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THURSDAY 28 JUNE 2018 | ISSUE 3,154

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# NOW CARNEY WADES INTO CITY'S EUROW



JASPER JOLLY

@jjpjolly

THE CITY'S fightback against the EU's Brexit warnings stepped up a gear yesterday as Bank of England governor Mark Carney took to the field, warning that EU officials are not putting in sufficient effort to preserve financial stability post-Brexit.

The EU has not matched commitments by the UK government to allow European firms to continue to operate in Britain, Carney said.

The most urgent need is an agreement to secure a legal basis for contracts to continue to function once the UK leaves the EU. Derivative contracts with a notional total value of £96

trillion – which firms across the economy use to manage risks such as changing interest or exchange rates – are in danger, the Bank said.

The hazards around derivative contracts are “the biggest remaining risks of disruption” as the UK leaves the EU in March 2019 and could cause credit costs to surge, Carney said, speaking at the Bank’s biannual report on financial stability.

“The EU has not yet indicated their solution to these fundamental issues which would be expected to have more material impacts on

the costs and availability of finance on the continent in the unlikely event of a disorderly Brexit,” he said.

Earlier this week the European Banking Authority provoked the ire of the City when it accused the UK-based lenders of risking financial stability by delaying contingency actions.

Financial Conduct Authority boss Andrew Bailey described the claims as “considerably wide of the mark”.

The rare overt criticism of EU regulators from Carney comes as the latest salvo in a barrage of

warnings from business groups on both sides of the Channel that the lack of progress on Brexit negotiations risks damaging the economy.

Senior City figures have grown increasingly frustrated with the lack of efforts, amid concerns that political wrangling is jeopardising the fundamental underpinnings of cross-border trade and particularly the contracts on which firms rely.

Miles Celic, chief executive at TheCityUK, which represents the financial services industry, said: “The biggest barrier to addressing this issue is the EU regulators’ failure to accept and get to grips with the risk.”

CONTINUES ON P3



FCA looking into Carillion insider trading

CATHERINE NEILAN

@CatNeilan

THE FINANCIAL Conduct Authority (FCA) is looking into allegations of insider trading at Carillion, dating back to the time of its infamous profit warning last July.

The update, which came alongside the resignation of then-chief executive Richard Howson, led to a 39 per cent drop in the FTSE250 firm’s share price. Six months later it collapsed into administration.

The FCA’s inquiry – which does not constitute a formal investigation at this stage – was revealed in a series of letters between boss Andrew Bailey and Labour MP Frank Field, who is currently carrying out a review into the demise of the outsourcing giant.

In a letter to Field, Bailey confirms that the FCA is conducting an investigation into the timeliness and content of Carillion’s disclosures under the Market Abuse Regulation, Listing Rules and Listing Regulations and whether “earlier announcements made by Carillion were false or misleading as a result”.

*City A.M. understands this relates more to the mishandling of matters than deliberate manipulation.*

CONTINUES ON P4

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# CITY A.M.

## THE CITY VIEW

# Jeremy Corbyn is no pro-business crusader

**D**OES the Prime Minister agree with Boris Johnson's alleged "f\*\*k business" viewpoint? That was a question at PMQs yesterday – and a valid one, given the growing objections from the business community that their concerns are not being listened to by the government. But it is startling to see this defence of corporate interests being launched from the most unlikely source: Jeremy Corbyn. The Labour leader has spent his 35-year parliamentary career as an anti-business crusader. But to limit ourselves to the more recent period of his party leadership, flagship proposals have included: nationalising key areas of the economy without compensation, imposing a maximum wage, a dramatic hike in corporation tax, not to mention frequent anti-business diatribes about "rigged systems" and "the elite". Corbyn has branded the financial services sector "pernicious", "destructive", and "undemocratic". His shadow chancellor has called business "the enemy" and detailed his party's plans for capital flight and a run on the pound. Both have talked about replacing capitalism altogether. It is therefore bizarre to see Corbyn pretending that, now the Tory party is on the rocks with businesses, he is suddenly their saviour. Even in the face of the Conservatives' self-inflicted wounds, positioning himself as the moderate, pro-business grown-up in the room smacks of hypocrisy and opportunism – a far cry from the "authentic" politics he supposedly represents. Business groups are understandably feeling frustrated and let down by the slow progress of Brexit and the apparent antipathy of some ministers (notably the foreign secretary) to the challenges they face. But it is a mistake to think that Corbyn's stance is any more sympathetic or less uncertain. In the past three days alone, Labour has prevaricated and botched two votes of crucial importance to UK plc: a third runway at Heathrow, and the Canada-EU trade deal (Ceta). In both cases, Labour's position was patently unclear. Having previously backed Heathrow expansion, official Labour policy suddenly changed to opposing it, while its MPs were offered a free vote. On Ceta – a trade deal which looks remarkably similar to the kind Labour has said it wants with the EU – MPs were ordered to abstain. We can't blame a politician for playing politics, but our credulity only stretches so far. This recent interest in standing up for the business community isn't fooling anyone, and we should be under no illusions – if ever elected, Corbyn would do to business exactly what Boris suggested.



