presented to the nearest pound.

The company has determined that the (GBP) is its functional currency, as this is the currency of the economic environment in which the company predominantly operates.

The continuing activity of the company is that of the redevelopment of the site at Stockley House, London.

The company is a United Kingdom private limited company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is 5 New Street Square, London, EC4A 3TW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern


The financial statements have been prepared on a going concern basis. The Directors have received confirmation from the Company's parent, Rafaya Co. Limited that its intention is to provide continuing support to the Company, both so the Company can continue to meet all its current obligations and not to demand repayment of short term funding.

2.3 Stocks

Stock comprises a property purchased for redevelopment and is valued at the lower of cost and estimated selling price. Estimated selling price being the estimated selling price after deductions for the cost to complete and sell the property. The carrying amount is reviewed annually for impairment and any impairment loss is recognised immediately in profit and loss.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



VICTORIA GARDENS DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.7 Creditors


Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.



VICTORIA GARDENS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

VICTORIA GARDENS DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the company to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The directors have reviewed the financial statements and, given the nature of the activity carried out, consider that the valuation of stock is likely to be the only material judgment. The directors believe that stock is accurately reflected at the lower of cost and net realisable value.

4. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £9,759 (2017 - £16,450).

5. Employees

The average monthly number of employees, including directors, during the year was 3 (2017 - 3).

6. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	15,000	36,484
	<u>15,000</u>	<u>36,484</u>

7. Taxation

Due to a loss in the year, the company has not recognised a tax charge for the year ended 31 December 2018.

The total tax losses available to be carried forward by the company could give rise to a potential deferred tax asset of £Nil (2017: £4,067,663). However, this has not been recognised in the financial statements due to uncertainty over the timing of the future utilisation of the losses.

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2017 - 19.25 %).

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VICTORIA GARDENS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Stocks

	2018 £	2017 £
Stock	49,315,108	48,218,272
	<u>49,315,108</u>	<u>48,218,272</u>

9. Debtors

	2018 £	2017 £
Trade debtors	52,667	-
Other debtors	154,207	65,953
Deferred taxation	95,000	-
	<u>301,874</u>	<u>65,953</u>

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	2,741,508	3,918,571
	<u>2,741,508</u>	<u>3,918,571</u>

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	388,266	195,337
Amounts owed to parent company (note 15)	21,553,034	16,839,795
Other taxation and social security	1,814	966
Other creditors	91,065	28,389
	<u>22,034,179</u>	<u>17,064,487</u>

VICTORIA GARDENS DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Amounts owed to parent company (note 15)	33,300,000	33,300,000
	<u>33,300,000</u>	<u>33,300,000</u>

The amounts included above are due in more than 5 years.

13. Deferred taxation

	2018 £
Charged to profit or loss	95,000
At end of year	<u>95,000</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	95,000	-
	<u>95,000</u>	<u>-</u>

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VICTORIA GARDENS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018


14. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
10,700,100 (2017 - 10,700,100) Ordinary shares shares of £1.00 each	<u>10,700,100</u>	<u>10,700,100</u>

All shares have equal voting rights.

15. Pension commitments

The company operates a defined contributions pension scheme. The pension cost charges represents contributions payable by the Company to the fund and amounted to £599 (2017: £nil). Contributions totalling £651 (2017: £284) were payable to the fund at the reporting date.



VICTORIA GARDENS DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Related party transactions

In 2013, Class A loan notes totalling £26,400,000 were issued to Rafaya Co. Limited. These loan notes are repayable on 1 November 2024 and form part of the amount owed to parent company disclosed in Note 13. Interest payable on the loan notes increased to LIBOR plus 7% from 1 January 2016. (from LIBOR plus 3%).

During the year, interest of £1,980,000 (2017: £1,980,000) relating to the Class A loan notes has been charged to the statement of comprehensive income. During the year no interest payment were made (2017: £NIL).

In 2013, Class B loan notes totalling £6,900,000 were issued to Rafaya Co. Limited. These loan notes are repayable on 1 November 2024 and form part of the amount owed to parent company disclosed in Note 13. Interest payable on the loan notes increased to 16% from 1 January 2016. (from 12%).

During the year, interest of £1,104,000 (2017: £1,104,000) relating to the Class B loan notes has been charged to the statement of comprehensive income. During the year no interest payment were made (2017: £NIL).

In December 2015, a short term loan of £2,500,000 was provided to the company by Rafaya Co. Limited. This loan forms part of the amounts owed to parent company shown in Note 12. Interest payable on the loan increased to 16% from January 2016.

During the year, interest relating to this short term loan has been charged to the statement of comprehensive income totalling £586,699 (2017: £530,208). During the year no interest payment were made (2017: £NIL).

In June 2016, a further short term loan of £2,500,000 was provided to the company by Rafaya Co. Limited. This loan forms part of the amounts owed to parent company shown in Note 12. Interest payable on the loan at 16%.

During the year, interest relating to this short term loan has been charged to the statement of comprehensive income totalling £537,313 (2017: £463,298). During the year no interest payment were made (2017: £NIL).


In June 2017, a further short term loan of £2,750,000 was provided to the company by Rafaya Co. Limited. This loan forms part of the amounts owed to parent company shown in Note 12. Interest payable on the loan at 16%.

During the year, interest relating to this short term loan has been charged to the statement of comprehensive income totalling £505,227 (2017: £224,400). During the year no interest payment were made (2017: £NIL).

The total amount owed to Rafaya Co. Limited in respect of short term funding and accrued loan interest is £21,553,035 (2017: £16,839,795). All loans are unsecured.

