
EURONITE LIMITED

UNAUDITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

EURONITE LIMITED

COMPANY INFORMATION

Directors	Lumbro Corporate Services Limited Cotillion Trust Company Limited
Registered number	1016972
Registered office	P.O. Box 146, Trident Chambers Wickhams Cay Road Town British Virgin Isles
Accountants	Grant Thornton UK LLP Chartered Accountants Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT

EURONITE LIMITED

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EURONITE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Directors

The directors who served during the year were:

Lumbro Corporate Services Limited
Cotillion Trust Company Limited

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operation for the foreseeable future. Euronite Limited incurred a net loss of £302,245 for the year ended 30 June 2020, resulting in net liabilities of £5,698,531.

The directors have obtained a pledge of continued financial support from the Excluded Sub-Fund of the St. George's Settlement for the foreseeable future. The company's shareholders are nominee for the Excluded Sub-Fund of the St. George's Settlement.

On this basis, the directors consider it appropriate to prepare the company's financial statements on a going concern basis. These financial statements do not include any adjustments that would result, if the company is unable to continue as a going concern.

Financial risk management

Cash flow interest risk

The company has an existing unsecured loan notes listed in The International Stock Exchange ("TISE") which can be drawn up to £15m as well as borrowings at variable rates of interest under the terms of the facilities provided by the Excluded Sub-Fund of St. George's Settlement Trust. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the company. Interest bearing assets comprise cash and bank deposits and earn interest at floating rates.

Liquidity risk

The company's policy is to ensure availability of operating funds by maintaining an appropriate cash balance in current accounts and to establish an appropriate level of borrowing facilities to provide short-term flexibility. The current economic conditions create uncertainty, particularly over the level of demand for the company's services and the availability of financing in the foreseeable future.

Credit risk

The company's principal financial assets are cash at bank and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets. The directors monitor trade debtor balances on a regular basis to minimise the risk of unpaid balances.

EURONITE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Qualifying third party indemnity provisions

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

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 **23 March 2021** and signed on its behalf.



Lumbro Corporate Services Limited
Director



Cotillion Trust Company Limited
Director

Report to the directors on the preparation of the unaudited statutory financial statements of Euronite Limited for the year ended 30 June 2020

We have compiled the accompanying financial statements of Euronite Limited (the 'company') based on the information you have provided. These financial statements comprise the Statement of Financial Position of Euronite Limited as at 30 June 2020, the Statement of Comprehensive Income for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with 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). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 17 October 2019. Our work has been undertaken solely to prepare for your approval the financial statements of the company and state those matters that we have agreed to state to the company's directors, as a body, in this report in accordance with our engagement letter dated 17 October 2019. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Chartered Accountants

Birmingham

Date:

EURONITE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Turnover	3	411,899	443,987
Cost of sales		(287,056)	(283,480)
Gross profit		124,843	160,507
Administrative expenses		(216,856)	(293,678)
Operating loss	4	(92,013)	(133,171)
Interest payable and similar expenses	6	(210,232)	(229,753)
Loss before tax		(302,245)	(362,924)
Tax on loss		-	-
Loss for the year		(302,245)	(362,924)

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 6 to 13 form part of these financial statements.

EURONITE LIMITED
REGISTERED NUMBER:1016972

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	3,144,042	3,187,978
Current assets			
Debtors: amounts falling due within one year	8	22,243	31,597
Cash at bank and in hand	9	23,861	47,694
		<u>46,104</u>	<u>79,291</u>
Creditors: amounts falling due within one year	10	(96,113)	(100,973)
Net current liabilities		<u>(50,009)</u>	<u>(21,682)</u>
Total assets less current liabilities		<u>3,094,033</u>	<u>3,166,296</u>
Creditors: amounts falling due after more than one year	11	(8,792,564)	(8,562,582)
Net liabilities		<u><u>(5,698,531)</u></u>	<u><u>(5,396,286)</u></u>
Capital and reserves			
Called up share capital	12	76	76
Profit and loss account	13	(5,698,607)	(5,396,362)
		<u><u>(5,698,531)</u></u>	<u><u>(5,396,286)</u></u>

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 on


Lumbro Corporate Services Limited
 Director


Cotillion Trust Company Limited
 Director

The notes on pages 6 to 13 form part of these financial statements.

EURONITE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

Euronite Limited is a private company limited by shares and registered in British Virgin Isles. Registered number 1016972. Its registered head office is located at P. O. Box 146, Trident Chambers, Wickhams Cay, Road Town, British Virgin Isles.

The principal activity of the company is the operation of a retirement hotel and development of the Nowton village site.

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 following principal accounting policies have been applied:

2.2 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operation for the foreseeable future. Euronite Limited incurred a net loss of £302,245 (2019: £362,924) for the year ended 30 June 2020, resulting in net liabilities of £5,698,531 (2019: £5,396,286).

The directors have obtained a pledge of continued financial support from the Excluded Sub-Fund of the St. George's Settlement for the foreseeable future. The company's shareholders are nominee for the Excluded Sub-Fund of the St. George's Settlement.

On this basis, the directors consider it appropriate to prepare the company's financial statements on a going concern basis such that the directors believe the company can continue to pay its debts as they fall due for a period of not less than twelve months from the date of approval of these financial statements. These financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

2.3 Cash flow

The company has taken advantage of the exemption in Section 1A of Financial Reporting Standard 102 from the requirement to produce a cash flow statement on the grounds that it is a small company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Retirement home rental income

Revenue is recognised per hotel occupant based on the standard fees from the date they first occupy a bed in the hotel, as the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the service has been rendered and the consideration for it can be measured reliably; and
- the costs incurred in the provision of the service can be measured reliably.