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### FINANCIAL TIMES

#### CHIPOTLE PLANS SOME BELT-TIGHTENING

Chipotle executives warned investors of some short-term hiccups – including the closure of up to 60 underperforming stores and a restructuring charge of as much as \$135m (£103m) – as the fast-casual burrito chain tries to transform into a leaner, meaner company under its new chief executive, Brian Niccol. Chipotle shares dropped more than three per cent in after-hours trading.

#### BED BATH & BEYOND SLIDES AFTER DROP IN SALES

A bigger-than-expected drop in a key sales metric has dealt another blow to home furnishings and products retailer Bed Bath & Beyond, sending its shares

### WHAT THE OTHER PAPERS SAY THIS MORNING

lower last night. The company's shares dropped nearly seven per cent in after-hours trade, following its latest quarterly earnings report for the three months to 2 June.

### THE TIMES

#### CHINA IN DRIVING SEAT TO CONTROL HS2 TRAINS

Chinese railway companies are the frontrunners to operate HS2 trains because two domestic bidders are beset by crises and unwilling to take on the financial risk, The Times has learnt. Guangshen Railway Co and MTR, which runs Hong Kong's rail network, are on course to win the contract, sources said.

#### 'CATASTROPHIC' BREXIT SHOULD BE STOPPED: BLAIR

Tony Blair said yesterday that he had "never been more worried" about Britain's future as he called for Brexit to be postponed, arguing that exiting without a deal on a future relationship with Europe would be a "catastrophe".

### THE DAILY TELEGRAPH

#### DEAL SIGNALS SUPPORT FOR 'BABY' ATOMIC PLANTS

A new generation of "mini" atomic power plants in the UK will get the strongest signal yet of government support today when the industrial strategy's nuclear sector deal is unveiled. Business secretary Greg Clark is due to set out £200m of funding for the industry at the nuclear-licensed Trawsfynydd site in North Wales.

#### APPLE AND SAMSUNG AGREE SETTLEMENT

Apple and Samsung have agreed a settlement in their patent infringement dispute, bringing a seven-year-long battle to a close. Terms of the deal were not disclosed.

### THE WALL STREET JOURNAL

#### JUSTICE TO RETIRE FROM SUPREME COURT

Anthony M Kennedy, one of the Supreme Court's most consequential modern-day justices and author of landmark rulings on gay rights, the death penalty and campaign finance, announced his retirement yesterday, handing President Trump a historic opportunity to reshape the court.

#### HOUSE DEFEATS GOP IMMIGRATION BILL

The House overwhelmingly rejected an immigration bill Wednesday intended as a compromise between different wings of the GOP, hobbling the party's efforts to address the issue ahead of the mid-term elections.

## CLEARED FOR TAKE-OFF

Mega deal between Disney and Fox gains competition approval from US Department of Justice



THE WALT Disney Company, owner of franchises stretching from Star Wars (above) to Mickey Mouse, has gained regulatory approval in the US for its deal to buy most of 21st Century Fox, removing a major obstacle to the tie-up. Disney must sell off 22 of Fox's regional sports networks in order to proceed. The \$71.3bn (£54.3bn) deal must still pass multiple other national regulators.

# May's Cabinet prepares to thrash out Brexit policy

CATHERINE NEILAN

@CatNeilan

NEXT week's crunch meeting to thrash out a final position on the customs union is likely to result in "the softest of hard Brexits" after the balance has been shifted away from favouring government's most ardent Brexiteers.

While it had originally been planned as a two-day overnight stay at the grace-and-favour Buckinghamshire mansion, the first day has been scrapped and instead of the white paper being signed off by the 11-strong Brexit war Cabinet, it will now be decided by the full Cabinet of 30 on Friday.

That means "the four Brexiteers" – Boris Johnson, Liam Fox, Michael Gove and

David Davis, as well as recent converts Sajid Javid, Jeremy Hunt and Gavin Williamson – will be balanced out by others such as justice secretary David Gauke and housing secretary James Brokenshire. They are expected to back chancellor Philip Hammond and business secretary Greg Clark in pushing for a softer approach than otherwise might have emerged.

However Theresa May's red lines as set out in her Mansion House speech – such as leaving the Single Market and customs union – are still expected to remain intact.

One source told City A.M. they anticipated the away-day to result in "the softest possible hard Brexit".

"That is where we are on this – things are still



May has vowed to leave the Single Market

very finely balanced," he added.