During the year, an amount of £15,000 (2017: £15,000) was recognised in respect of director's services provided by R S Graham. These services are invoiced by Taylor Wessing of which R S Graham is a partner.

During the year, Taylor Wessing invoiced legal expenses amounting £850 (2017 :£115,841) to the company. As at the balance sheet date, £NIL (2017: £29,494) was outstanding.



VICTORIA GARDENS DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Controlling party

The company's immediate and ultimate parent company is Rafaya Co. Limited, a company incorporated in Jersey. The registered address of Rafaya Co. Limited is SG Hambros House, 18 Esplanade, PO Box 197, St Helier, JE4 8RT. In the opinion of the directors the ultimate controlling party at the balance sheet date was Mr Abdullah S Alrashid. ✓

VICTORIA GARDENS DEVELOPMENT LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
		<hr/>	<hr/>
Gross profit		-	-
		<hr/>	<hr/>
Gross profit %		0.0 %	0.0 %
Less: overheads			
Administration expenses		(199,243)	(185,630)
		<hr/>	<hr/>
Operating loss		(199,243)	(185,630)
Interest receivable		3,484	290
Interest payable		(4,713,239)	(4,301,905)
Tax on profit on ordinary activities		95,000	-
		<hr/>	<hr/>
Loss for the year		(4,813,998)	(4,487,245)
		<hr/>	<hr/>

VICTORIA GARDENS DEVELOPMENT LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Administration expenses		
Directors fees	15,000	36,484
Staff salaries	40,923	39,195
Staff national insurance	1,494	1,396
Staff pension costs - defined contribution schemes	599	-
Hotels, travel and subsistence	11,360	2,433
Printing and stationery	605	807
Postage	94	29
Telephone and fax	1,367	963
Computer costs	1,426	-
Legal and professional	45,780	45,468
Auditors' remuneration	9,759	16,450
Accountancy fees	17,702	31,215
Car hire	398	-
Bank charges	2,428	3,694
Sundry expenses	-	188
Rates	-	(85,503)
Light and heat	18,349	54,037
Cleaning	398	4,658
Insurances	29,880	32,284
Sundry establishment expenses	1,681	1,684
Marketing and events	-	148
	<u>199,243</u>	<u>185,630</u>
	2018 £	2017 £
Interest receivable		
Bank interest receivable	3,484	290
	<u>3,484</u>	<u>290</u>
	2018 £	2017 £
Interest payable		
Group interest payable	(4,713,239)	(4,301,905)
	<u>4,713,239</u>	<u>4,301,905</u>

Victoria Gardens Development Limited

Company Number: 8644111, UK Registered Company

VAT Registration No: 175 193785

5 New Street Square London, EC4A 3TW

26 September 2019

BDO LLP
150 Aldersgate Street
London
EC1A 4AB

Dear Sirs

Financial Statements of Victoria Garden Development Limited for the period ended 31 December 2018

We confirm that the following representations given to you in connection with your audit of the Victoria Garden Development Limited company's financial statements for the year ended 31 December 2018 are made to the best of our knowledge and belief, and after having made appropriate enquiries of officials of the company.

We have fulfilled our responsibilities as directors for the preparation and presentation of the financial statements as set out in the terms of the audit engagement letter, and in particular that the financial statements give a true and fair view of the financial position of the company as at 31 December 2018 and of the results of the company's operations and cash flows for the year then ended in accordance with the applicable financial reporting framework and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the company have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and shareholders' meetings have been made available to you.

Going concern

We have made an assessment of the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the company is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.


In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the company's ability to continue as a going concern.

Laws and regulations

In relation to those laws and regulations which provide the legal framework within which our business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



Victoria Gardens Development Limited

Company Number: 8644111, UK Registered Company

VAT Registration No: 175 193785

5 New Street Square London, EC4A 3TW

Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the annual report.

Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable accounting framework.

Other than as disclosed in note 15 to the financial statements, there were no loans, transactions or arrangements between the company and the company's directors or their connected persons at any time in the year which were required to be disclosed.

The disclosures in the financial statements concerning the controlling and ultimate controlling party of the company are accurate.

Taxation


We confirm that we have complied with all relevant tax laws and regulations in respect of all jurisdictions that we operate in

Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

Accounting estimates

We consider the valuation of the stock to be the only area of material judgement and confirm that it is our belief that it is being held correctly at the lower of cost and net realisable value.



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Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

Other

We have no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks. We confirm that the carrying value of the stock at the year end was £49,315,108.

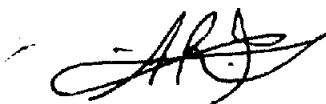
Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully



(Signed on behalf of the board of directors)

Date:



Your reference:

Our reference: 4911/70416

22 February 2019

The Directors
Victoria Gardens Development Limited
5 New Street Square
London
United Kingdom
EC4A 3TW

BDO LLP
150 Aldersgate Street
London EC1A 4AB
T +44 (0)20 7334 9191
F +44 (0)20 7248 3408
DX 15 London/Chancery Lane
www.bdo.co.uk

For the attention of: Mazen Ali

Dear Sirs

Audit Services

1 INTRODUCTION

- 1.1 We refer to our appointment as auditors of the company. This letter, together with the enclosures (the "Engagement Letter"), sets out the basis on which we are to provide audit services to Victoria Gardens Development Limited.

