The London Resort Development Consent Order

BC080001

Funding Statement

Document reference: 4.2
Revision: 01

March 2022

Planning Act 2008
The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009
Regulation 5(2)(h)

Funding Statement (document 4.2 Rev 1)

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Executive Summary

This Funding Statement (Statement) relates to an Application made by London Resort Company Holdings Limited (LRCH; the Applicant) to the Secretary of State for Housing, Communities and Local Government (the SoS) via the Planning Inspectorate (PINS) under the Planning Act 2008 (the 2008 Act). The Application is for development consent for the construction, operation and maintenance of the London Resort, a nationally significant visitor attraction and leisure resort.

This Funding Statement is required because the *draft Development Consent Order* (draft DCO) for the Proposed Development (document reference 3.1), would authorise the compulsory acquisition of land or interests in land. As required by the APFP Regulations, this Statement explains how the acquisition of land and rights to be acquired pursuant to the draft DCO, as well as the implementation of the Proposed Development, is to be funded, as well as providing further company details in respect of the Applicant. The Statement also concludes that development of the London Resort could not be achieved without the use of compulsory acquisition powers.

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Glossary

For ease of reference, the following glossary provides a few key terms that are used throughout this Funding Statement:

2008 Act	Planning Act 2008
APFP Regulations	Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009
Applicant	London Resort Company Holdings Limited
Compensation Code	The collective term used to describe the legislation and case law which regulates the procedures for compensation following compulsory acquisition of land interests
DCO	Development Consent Order
EIA	Environmental Impact Assessment
ES	Environmental Statement
Guidance	means Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land (Department for Communities and Local Government, 2013)
LRCH	London Resort Company Holdings Limited
NSIP	Nationally Significant Infrastructure Project
Order Land	means the land in respect of which the Applicant is seeking powers in the DCO to enable it to permanently acquire that land and rights over, in and under that land necessary for the construction, operation and maintenance of the London Resort
PINS	Planning Inspectorate
SoS	Secretary of State

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Section One ◆ Introduction

INTRODUCTION

1.1 London Resort Company Holdings Ltd (the Applicant) is applying to the Secretary of State (SoS) under the Planning Act 2008 (2008 Act) for powers to construct, operate and maintain the London Resort, to include, a Leisure Core notably comprising two theme park gates, four hotels, a 'Conferention' centre, a linked building hosting a range of eSports, video and gaming events known as the 'Coliseum' and a 'Back of House' area. This will involve land remediation works, terrain remodelling, highway works, the creation of car parks and transport links, utility works, flood defence and drainage works, residential accommodation for Resort staff and habitat creation (together referred to as the Proposed Development). Fuller details of the Proposed Development are set out in Chapter Three – *Project description* of the Environmental Statement (ES) (document reference 6.1.3).

1.2 This Funding Statement is required because the *draft Development Consent Order* (draft DCO) for the Proposed Development (document reference 3.1), would authorise the compulsory acquisition of land or interests in land. This gives rise to the requirement under regulation 5(2)(h) of the Infrastructure Planning: Applications: Prescribed Forms and Procedure) Regulations 2009 (as amended) (APFP Regulations) for the Applicant to provide a statement indicating how the Order containing these powers is to be funded.

1.3 This Statement explains how the Applicant proposes to fund the acquisition of land and rights to be acquired, as well as the implementation of the Proposed Development. It forms part of a suite of documents accompanying the DCO Application, as set out in the *Guide to the Application* (document reference 1.4). This statement should therefore be read alongside, and is informed by, those documents. In particular, this Statement supplements the *Statement of Reasons* (document reference 4.1), which justifies the compulsory acquisition powers which the Applicant is seeking and explains why, in the Applicant's opinion, there is a compelling case in the public interest for those powers.

Section Two ◆ The Applicant

THE APPLICANT

2.1 The Applicant is undertaking the development and securing funding for the Proposed Development. The Applicant is a privately-owned company incorporated in May 2011, with company number 07625574 and registered office The Smiths Building, 179 Great Portland Street, London, England, W1W 5PL. The largest beneficial owner, through its controlling share in the Applicant's parent company, KEH Entertainments (UK) Limited, is MS Al Humaidi Ltd (Isle of Man), a holding company for the international assets of the Al Humaidi family of Kuwait. An updated structure chart is attached at Appendix A.

