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Subject: Marston Airport DCO - RSP Accounts  
Date: 12 June 2019 06:08:12

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I have now had the opportunity to review the accounts, or more accurately just the balance sheet for Riveroak Operations Ltd and have the following comments to make as a further representation.

Please confirm receipt of this submission and that it will be accepted for examination.

A very simple analysis of the balance sheet would be that we see outstanding loans of £8.9m and assets of £0.8m. This leads to the conclusion that £8.1m has been spent during this period. This ties in to the P&L figure of a loss of £8.4m, the difference being other net current liabilities of £0.3m. No doubt Riveroak are trying to display these accounts in an attempt to answer the ExA question regarding the substantiation that they have spent circa £1.5m in total so far on this application. However without a detailed P&L account and itemised expenditure statement it is not possible to conclude how the £8.1m has been spent. The £8.1m could have been spent making large interest payments to the investors based in Belize, income which to that company would not attract any income tax. By structuring offshore it becomes very tax efficient for the U.K. Company as it creates losses which it can claim relief against on future profits (should there be any) whilst in the offshore company it creates income which due to the nil tax status is effectively a loan repayment and a reflection of the future risk that the loan is never repaid. If this structure were all UK based it would not be as efficient as there would be tax leakage on the profit in the lending company.

The ExA must not accept this set of accounts as providing any evidence that Riveroak have spent significant amounts already in support of this DCO application nor must it conclude that the transparency that Riveroak said would be available has now been provided. As I have said in my previous submissions the other companies to which Riveroak refer in its funding statement have provided many years of balance sheets, profit and loss statements, cash flow statements and other supporting financial information and all publicly disclosed and available and RSP or indeed any other company seeking to use state sponsored compulsory purchase powers must present the highest levels of transparency and credibility that its corporate status is sound, that it has the experience to deliver its project and the funding with which to do so.

I would also draw the ExA's attention to Note 12 of the accounts where it is claimed that Riveroak Strategic Partners Limited is now the new controlling party for Riveroak Operations Limited and no longer MIO Investments, a company based in Belize. However a deeper analysis shows that Riveroak Strategic Partners Limited majority shareholders are MIO Investments and Riveroak Investments UK Ltd which is itself owned offshore by HLX Nominees Ltd based in the British Virgin Islands. HLX Nominees has links with MIO investments. The illusion that RSP are trying to create, that it is no longer owned and controlled by offshore companies and is now more open and transparent, is just that, an illusion.

Adem Mehmet

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