2 SCOPE OF PROFESSIONAL SERVICES

- 2.1 We set out in the enclosures our understanding of the basis on which we are to act as auditors and list our responsibilities as auditors and your responsibilities as directors. By accepting these terms you are agreeing that the scope of the services set out in the schedules (the "Services") is appropriate for your needs. We will perform the Services with reasonable skill and care but our duties and responsibilities shall be limited to the matters set out in the schedules.
- 2.2 We are not therefore (unless otherwise agreed by us in writing) responsible for:
- (a) providing legal or other advice outside the scope of the Engagement;
 - (b) reviewing (or otherwise being responsible for) the services provided by any other professional advisers retained by you;
 - (c) providing any other services beyond the scope of the Engagement.
- 2.3 Our opinions, reports, letters, information and advice ("Deliverable") will reflect relevant law and regulation at the time they are sought and provided and we accept no responsibility for the consequences of a change of law or regulation after such Deliverables have been provided.
- 2.4 We are not responsible for the appropriateness of any commercial or strategic decisions taken by you (including any decision to proceed or not to proceed with a particular transaction).

3 YOUR RESPONSIBILITIES

- 3.1 It is your responsibility to provide us with complete, accurate and timely instructions and information relevant to our Engagement and we will not therefore be responsible for any losses caused by any failure by you or your agents to do so.



4 PERSONNEL

- 4.1 Simon Fowles is responsible for the conduct of this Engagement on our behalf. We will also involve Oliver Hawes (*Manager*). Should this Engagement require the use of any BDO Sub-contractors (as defined in the attached Terms of Business), your attention is drawn to important terms in the attached Terms of Business. These terms provide that we are solely responsible for the delivery of the Services and that you can have no recourse to either our BDO sub-contractors or any BDO International entities in the event of any acts and/or omissions causing loss. Our contact details are as follows:

Simon Fowles

Direct telephone: 0207 651 1131

Email address: *simon.fowles@bdo.co.uk*


5 USE OF OUR DELIVERABLES

- 5.1 Any Deliverables will be provided in writing and addressed to you. The Services are provided solely for the purpose set out in the Engagement Letter and we will not be liable for any losses arising from any other use of our Deliverables. Any Deliverables should not be reproduced or referred to in any other document or made available to any third party without our prior written consent, unless the exceptions noted in the Terms of Business apply and we shall not be liable for any losses arising from any third party using or relying upon our Deliverables.

6 FEES

- 6.1 Our fees for this engagement will be in accordance with the fee arrangements previously agreed in your letter of engagement with Moore Stephens LLP.

7 TERMS

- 7.1 A copy of our Terms of Business is enclosed. You should ensure that you read and understand these as they contain important terms including those in connection with your responsibilities, fees, use of our advice and our liability. The Terms of Business, together with the other schedules, form part of the Engagement Letter. Should any of the terms included in the Terms of Business (or the schedule(s)) conflict with any of the other terms in this letter, the terms of this letter will prevail.
- 7.2 In addition to the exceptions set out in the Terms of Business, we may also disclose your Confidential Information (as defined in the Terms of Business) where reasonably requested by the Financial Reporting Council.
- 7.3 You agree and understand that the terms in the Engagement Letter apply to all services provided by us pursuant to the Engagement, whether such services were performed or provided before or after the signing of the Engagement Letter. The Engagement Letter will remain in place and fully effective until varied or replaced by written agreement between us.
- 



7.4 Please confirm your agreement to the terms in this Engagement Letter by signing and returning to us the enclosed copy. If you do not do so, your continuing instructions will amount to an acceptance of these terms.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Fowles', written over a horizontal line.

Simon Fowles
Director

For and on behalf of BDO LLP



To BDO LLP:

I hereby confirm that BDO LLP is appointed to carry out the Engagement in accordance with the terms set out in this Engagement Letter.

Signed on behalf of the Board of Directors

x

Name: ABDUL AZIZ AL RASHID

RONALD GRAHAM

Date:



YOUR RESPONSIBILITIES AS DIRECTORS

Financial statements, accounting records and internal controls

As directors of the company you are responsible for maintaining adequate accounting records and an appropriate system of internal control for the company. You are also responsible for preparing and approving the annual report and the financial statements which give a true and fair view and have been prepared in accordance with UK Generally Accepted Accounting Practice, the Companies Act 2006 ("the Act") and any other applicable law and regulations.

In preparing the financial statements, you are required to:

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

You are responsible for keeping adequate accounting records that:

- show and explain the company's transactions;
- disclose with reasonable accuracy at any time the company's financial position; and
- enable you to ensure that the financial statements comply with the Act.

You are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities. You are also responsible for ensuring that the company complies with laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.

You are also responsible for the preparation of a directors' report and, where applicable, a strategic report which comply with the requirements of the Companies Act 2006.

The Act requires that as directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.

You agree to include a statement of your responsibilities in the directors' report or elsewhere in the annual report which we will refer to in our audit report.

You are responsible for filing the financial statements at Companies House and with any other relevant regulation or registration bodies within the requisite time limit. Failure to do so can result in action being taken against yourself and the company.

You are required under the Act to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and members' meetings, that we need to do our work. We are entitled under the Act to require from the officers of the company and certain other persons, such information and explanations we think necessary for the performance of our audit. We are also entitled to attend all general meetings of the company and to receive all notices of, and other communications relating to such meetings. Insofar as you are able to provide or procure it, you agree to provide such information we as consider necessary for the purposes of the audit including information obtained from outside the general and subsidiary ledgers of the company.



We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm other than those engaged on the audit (for example information provided in connection with accounting, taxation and other services).