2.2 The Chief Executive of the Applicant is PY Gerbeau, who has an unrivalled track record in making major leisure resorts profitable – first Disneyland Paris from 1991-97, ultimately as Vice President of Operations, and then the Millennium Dome during 2000 as Chief Executive. Since then he has been Chief Executive of X-Leisure, operator of the Xscape centres and other leisure facilities.

Section Three ◆ Land Acquisition

LAND ACQUISITION

3.1 The development of the Resort requires the acquisition of land (freehold) and rights (including the creation of rights and the imposition of restrictions) in, under and over land, and the temporary possession of land. The land affected can be seen on the *Land Plans* (document reference 2.2), where land coloured pink is subject to freehold acquisition, land coloured light blue is subject to the acquisition of permanent rights, and land coloured orange is subject to temporary possession (land subject to both temporary possession and the acquisition of rights is hatched light blue and orange). The owners and occupiers of the corresponding parcel numbers can be found in the *Book of Reference* (document reference 4.3).

3.2 It should be noted that the largest land ownership affected by compulsory acquisition powers within the Kent Project Site is owned by Swanscombe Development LLP (SD LLP) and its acquisition is covered by an option agreement with the Applicant whereby compulsory acquisition powers will only be exercised in the event of non-performance by SD LLP. Additionally, the Applicant has secured the ability to acquire by Option land in the ownership of the Ebbsfleet Development Corporation (EDC) in order to complete the access corridor for the Resort Access Road. Therefore, in excess of two thirds of the land required for the Kent Project Site has been secured.

3.3 The Applicant remains committed to securing the remaining necessary land and rights required for the Proposed Development through voluntary agreements and is in ongoing discussions with the landowners and business owners affected by the Proposed Development. It has developed a generous compensation package for those that reach agreement with it, substituting Basic Loss and Occupiers' Loss of 10% (capped at £100,000) with an uplift of 30% (capped at £500,000) per claim. Further details of this package are set out in the *Statement of Reasons* (document reference 4.1). Although the terms on offer are enhanced the Applicant does not expect every single claimant to be prepared to agree a sale of their interest therefore the Applicant will still require compulsory acquisition powers.

3.4 Compulsory acquisition powers are required to acquire the freehold of certain plots, acquire and create rights in land (including imposing restrictions), and temporarily possess land to ensure that the Proposed Development can proceed without impediment.

Section Four ◆ Funding the Proposed Development

FUNDING THE PROPOSED DEVELOPMENT

4.1 The cost of the full exercise of the compulsory acquisition and temporary possession powers in the application is estimated to be £200m as calculated in accordance with the Compensation Code.

4.2 The Proposed Development is estimated to cost approximately £1.8bn to bring into operation Gate One and the development associated with the initial opening of the park. Expansion of Gate One and the construction of Gate Two and additional hotel facilities totals approximately £0.7bn. These figures have been calculated by advisors to the Applicant, and includes the land compensation figure above. The estimate covers all aspects of the Proposed Development including construction costs, preparation costs, supervision costs, equipment purchase, installation, commissioning, necessary connections and power export, and includes an allowance for inflation and project contingencies.

4.3 The Applicant expects the costs of bringing the project into operation to be met in the medium term through property agreements and visitor income. Visitor income will only accrue once the Resort opens, so the Applicant will meet the initial project development cost through equity and debt financing following the confirmation of the DCO.