Another insider said: "The PM will have a way to bring people around to what she always does, which is the middle ground. That is very much her style – and actually I think history will judge it as a good thing."

Some of the more pro-Remain ministers, including Clark, are expected to make the case for the Single Market for goods, although that is seen as an "extreme" position. It is thought this has already been ruled out by the Prime Minister over concerns it would bind the government's hands on future trade deals.

The so-called max fac (maximum facilitation) customs proposal is now seen as the only viable customs union option but sources suggested that did not narrow things down.

"It'll be a form of max fac [but] there are many variations, some new ideas being talked about," one said.

# Profits will slide at John Lewis and Waitrose

ALYS KEY

@alys\_key

THE JOHN Lewis Partnership, which owns John Lewis and Waitrose, said yesterday that its profits will be "substantially lower" this year, adding that half-year profits before exceptional items could be "close to zero".

The retail giant said the full-year forecast could vary due to market uncertainty, but it was currently expecting profits before exceptional items to be "substantially lower than last year".

It forecasts profit growth in Waitrose, but a decline in John Lewis, along with hefty extra costs as a result of greater IT investment.

More investment will also be put into product and service innovation, with an extra £500m over three years.

The organisation also has plans to review its store estate, closing and exiting some sites where necessary.

It confirmed five Waitrose stores are already slated to close, with the Co-op and Aldi lined up to take some of the space.

## FAKE FUSE Trump softens aggressive stance towards Chinese investment in US



PRESIDENT Trump backed away from a combative approach to limiting Chinese investment in US technology companies yesterday, despite what some White House hawks have been urging. Instead the President is relying on an existing but newly-strengthened committee in Congress to review US asset takeovers by foreign firms.

## Banks to be subjected to 'cyber stress tests' to gauge security

JAMES BOOTH

@jamesbooth1

FINANCIAL services companies will be subject to "cyber stress tests" to establish if they could recover in the event of a major breach, the Bank of England said yesterday.

The Bank is establishing new standards for how long a bank's ability to deliver key services such as providing payments would take to recover. It described this period as the "impact tolerance" and said its goal was to mitigate "systemic risk"

to the financial system.

Working with the National Cyber Security Centre, the Bank plans to test financial services firms' abilities to recover in the event of a major cyber attack. It said these "cyber stress tests" would be "severe but plausible". Firms subject to stress testing will need to demonstrate their ability to meet the standards for "impact tolerance".

Where firms fail these tests they will have to agree remedial action plans to improve their ability to face similar situations in the future.

# Treasury lays out technical plans as frustration grows over EU delay

CONTINUED FROM FRONT PAGE

Celic added: "EU regulators need to explain what is preventing them from taking the reasonable steps necessary to defuse this risk to the European financial system. The time has come for European regulators to focus less on the negotiating ambitions of Brussels and more on the needs of customers."

European businesses have also expressed concerns ahead of a Brexit

meeting between European leaders at the EU Council tomorrow. European services businesses have written to UK and EU negotiators to urge more progress, while Business Europe and trade union leaders joined UK counterparts in demanding more urgency to giving firms certainty.

The Treasury yesterday laid out its technical plans to create a "workable legal regime" in case a Brexit deal falls through – although it emphasised a "no deal" scenario

would be damaging for all concerned.

Firms will be able to trade in services across the Channel under the current Single Market rules until the end of the transition period, 31 December 2020, it said. British firms will have to continue to comply with EU rules during that period. The temporary permissions regime will allow EU lenders leeway to continue to serve customers in Britain, but a similar move from the EU side has so far not been forthcoming.

**We make breakfast**

**Been stuck on level  
32 for three commutes  
in a row.**

A photograph of a McDonald's breakfast meal on a tray. The meal includes a McCafé coffee cup, a sandwich, and a side of hash browns. A smartphone is also on the tray, showing a game screen. In the background, a red McDonald's logo with the slogan 'We make breakfast' is visible. The overall theme is convenience and breakfast on-the-go.

**Some mornings just call for McDonald's.**

Served before 10:30am. © 2018 McDonald's

# Watchdog alerted to claims of insider trading of Carillion shares

CONTINUED FROM FRONT PAGE

However the letter also notes the FCA has been made "aware of allegations of insider trading in Carillion's share price prior to its trading update on 10 July 2017, and are looking into them".

It is thought this applies to an unknown number of individuals.

Carillion was the most shorted stock on the London exchange and

had been for many months.

The combined position peaked at more than 25 per cent of the company's issued share capital in July, just before the company issued what became the first of three quick-fire profit warnings.

According to analysis firm IHS Markit, 18 hedge funds made £80m from the initial share slump, although it has been estimated that more than £200m was made overall.