Disclosure of information to auditors

The Act also requires that the directors, having made enquiries of fellow directors and the company's auditors, state in the directors' report that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all reasonable steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Electronic Publication

We recognise that you may wish to publish your annual report and financial statements and our audit report on your website or distribute them by means such as e-mail. If you choose to do so, it is your responsibility to ensure that such publication properly presents the financial information and any auditors' report.

You agree to advise us of any intended electronic publication before it occurs, and we reserve the right to withhold consent to the electronic publication of our audit report if we assess the audited financial statements or our report to be published in an inappropriate manner.

The directors are responsible for the controls over, and security of, the website used for this purpose, and examination of these controls is beyond the scope of our audit of the financial statements. You are also responsible for establishing and controlling the process for electronically distributing Annual Reports and other financial information to members.

If you choose to publish our audit report electronically, the following wording must also be published:

"The directors are responsible for the maintenance and integrity of the corporate and financial information company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions."

Insolvency Act 1986

Under the Insolvency Act 1986, you have a statutory duty of care to the creditors of the company. You must ensure that the company does not continue to trade if there is no reasonable prospect of avoiding insolvent liquidation. If during our audit, any factors come to our attention which indicate such a possibility we shall of course inform you. However, this will not relieve you of your statutory and other duties as directors.

Access to audit working papers

Our working papers and other internal documentation created for the purpose of carrying out our duties as auditors belong solely to BDO LLP and will not be provided to you. We may however be requested to give access to our audit working papers for regulatory purposes or because of other statutory obligations.



Where consolidated financial statements are produced, the Financial Reporting Council's staff may request access to audit working papers produced in relation to other affiliated or subsidiary parts of your group. This includes those entities located overseas, whether or not BDO LLP has acted as auditor. Where relevant, you agree to take all steps considered reasonable and necessary to ensure that your overseas affiliated and subsidiary entities comply with such requests.

OUR RESPONSIBILITIES AS AUDITORS

Audit under Companies Act 2006 and International Standards on Auditing (UK)

Scope of audit

Our audit will be conducted in accordance with International Standards on Auditing (UK) issued by the Financial Reporting Council ("FRC"). A description of the scope of an audit of financial statements is provided on the FRC's website at <https://www.frc.org.uk/auditorsresponsibilities>. We are also required to comply with the FRC's Ethical Standard,

The Act requires us to report to the members of the company whether, in our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at the end of the financial year and its profit or loss for the year then ended;
- the financial statements have been properly prepared in accordance with the relevant financial reporting framework;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- based on the work undertaken in the course of the audit:
 - the information given in the directors' report and, where applicable, the strategic report for the financial year for which the financial statements is consistent with the financial statements, and
 - The directors' report and, where applicable, the strategic report have/has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

The law also requires us to report by exception whether:

- In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified material misstatements in the directors' report and where applicable the strategic report;
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us;
- the company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;

In forming our opinion we are required to have regard to your duty as directors not to approve the financial statements unless you are satisfied that they give a true and fair view.

There are also certain other matters which we may have to deal with in our report. For example, the law requires us to give details of directors' benefits, remuneration, pensions and compensation for loss of office where such details are not disclosed in the financial statements. Similarly where transactions between directors (and their connected persons) and the company have not been disclosed, we must give details in our report.



Reporting on Going Concern

The directors are responsible for the assessment of the company's ability to continue as a going concern.

We are required to conclude and report in our audit report on the appropriateness of the directors' use of the going concern basis of accounting and related disclosures made in the financial statements.

If requested, we are able to provide assurance over the XBRL tagging of the information submitted, however, this work is not part of the audit and therefore is not within the scope of the engagement and therefore will be subject to separate terms and conditions.

Management representations

From time to time we may have to rely on oral representations by management which are uncorroborated by other audit evidence. Where they relate to matters which are material to the financial statements, we will request that you provide written confirmation of them. In particular, where misstatements in the financial statements that we bring to your attention are not adjusted, we are required to obtain your reasons in writing. In connection with representations and the supply of information to us generally, we draw your attention to section 501 of the Companies Act 2006 under which it is an offence for anyone to recklessly or knowingly supply information to the auditors that is false, misleading or deceptive.

Use of report

Our report will be 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 will be undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. In those circumstances, and to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for the audit report, or for the opinions we form.

Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year. However, where a general meeting is held at which the financial statements are laid, we expect that you will inform us of any material event occurring between the date of our report and the date of that meeting.

Communication with those charged with governance

We will communicate certain information to you, including:

- Our responsibilities in relation to the audit of the financial statements
- Any matters relevant to the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff;
- An overview of the planned scope and timing of the audit including the significant risks we have identified;
- Our views about the qualitative aspects of the company's accounting practices and financial reporting;
- Other significant findings from the audit;
- Uncorrected misstatements other than those which clearly trivial; and
- Significant deficiencies in internal control identified during the audit.

Such communication will be on a timely basis and may be oral or in writing. However, we will report in writing any findings from the audit that we consider to be significant or to confirm that there are




no matters that we wish to report in writing. Any such report may not be disclosed to third parties without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the company in mind and that we accept no duty or responsibility to any other party as concerns the reports.

Communication

In carrying out the engagement it may be necessary for us to communicate with auditors of divisions and subsidiary, associated or joint undertakings and to arrange for them to perform such work as we consider necessary. As part of this process, we may request you to communicate with directors or management of divisions, subsidiary and associated undertakings or joint arrangements in order to explain and expedite the necessary procedures.