4.4 Investors to fund the equity and debt financing have been identified but have chosen to remain confidential at present. A detailed financial model that was originally produced by PwC. This supports the Applicant's business plan which has been validated by the Applicant's industry-leading consultant team and scrutinised by several global institutions on behalf of investors. The model demonstrates that the Proposed Development can deliver sufficient operating revenues to allow the required debt/equity to be secured. It has been demonstrated that the London Resort would meet the investment return hurdle rate required by investor and lenders. The precise final composition and structuring of the equity and debt will be driven by the commercial conditions prevailing at the relevant time but is likely to be in the approximate ratio of 50% equity to 50% debt. The investors' commitment to fund the project will be subject to it receiving development consent. PJT Partners has been appointed by the Applicant as the exclusive financial service provider in relation to raising the required equity and debt for the project. PJT is one of the most prestigious investment banking advisory firms in the industry and operates leading businesses across Strategic Advisory, Strategic Capital Markets, Restructuring, Shareholder Advisory and Capital Raising. The firm, since October 2015 has raised over $375 billion of capital and has advised in excess of $490 billion in M&A volume and had restructured in excess of $2 trillion since inception.

4.5 Article 55 of the *draft DCO* (document reference 3.1), based on previous made DCOs such as Rookery South and Manston Airport, obliges the Applicant to demonstrate to the

Secretary of State that funding instruments are in place before compulsory acquisition powers can be exercised.

4.6 Although the project has sufficient external investor interest to go ahead fully funded by them, any shortfall in funding the exercise of compulsory acquisition powers will be met by the Applicant's shareholders. The significant commitment, of the Al Humaidi family and other shareholders, to the project is evidenced by its expenditure of more than £90m on its development to date. For information, LRCH's latest audited company accounts (2020) are appended at Appendix B. The 2021 accounts will be provided once available .

4.7 The SoS can therefore be satisfied that funds will be available to meet the capital expenditure for:

- the cost of the Proposed Development;
- the cost of acquiring land identified in the DCO; and
- the cost of compensation otherwise payable in accordance with the DCO.

Funding claims in statutory blight

4.8 The only category of compensation that may fall payable before the DCO is granted is if claims in blight are made. There are estimated to be 77 land interests that may qualify under the statutory blight provisions. In general, few and usually no, blight claims are made during consideration of DCO applications. For this specific project, blight claims are additionally discouraged by virtue of the generous compensation package that is being offered as mentioned above. The Applicant estimates that £10m may be required to meet any blight claims that may fall due before the DCO is confirmed and the main project financing is secured. No blight notices have been served to date as a result of the draft DCO.

Section Five ◆ Guidance relating to compulsory acquisition of land

GUIDANCE RELATING TO COMPULSORY ACQUISITION OF LAND

5.1 This statement complies with paragraphs 17-18 of the Ministry of Housing, Communities and Local Government's Guidance related to procedures for the compulsory acquisition of land[1] , as follows.

5.2 This statement sets out the estimated costs of acquiring the land and implementing the project for which the land is required. The project is intended to be independently financially viable but will need to raise funds in advance of that position, a shortfall it will meet with investors it has already secured.

5.3 In terms of timing, these funds will become available upon the grant of the DCO, well within the five-year limit before compulsory acquisition powers would expire (the standard period being used by this DCO). This statement thus demonstrates that adequate funding is likely to be available to enable the compulsory acquisition during this period. It also sets out how possible acquisition resulting from a blight notice would be resourced.

[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/236454/Planning_Act_2008_-_Guidance_related_to_procedures_for_the_compulsory_acquisition_of_land.pdf

Section Six ◆ Conclusions

CONCLUSIONS

6.1 As outlined in section 5 of this Statement, the Applicant is seeking a number of powers, including powers for the Applicant to compulsorily acquire all land and rights in land that are necessary to enable it to construct, operate and maintain the London Resort.