Property sales

Revenue recognised from the sale of a property on finance lease terms is recognised on completion where the contract is unconditional and the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Under the terms of the finance lease arrangement, when the leasee reassigns the lease to a third party a commission is payable to the company set at 10% of the consideration. This commission is recognised at the point the lease is reassigned.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Buildings	- 2% on a straight line basis
Plant and machinery	- 25% on a reducing balance basis
Motor vehicles	- 25% on a reducing balance basis
Fixtures and fittings	- 25% on a straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 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.

2.7 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.8 Financial instruments

The company only enters into basic financial instruments 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 and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 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.

2.10 Finance costs

Finance costs are charged to profit or loss 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.

2.11 Borrowing costs

All borrowing costs are recognised in Statement of comprehensive income in the year in which they are incurred.

EURONITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

3. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Retirement home rental income	401,515	442,063
Other revenues	10,384	1,924
	411,899	443,987

All turnover arose within the United Kingdom.

4. Operating loss

The operating loss is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	54,702	54,838

5. Employees

The average monthly number of employees, including directors, during the year was 14 (2019 - 14).

During the year, no director received any remuneration (2019: £Nil) for their services to this company.

No key management personnel are remunerated within the company.

6. Interest payable and similar expenses

	2020	2019
	£	£
Other loan interest payable	210,232	229,753

EURONITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost						
At 1 July 2019	3,523,322	81,078	1,000	5,560	300,430	3,911,390
Additions	-	-	-	-	10,766	10,766
At 30 June 2020	3,523,322	81,078	1,000	5,560	311,196	3,922,156
Depreciation						
At 1 July 2019	671,524	45,328	1,000	5,560	-	723,412
Charge for the year	40,157	14,545	-	-	-	54,702
At 30 June 2020	711,681	59,873	1,000	5,560	-	778,114
Net book value						
At 30 June 2020	2,811,641	21,205	-	-	311,196	3,144,042
At 30 June 2019	2,851,798	35,750	-	-	300,430	3,187,978

8. Debtors

	2020 £	2019 £
Trade debtors	9,680	19,863
Other debtors	6,037	3,945
Prepayments and accrued income	5,732	5,328
Tax recoverable	794	2,461
	22,243	31,597

9. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	23,861	47,694

EURONITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	76,550	76,550
Trade creditors	8,628	10,597
Amounts owed to related parties	-	4,522
Other taxation and social security	2,835	1,954
Other creditors	100	-
Accruals and deferred income	8,000	7,350
	<u>96,113</u>	<u>100,973</u>

Included within other loans is a non interest bearing, unsecured loan with the Excluded Sub-Fund of the St.George's settlement which is repayable on demand.

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

	2020 £	2019 £
Other loans	8,352,579	8,332,829
Accruals and deferred income	439,985	229,753
	<u>8,792,564</u>	<u>8,562,582</u>

	2020 £	2019 £
Repayable other than by installments	<u>8,352,579</u>	<u>8,332,829</u>

Other loans consist of the following:

- Interest and non-interest bearing loan with Excluded Sub-Fund of the St. George's settlement. Interest bearing loans bear interest of 2.75% above one month GBP LIBOR.
- On 31 October 2018, the company executed a loan note instrument by issuing a £8,076,788, 2.4482% unsecured notes due on 2048. The proceeds from the issuance of this loan note instrument was then used to settle other loans including interest owing to Excluded Sub-Fund of the St. George's Settlement as of 30 June 2020. Following the issuance, Linkbury Holdings Limited becomes the holder of the loan note instrument.

EURONITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

12. Share capital

	2020	2019
	£	£
Authorised		
50,000 (2019 - 50,000) Ordinary shares of \$1.0 each	50,000	50,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of \$1.0 each	76	76
	<hr/>	<hr/>

13. Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profit and loss.

14. Contingent liabilities

As part of the leasehold sale agreement on all properties sold, the company has written options that grant the buyer the opportunity to sell back the property to the company for the lower of 95% of the purchase price and 95% of the current market value, resulting in a constructive obligation on the company to buy back the properties on demand. As at 30 June 2020 there were 18 such options outstanding (2019: 18). These options have no expiry date and can be exercised at any time.

15. Related party transactions

During the year, Euronite Limited was charged £27,969 (30 June 2019: £20,285) by Heritage Manor Limited, a related party by virtue of common shareholders and directorships, in respect of services provided. At 30 June 2020, £Nil (30 June 2019: £4,522) was outstanding to Heritage Manor Limited.

The company's shareholders are nominee shareholders of the Excluded Sub-Fund of the St. George's Settlement. Interest charged on the loan in the year was £11,954 (30 June 2019: £98,119) of which £110,063 is accrued at 30 June 2020 (30 June 2019: £98,119). The loan balance outstanding at the year end with the Excluded Sub-Fund of the St George's Settlement was £462,405 (30 June 2019: £430,702) comprising interest free loan of £76,550 (30 June 2019: £76,550), interest bearing loan of £275,792 (30 June 2019: £256,042) and accrued interest of £110,063 (30 June 2019: £98,110).

Linkbury Holdings Limited is wholly owned by Excluded Sub-Fund of the St George's Settlement. Interest charged on the loan in the year was £198,278 (30 June 2019: £131,634) of which £329,912 is accrued at 30 June 2020 (30 June 2019: £131,634). The loan balance outstanding at the year-end with Linkbury Holdings Limited amounted to £8,406,708 (30 June 2019: £8,208,430) including accrued interest.

16. Controlling party

The Excluded Sub-Fund of the St. George's Settlement is the immediately and ultimate controlling party.