If the company operates any pension or post-retirement benefit schemes it may be necessary for us to communicate with the company's actuary in connection with accounting entries and disclosures in the financial statements relating to such schemes. You hereby give us permission to communicate directly with the actuary in order to establish the basis and reliability of the figures and information in the financial statements on which we are required to report.



1 Introduction

- 1.1 BDO LLP is referred to in these Terms of Business as "the Firm", "us", "we" or "our" which, where appropriate, includes our successor and predecessor firms and our staff members. References in these Terms of Business to "you" or "your" are to the persons or entities who are our clients for the Engagement.

- 1.2 The following definitions are used in these Terms of Business:

"Associated BDO Entities" means any entity owned or controlled by us.

"BDO Privacy Notice" means the fair processing information available on www.bdo.co.uk/en-gb/legal-privacy/privacy-statement, as may be updated from time to time.

"Data Breach" means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, Personal Data.

"Data Protection Legislation" means as they apply to each of us: (a) the Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003, (b) from and including 25 May 2018, the General Data Protection Regulation (Regulation (EU) 2016/679) ("GDPR"), until such time as it might cease to apply in the UK; (c) any legislation ratifying or otherwise adopting, replacing or supplementing the GDPR in the UK; and (d) in respect of your obligations, any other laws and regulations relating to privacy or the processing of data relating to natural persons relevant to your obligations in any other jurisdiction.

"Engagement Letter" means the letter and enclosures (including these Terms of Business) sent to you which set out the basis of our contract with you.

"BDO Member Firm" means a member of BDO International Limited, a UK company limited by guarantee, which forms part of the international BDO network of independent member firms.

"Deliverable" means any opinion, report, letter, information or advice provided by us to you.

"Engagement" means the Services which we provide pursuant to the Engagement Letter.

"Services" means the professional services delivered to you that are the subject of the Engagement Letter.

"Staff Member" means member, consultant, employee, director, or officer of the Firm. Members and certain other senior employees of the Firm are referred to as "partners" but they are not as a matter of law partners of a general partnership as the Firm is incorporated as a limited liability partnership and no individual member or staff member has any joint and several liability for the Firm's debts or obligations.

- 1.3 Unless otherwise specifically agreed in the Engagement Letter, the Engagement Letter replaces any previous agreements between us in relation to or in contemplation of the Engagement and shall apply to any future engagements we carry out on your behalf unless varied or replaced. The Engagement Letter (which includes these Terms of Business) constitutes the entire agreement between us. In entering into this Engagement Letter you acknowledge that you have not relied on, and shall have no right or remedy in respect of, any

statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in the Engagement Letter.

2 Fees and Invoicing

- 2.1 Unless otherwise stated in the Engagement Letter, our fees are based on the time required by our Staff Members to complete the Engagement, which may include travelling time. Time is charged at hourly rates that vary to reflect the skill, responsibility and experience of the relevant individual, as well as the nature, complexity and urgency of the work involved. Hourly charge-out rates are modified from time to time in accordance with prevailing market conditions. We will re-charge to you any expenses and disbursements (such as sub-contractor fees, travel and accommodation expenses) that we incur in undertaking the Engagement, together with a recharge of support costs at 2.5% of the above fees.

- 2.2 Whenever appropriate, we will agree a fee budget with you in advance of commencing work. The fee budget is not a commitment to perform the Services within a fixed time or for a fixed fee. The budget will be based on the assumption that we have timely access to the information and personnel that are required to complete the Engagement in a cost effective manner and in accordance with relevant deadlines. We will advise you of delays or unexpected problems as they arise and will estimate their effect on the fee budget.

- 2.3 Unless otherwise stated in the Engagement Letter, invoices for fees, expenses and disbursements necessarily incurred on your behalf are normally rendered monthly as work progresses and are subject to VAT if applicable. Any queries on invoices must be raised in writing within 14 days of the invoice date. We reserve the right to request payment of fees, expenses and disbursements in advance.

- 2.4 Invoices are due for payment within 14 days of the invoice date in full, in pounds sterling and without any deduction, set off or counterclaim. If you do not pay an invoice within 14 days of the invoice date, we reserve the right to charge you interest at the rate set by law and our debt recovery costs.

3 Groups

- 3.1 Where our appointment is by a parent company on behalf of a group or particular group companies, the parent company confirms that these Terms of Business apply to all group entities to which we have been appointed.

- 3.2 Whilst fee invoices may be addressed to either the parent company or the relevant group company or entity, both parties remain jointly and severally liable until they are settled.

4 Personnel

- 4.1 We reserve the right to determine which of our Staff Members are allocated to an Engagement and, where named individuals are not available we will supply substitutes of equivalent quality and experience. With your agreement, we may also use third parties in performing our services.

5 Non solicitation of personnel

- 5.1 You will not solicit, or endeavour to solicit, in any way the services of any Staff Member with whom you have

had dealings in connection with the Engagement during the 12 months immediately prior to your approach (except where the Staff Member responds directly to a general recruitment campaign).