6.2 The development of the London Resort could not be achieved without the use of compulsory acquisition powers.

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Appendices

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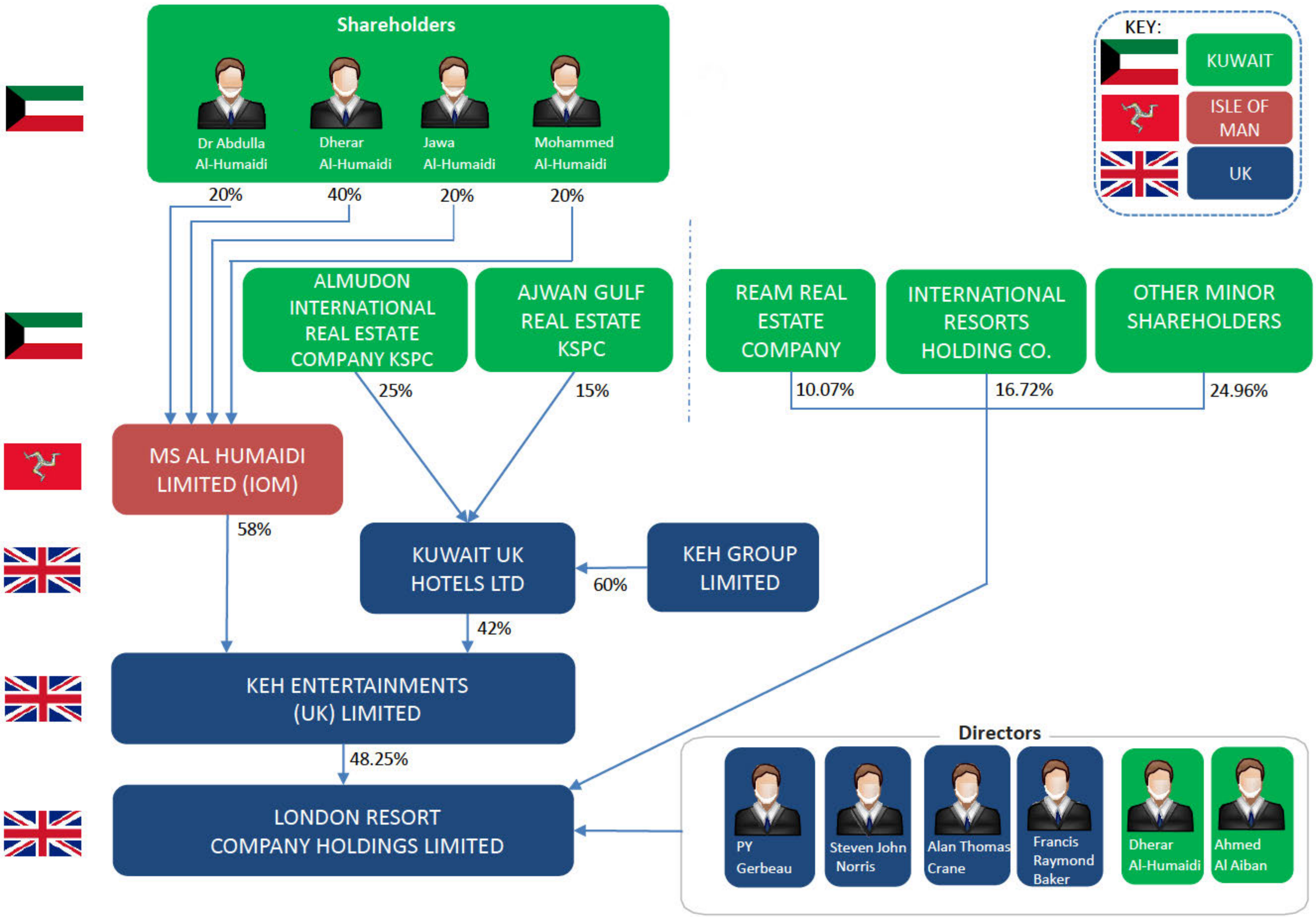
Appendix A – Updated Corporate Structure Chart of LRCH

London Resort Company Holdings Limited structure chart



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Appendix B – Accounts for LRCH (2020)

Company Registration No. 07625574 (England and Wales)

LONDON RESORT COMPANY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

LONDON RESORT COMPANY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	A Al-Humaidi D M S Al-Humaidi A Chit A T Crane P-Y C E Gerbeau S J Norris
Company number	07625574
Registered office	The Smiths Building 179 Great Portland Street London W1W 5PL
Auditor	Azets Audit Services 2nd Floor Regis House 45 King William Street London United Kingdom EC4R 9AN