6 Client responsibilities

- 6.1 It is your responsibility to provide us with complete, accurate and timely instructions or information relevant to our Engagement. We will not be responsible for any consequences that may arise from your failure to do so. Such failures may also result in additional fees being charged.
- 6.2 Any Deliverables will be provided in writing and addressed to you. You may not use our Deliverables for any purpose other than that for which they were prepared. You may not reproduce, or refer to such Deliverables in any other document or disclose (or commit to disclose) such Deliverables to any third party except (i) with our prior written consent on terms to be agreed with us, (ii) in accordance with the Engagement Letter, (iii) to others within your own organisation or your professional advisers where required for the Engagement or (iv) as required by law, court order, any regulatory body which you are subject to or any professional body of which you are a member.
- 6.3 No reliance should be placed on any oral advice or representations we may make or any draft Deliverables unless and until we confirm that advice to you in final form in writing.
- 6.4 Where information that is or may be relevant to our work has been provided to someone in the Firm other than those individuals who are carrying out the Firm's responsibilities for that work, you accept that knowledge of that information will not be imputed to those individuals.
- 7 Mode of instructions**
- 7.1 You authorise us to act on instructions given in any manner if we reasonably believe that you or a person with authority to act on your behalf has given those instructions.
- 7.2 You understand and acknowledge that the electronic transmission of information via the internet or otherwise has inherent risks (particularly the risk of access by unauthorised parties). You authorise us to communicate electronically with you and all third parties on all matters related to the Engagement.

8 Acquisition or disposal of interests

- 8.1 Where it is proposed that you acquire or dispose of any interest (including in a company, business or other entity), we shall have no responsibility for reviewing the terms of any draft contract or other contractual documentation for such acquisition or disposal, unless we have specifically agreed to carry out such a review (in which event we will issue you with a separate letter covering the scope of our work).

9 Confidentiality

- 9.1 "Confidential Information" shall mean any confidential information in any form (including any copies and any document which contains, reflects or is derived from Confidential Information) disclosed by one of us or our employees, officers or advisers to the other (whether before or after the date of the Engagement Letter).

Confidential Information does not include any information that: (i) is or subsequently becomes public knowledge (other than as a result of disclosure in breach of paragraph 9.2 below); or (ii) was known by the receiving party on a non-confidential basis prior to disclosure; or (iii) becomes available to the receiving party on a non-confidential basis from a person who is not bound by obligations of confidence; or (iv) you and we agree in writing is not confidential or may be disclosed.

- 9.2 Each of us shall keep the other's Confidential Information confidential and shall not use such Confidential Information except for the purpose of exercising or performing the relevant rights and obligations under the Engagement and shall not disclose any Confidential Information to a third party, except as expressly permitted by this clause. We may disclose your Confidential Information on the understanding that it will be treated as confidential to (i) any BDO Subcontractors or Associated BDO Entities assisting us with the Services, (ii) your other professional advisers in relation to, or connected with, the Engagement, or (iii) our professional advisers and insurers insofar as such disclosure is required to protect the professional position of the Firm. Either you or we may disclose Confidential Information to the extent required by law, court order, any regulatory body which you or we are subject to or any professional body of which you or we are a member. You agree that we may refer to you and the services we have provided to you when marketing our services to others, provided that we do not disclose your Confidential Information.

10 Conflicts

- 10.1 We do not act exclusively for you in the provision of services such as the Services and you agree that we may act for other parties whose interests may conflict with yours provided that we comply with our ethical obligations and do not disclose your Confidential Information.
- 10.2 In accordance with the ethical requirements of the Institute of Chartered Accountants in England and Wales ("ICAEW"), we have put in place procedures to identify situations where conflicts of interest may arise. However, we cannot be certain that our procedures will identify all such situations. If you become aware of any potential conflict affecting our provision of the Services, you will notify us immediately.
- 10.3 Where a conflict of interest is identified and we believe that implementing appropriate procedures can properly safeguard your interests, we will notify you (subject to any obligations including confidentiality we may owe to third parties), explain the safeguards we have implemented and obtain your consent to their implementation. However, there may be circumstances where we consider that your position cannot be safeguarded and in such circumstances the Services may be terminated.

11 File retention

- 11.1 You agree that we shall have the right to retain copies of documents relating to the Engagement after the Engagement has ended, subject to our continuing confidentiality obligations. It is our normal practice to retain documents relating to client engagements for eight years after the end of the relevant Engagement. Thereafter, unless separate arrangements have been

made, we may destroy or erase the documents or papers without reference to you.

12 Intellectual property rights and document ownership

12.1 We retain all intellectual property rights in everything developed by us both before and during the Engagement, including rights in all Deliverables or other materials provided by us, although payment of fees under the Engagement will give you a non-exclusive, non-transferable licence to use the Deliverables for the purposes for which they were created.

12.2 All documents in our possession or control generated by us or addressed to us, relating to the Services shall be our sole property.

13 Data protection

The terms "Data Controller", "Data Processor", "Data Subject", "Personal Data", "process", "processing", "transfer" and "appropriate technical and organisational measures" shall be interpreted in accordance with the applicable Data Protection Legislation.

13.1 Each of us shall comply with the Data Protection Legislation as it applies to each of us in connection with this Engagement Letter.

13.2 Where you transfer or otherwise make available Personal Data to us in relation to this Engagement, you shall ensure that (i) you have the necessary rights to transfer or make available such Personal Data to us (including that you have, or have procured, the necessary legal authority, permissions and/or consents for us to process the Personal Data to provide the Services); (ii) your instructions to us comply with (and will not cause us to be in breach of) the Data Protection Legislation; and (iii) that you have taken reasonable steps to ensure that any Data Subjects are aware of the nature of the processing to be undertaken.

13.3 Where we act as a Data Controller in respect of any Personal Data processed in relation to this Engagement Letter (including where you are an individual):

13.3.1 we shall process or arrange for processing of the Personal Data only in accordance with the details set out in the BDO Privacy Notice;

13.3.2 if you provided us with or gave us access to the Personal Data, you shall take reasonable steps to ensure that the relevant Data Subjects are aware of our processing activities and the BDO Privacy Notice; and

13.3.3 both of us shall co-operate with the other, and promptly provide such information and reasonable assistance as the other may reasonably require to enable it to comply with its obligations under the Data Protection legislation in respect of this Engagement Letter, and to deal with and respond to all investigations, complaints, and requests for information from any regulator or Data Subject relating to such Personal Data.

13.4 Where we process Personal Data as a Data Processor on your behalf we shall:

13.4.1 only process such Personal Data in accordance with your written instructions from time-to-time (including as set out in the Engagement Letter) or as required for us to provide, manage and facilitate the provision of

the Services, and only in respect of the subject matter, duration, nature and purpose of the Services, and the type of Personal Data and categories of data subject relevant to the Services;

13.4.2 ensure that only persons authorised by us process such Personal Data and that such persons are subject to appropriate obligations to maintain the confidentiality of such Personal Data;

13.4.3 taking into account the (i) state of the art, (ii) cost of implementation, (iii) nature, scope, context and purposes of processing, and (iv) the risk and severity of potential harm, protect such Personal Data by putting in place technical and organisational measures to protect such Personal Data from a Data Breach;

13.4.4 taking into account the nature of our processing, put in place appropriate technical and organisational measures, insofar as is possible, to assist you to fulfil, at your cost, your obligations to respond to data subjects' requests to exercise their rights under the Data Protection Legislation over such Personal Data;

13.4.5 where reasonably requested, and taking into account the nature of our processing and the Services and the information available to us, assist you, at your cost, in complying with your obligations under the Data Protection Legislation in respect of such Personal Data;

13.4.6 when we cease providing the Services to you, and at your choice, either delete or return all such Personal Data to you and delete such copies of such Personal Data, unless applicable law or regulation requires storage of such Personal Data or deletion of Personal Data is not technically possible, using all reasonable efforts;

13.4.7 subject to reasonable access arrangements being agreed with us and save for disclosure of information which is confidential and/or privileged (or where access is otherwise restricted by applicable law or regulation), make available to you all relevant information necessary to demonstrate compliance with our obligations under this clause 13.4 and allow for and contribute to audits, including inspections, conducted by you or another auditor mandated by you, at your cost;

13.4.8 be permitted to appoint other processors to process such Personal Data, provided (i) they process the Personal Data only for the purposes of assisting us with the performance of our obligations under this Engagement Letter; (ii) we enter into a written agreement with them requiring them to process the Personal Data only in accordance with your or our written instructions, and to comply with obligations equivalent in all material respects to those imposed on us under this clause 13.4; and

13.4.9 not process or transfer such Personal Data outside the UK or EEA unless (i) an adequacy finding has been made under the Data Protection Legislation that the relevant jurisdiction provides an adequate level of protection; or (ii) we have put in place appropriate safeguards as required under the Data Protection Legislation for such processing or transfers. Where the Engagement Letter

identifies that processing will take place in specified jurisdictions, you acknowledge that Personal Data will be transferred to or from, and/or processed from, those jurisdictions.

- 13.5 Where you instruct us to transfer Personal Data to anyone other than a processor engaged by us, you are responsible for ensuring that adequate arrangements are in place for such transfer as required by the Data Protection Legislation.
- 14 **Money Laundering**
- 14.1 We wish to draw your attention to our obligations under the United Kingdom's anti-money laundering and counter terrorist financing legislation. Under this legislation we are required to identify you and various persons connected to you and may also make enquiries about your sources of wealth and funds. We are also required to keep the identification and verification up to date. We may not undertake the engagement or continue to act if we are unable to comply with these obligations. The legislation also requires that if we know, suspect or have grounds for suspecting that an individual or entity is engaged in money laundering or financing terrorism, we make a report to the relevant authority. We are generally prohibited by law from disclosing to you that we have made such a report.
- 15 **Freedom of Information Act**
- 15.1 In the event of any request pursuant to the Freedom of Information Act 2000 ("the Act"), that requires you to disclose any information provided to you by us, you will notify us promptly and consult with us before making disclosure. You agree to pay due regard to any representations that we may make in connection with such disclosure and to apply any relevant exemptions that may exist under the Act to such information. If, following consultation with us, you disclose any such information you will ensure that any disclaimer that we included or may subsequently wish to include in such information is reproduced in full in any copies disclosed.
- 16 **Provision of specialised services**
- 16.1 The Firm is authorised and regulated by the Financial Conduct Authority to conduct certain investment business.
- 17 **Complaints and dispute resolution**
- 17.1 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with any aspect of the service you are receiving, please let us know by contacting the Engagement Partner or the firm's Senior Partner at our registered office.
- 17.2 We will look into any complaint carefully and promptly. You have the right to report any complaint to the Institute of Chartered Accountants in England and Wales.
- 17.3 If the complaint arises out of business regulated by the Financial Conduct Authority we will deal with your complaint in accordance with our own procedures that are compatible with the complaints handling procedures for firms laid down by the Financial Conduct Authority in its Handbook of Rules and Guidance. If you are not satisfied with the outcome of our investigation, you may subsequently complain directly to the Financial Ombudsman Service. If you make a valid claim against us

and we are unable to meet our liabilities in full, you may be entitled to redress from the Financial Services Compensation Scheme. Further details will be provided on request. Further information is available from the Financial Ombudsman Service (<http://www.financial-ombudsman.org.uk>) and the Financial Services Compensation Scheme (<http://www.fscs.org.uk>).