LONDON RESORT COMPANY HOLDINGS LIMITED

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LONDON RESORT COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of developing a global destination entertainment resort. A planning application has been submitted to the Planning Inspectorate and the application has been accepted by the Secretary of State for examination. The London Resort has been designated as a Nationally Significant Infrastructure Project by the UK Government.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Al-Humaidi
D M S Al-Humaidi
A Chit
A T Crane
P-Y C E Gerbeau
S J Norris

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

[redacted]

Director

Date: 07.03.2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON RESORT COMPANY HOLDINGS LIMITED

Opinion

We have audited the financial statements of London Resort Company Holdings Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 where 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' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: [redacted] This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONDON RESORT COMPANY HOLDINGS LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

[redacted]

Nicholas Parrett (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 9 March 2022

Chartered Accountants
Statutory Auditor

2nd Floor
Regis House
45 King William Street
London
United Kingdom
EC4R 9AN

LONDON RESORT COMPANY HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	[redacted]	£
Administrative expenses		[redacted]
Interest payable and similar expenses		
Profit on sale of subsidiaries		
Profit/(loss) before taxation		
Tax on profit/(loss)		
Profit/(loss) for the financial year		

LONDON RESORT COMPANY HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	5		[redacted]		[redacted]
Tangible assets	6		[redacted]		[redacted]
Investments	7		[redacted]		[redacted]
			[redacted]		[redacted]
Current assets					
Debtors	9	[redacted]		[redacted]	
Cash at bank and in hand		[redacted]		[redacted]	
		[redacted]		[redacted]	
Creditors: amounts falling due within one year	10	[redacted]		[redacted]	
Net current assets/(liabilities)			[redacted]		[redacted]
Total assets less current liabilities			[redacted]		[redacted]
Creditors: amounts falling due after more than one year	11		[redacted]		[redacted]
Net assets/(liabilities)			[redacted]		[redacted]
Capital and reserves					
Called up share capital			[redacted]		[redacted]
Share premium account			[redacted]		[redacted]
Profit and loss reserves			[redacted]		[redacted]
Total equity			[redacted]		[redacted]

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 07 03 2022 and are signed on its behalf by:

[redacted]

P-Y C E Gerbeau
Director

Company Registration No. 07625574

LONDON RESORT COMPANY HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2019		[redacted]			
Year ended 31 December 2019:					
Loss and total comprehensive income for the year					
Shares issued during the year					
Balance at 31 December 2019					
Year ended 31 December 2020:					
Profit and total comprehensive income for the year					
Shares issued during the year					
Balance at 31 December 2020					

1 Accounting policies

Company information

London Resort Company Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Smiths Building, 179 Great Portland Street, London, W1W 5PL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

The directors have considered the support and resources available to the company and have reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future.

The directors of Kuwaiti European Holding Company K.S.C (Kuwait), a company under common control, have confirmed that it will continue to provide financial support to the company for at least 12 months from the date of approval of the financial statements.

In September 2020, the company raised a total of £10m in new funding. £5m was received from related parties and external investors, which was matched by the UK Government backed Future Fund.

Furthermore, the directors of the company have engaged financial advisors to raise funds in 2021 from additional sources in London capital markets and other financial centres. The directors are confident that, given the submission of the Development Consent Order (DCO) application to the Secretary of State in December 2020, the capital raising will be completed successfully within 2022.

The company has supported its cash flow for the years 2019, 2020, 2021 and 2022 by successfully issuing a total of [redacted] new shares at a total value of £[redacted] at an average share price of [redacted] per share. This average of [redacted] premium to the latest company valuation undertaken by Deloitte valuing the company at [redacted] The new shareholders are based internationally such as England, France, Kuwait, and India. The share issue in 2019 and 2020 was at [redacted] per share, increasing to [redacted] in the early part of 2021 and then to [redacted] per share after The Planning Inspectorate successfully accepted the company's application for a Development Consent Order.