18 **Staff Members**

- 18.1 You agree that you will not bring any claim in respect of any loss against any of our Staff Members save insofar as that claim arises out of the fraud of that person. This provision will not limit or exclude the liability of the Firm for the acts or omissions of its Staff Members. You agree that our Staff Members may rely upon the Contract (Rights of Third Parties) Act 1999 should they need to enforce this paragraph.

19 **Liability**

- 19.1 The limitation of liability provisions in this Engagement Letter apply to the aggregate liability arising under this Engagement whether caused by any or all of BDO LLP, BDO Subcontractors or other subcontractors involved in providing the Services and regardless of the number of claims and claimants.

- 19.2 Where there is more than one addressee to the Engagement Letter the financial limit of liability specified in it (if any) will be shared between those addressees and any other party we agree in writing to assume a duty of care to in relation to the Engagement. It will be entirely a matter for you how you apportion the sharing of the limit of liability and you shall be under no obligation to inform us of any apportionment. If (for whatever reason) no apportionment is agreed, you shall not dispute the validity, enforceability or operation of the limit of liability on the ground that no such apportionment was agreed.

- 19.3 Nothing in this section or elsewhere in our Engagement Letter shall exclude or restrict the liability of any person for that person's fraud or dishonesty or purport to exclude or restrict a liability which cannot be excluded or restricted as a matter of law.

20 **BDO Subcontractors and sole recourse**

- 20.1 This Engagement is between you and this firm, BDO LLP, only. Where appropriate, we may use other BDO Member Firms or other subcontractors (together "BDO Subcontractors") to assist us with the Services to which this Engagement applies. Notwithstanding the fact that Services may be carried out by BDO Subcontractors, you agree that BDO LLP shall have sole liability for both its acts and/or omissions and also all acts and/or omissions of any BDO Subcontractors and you agree that you shall bring no claims or proceedings of any nature whatsoever (whether in contract, tort (including negligence), breach of statutory duty or otherwise) against any BDO Subcontractors or BDO International entities (including, without limitation, BDO International Limited and Brussels Worldwide Services BVBA) or other BDO Member Firms in any way arising from, in respect of or in connection with the Services or this Engagement.

- 20.2 You agree that any BDO Subcontractors we involve in the Services or BDO International entities or other BDO Member Firms shall each, to the extent rights are granted to them respectively, have the right to rely on and enforce paragraph 20.1 above (the "sole recourse

provisions") and the contractual limitations of liability in the Engagement Letter and at paragraph 19 above as if they were parties to this Engagement.

21 International BDO network

21.1 The Firm is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. This network comprises independent firms (which use "BDO" as part of their business name) in many countries.

21.2 No other BDO Member Firm is our agent or has authority to enter into any legal obligations on our behalf.

21.3 Unless we have subcontracted Services pursuant to clause 20 above, we do not accept any liability for work carried out by any other BDO Member Firm or third party and you must make your own contractual arrangements with them directly.

22 Successor firm

22.1 If we should merge with another firm or transfer our business to another entity (a "Successor Firm") then our Engagement with you shall not automatically terminate by reason of such merger or transfer. You agree that the Successor Firm is automatically appointed by you so that continuity of service can be provided. Both the Successor Firm and you may rely on the Engagement Letter as setting out the continuing terms of the Engagement. If such transfer requires some action by you then you will take such steps as are necessary to enable continuity of service. This paragraph does not in any way limit your termination rights as set out in the paragraph headed "Termination".

23 Termination

23.1 Should you fail to pay our invoices or requests for funds on account when they become due we may suspend Services under the Engagement Letter until the invoices have been paid or the funds are received. We will give you notice of our intention to suspend Services under the Engagement Letter. Any such notice shall not affect our rights to terminate the Engagement.

23.2 We are not liable for any loss or damage whatsoever incurred by you or any associated entity or third party as a result of any suspension or termination in accordance with this clause 23.

23.3 Either we or you may terminate the Engagement immediately on written notice to the other where: (i) termination rules are prescribed by legislation or professional obligations, (ii) the other party becomes the subject of insolvency proceedings or calls any meeting of its creditors, or (iii) the other breaches a material term of the Engagement Letter (including non-payment of fees) and does not remedy the breach within 14 days.

23.4 Either we or you may terminate the Engagement upon the expiry of 14 days written notice to the other. We will be entitled to receive payment for all time and costs incurred up to the date of termination and any contingent fee shall remain payable.

23.5 If we have reasonable grounds to suspect that performing the Engagement or receiving payment of fees may be unlawful or breach any regulatory requirement, we may without notice and at our unfettered discretion delay all of the Engagement, delay part of the

Engagement or terminate the Engagement.

24 Force majeure

24.1 Neither we nor you will be liable to the other for any delays or failures in performance or breach of contract due to events or circumstances beyond our or your reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

25 Severability

25.1 In the event that any part of the Engagement Letter is held to be invalid or unenforceable, the remainder will continue in full force and effect.

26 Rights of third parties

26.1 Except where expressly provided for in the Engagement Letter, a person who is not a party to the Engagement Letter has no rights to enforce its terms under the Contract (Rights of Third Parties) Act 1999.

27 Governing law and jurisdiction

27.1 The Engagement Letter and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England and Wales.

27.2 You and the Firm irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim that arises out of or in connection with the Engagement Letter or its subject matter or formation (including non-contractual disputes or claims). ✓