On this basis the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1 Accounting policies **(Continued)**

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Licences	Amortised over the life of the lease

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land	Freehold land is not depreciated as it is deemed to have an unlimited useful life
Computers	33% straight line

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

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 section 11 are non-basic financial instruments FRS102 section 12. The financial liability is initially recognised at fair value, which is normally the transaction price. At the end of each reporting period the debt instrument will be measured at fair value and recognise changes in value in profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Recoverability of debtors

The directors consider whether debtors are recoverable. Consideration is made of any objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including observable data that comes to attention of the company or other factors which may also be evidence of impairment, including those arising from the course of the operations of the company.

Contingent consideration

Contingent consideration is recognised in respect of payments due relating to past acquisitions that are contingent on future events. The timing and likelihood of these events is subject to uncertainty and therefore subject to the judgement of the directors.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	9	7

4 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Intangible assets	5	[redacted]	
Recognised in:			
Administrative expenses		[redacted]	

4 Impairments **(Continued)**

The licence agreements that depend on the park opening were fully impaired in the year.

5 Intangible fixed assets

	Licences £
Cost	[redacted]
At 1 January 2020	
Additions	
At 31 December 2020	
Amortisation and impairment	
At 1 January 2020	
Amortisation charged for the year	
Impairment losses	
At 31 December 2020	
Carrying amount	
At 31 December 2020	
At 31 December 2019	

More information on impairment movements in the year is given in note 4.

6 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost	[redacted]		
At 1 January 2020 and 31 December 2020			
Depreciation and impairment			
At 1 January 2020 and 31 December 2020			
Carrying amount			
At 31 December 2020			
At 31 December 2019			

7 Fixed asset investments

	2020 £	2019 £
Shares in group undertakings and participating interests	[redacted]	

7 Fixed asset investments **(Continued)**

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	[redacted]
At 1 January 2020	
Additions	
Disposals	
At 31 December 2020	
Carrying amount	
At 31 December 2020	
At 31 December 2019	

8 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
London Resort Property Limited	20 Berkeley Square, London, W1J 6EQ	Ordinary	100.00
London Resort Design Group Ltd	20 Berkeley Square, London, W1J 6EQ	Ordinary	100.00
LRCH Key Workers Limited	20 Berkeley Square, London, W1J 6EQ	Ordinary	100.00

9 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Amounts owed by group undertakings	[redacted]	
Other debtors		
Amounts falling due after more than one year:		
Other debtors		
Total debtors		

10 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	[redacted]	
Amounts owed to group undertakings		
Taxation and social security		
Other creditors		

11 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Corporation tax	[redacted]	
Other creditors		

Other creditors is made up of the following:
- [redacted]elates to contingent consideration for the acquisition of Vision IP Limited. The planning conditions to which this contingent consideration is attached are expected to be fulfilled in more than one year's time.
- [redacted] relates to other loans.
- [redacted] relates to Future Funds. In September 2020, the company raised a total of [redacted]n new funding [redacted] was received from related parties and external investors, which was matched by the UK Government backed Future Fund. Interest of [redacted]as been accrued, and payments of [redacted] were made during the year resulting in a balance of [redacted] at the year end.

12 Events after the reporting date

Please see the going concern accounting policy note 1.2 for reference to issue of shares after the reporting date.

13 Related party transactions

As at 31 December 2020 the company owed Kuwaiti European Holding Company K.S.C. (Kuwait), a company under common control, [redacted] included in creditors due within one year.

As at 31 December 2020 the company owed its former subsidiary LRCH Hotel 1 Limited [redacted] included in creditors due within one year.

As at 31 December 2020 the company owed Armila Capital Limited, a company under common control, [redacted] included in creditors due within one year, [redacted] included in accruals due within one year and [redacted] included in creditors due than after one year. Office costs and professional fees of [redacted] were recharged on normal trading terms from Armila Capital Limited.

As at 31 December 2020 the company owed KEH Group Limited, a company under common control, [redacted] included in creditors due than after one year.

13 Related party transactions **(Continued)**

14 Parent company

The company is considered to have no ultimate controlling party.

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