Field has previously accused Carillion of having "hoodwinked the government as they did many others who were so naive as to trust their published accounts".

Carillion, which employed 43,000 people when it went under, of which around half were in the UK, reportedly had just £29m when it collapsed, with £880m in pension liabilities.

**LUCKY PICK** Sir Hugh Robertson to chair Lottery operator Camelot

NATIONAL Lottery operator Camelot will appoint former government minister Sir Hugh Robertson as its new chair. Robertson will be unveiled as the firm's first ever independent chair today. His political career ended in 2015, after 14 years as a Tory MP.



## Former Barclays boss Diamond invests in broker

JAMES BOOTH

@jamesdbooth1

FORMER Barclays chief executive Bob Diamond took a stake yesterday in a French brokerage in a bet that the business will prosper in the aftermath of new European regulations.

Diamond's investment vehicle Atlas Merchant Capital (AMC) said it had agreed to acquire a 27.73 per cent stake in Kepler Cheuvreux from Blackfin Capital Partners while Swiss private bank Edmond de Rothschild acquired an eight per cent stake.

AMC said the move was based on the strength of Kepler's research business which it expects to thrive in the wake of the MiFid II (the second Markets in Financial Instruments Directive) regulations which came into force in January.

One of the effects of MiFid II is that asset managers can no longer receive broker research for free in return for the commission they pay.

Matthew Hansen, the head of UK and Europe for AMC, said: "The decision to invest in Kepler Cheuvreux was based on an analysis of their market leading positions in pan-European research, advisory and execution. In research, which is the cornerstone of their business, they have the largest research coverage in mainland Europe and are prospering in the post MiFid II research environment."

Diamond said Kepler Cheuvreux "has a very good management team, focused on services where they excel and a pan-European client base".

"My partners and I believe that by combining these strengths with AMC's operating experience, the company has very exciting growth prospects."

The deal, which is subject to regulatory approval, should be finalised by the end of September. No deal value was disclosed.

Kepler may float in the next five years, its boss Laurent Quirin said.

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# Conagra buys Birds Eye's US owner

ALYS KEY

@alys\_key

CONAGRA Brands will buy fellow US food giant Pinnacle in a deal worth \$10.9bn (£8.3bn), it said yesterday.

The company, which makes packaged foods including ready meals and peanut butter, will acquire the maker of Birds Eye in a cash-and-stock deal valued at \$8.1bn.

Pinnacle owns the Birds Eye brand

in the US although it is owned by Nomad Foods in Europe following a \$2.6bn deal in 2015.

Including debt, the deal is worth \$10.9bn. It comes as the culmination of years of talks between the two companies.

A combined company would be the second-largest frozen food company in the US, behind Nestle.

Pinnacle shareholders, who will receive \$43.11 and 0.6494 shares per

share under the proposal, still need to approve the takeover. It is expected to close by the end of calendar 2018.

The company's biggest shareholder Jana Partners has been agitating for New Jersey-based Pinnacle to consider consolidating after revealing a more-than nine per cent stake in April.

Goldman Sachs and Centerview Partners are Conagra's financial advisers, while Evercore and Credit Suisse are advising Pinnacle.



Pinnacle owns freezer-aisle brands such as Birds Eye

## Activist Peltz plans £1bn London fund

JAMES BOOTH

@jamesdbooth1

ACTIVIST investor Nelson Peltz is reportedly raising a £1bn fund to target FTSE 100 companies.

Sky News reported that Peltz has engaged Numis Securities to lead the £1bn fundraising for the listed fund, which will launch in London later this year.

Peltz has held stakes in US businesses Procter & Gamble and General Electric through his Trian Partners vehicle.

He is now expected to launch a fund, Trian 1, in London with speculation that he will deploy his capital in London or on continental Europe.

There has been a recent wave of activist investors targeting major UK companies including Barclays which is in the sights of Edward Bramson's Sherborne and Whitbread, which is planning on spinning off coffee brand Costa into a separate listed company.

Premier Foods is currently scrapping with shareholder Oasis Management over its future after Oasis called for its chief executive to resign over poor performance.

Sky News cites BT Group and Smiths Group as companies that could be the targets of activist investors such as Trian.

Trian is an investment fund founded in 2005 by Peltz, Ed Garden and Peter May, which focuses on consumer brand companies, industrial and financial firms. It is known for taking large stakes in companies and pushing for board representation so it can boost revenues and cut costs.

Peltz played a key role eight years ago in Kraft Food's takeover of chocolate maker Cadbury.

Numis Securities declined to comment.

Trian did not respond to requests for comment.

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## Just Eat share price slides on gloomy outlook

ALYS KEY AND SEBASTIAN KLOVIG SKELTON

@alys\_key

SHARES in delivery site Just Eat dropped yesterday, closing lower after the company gave a more cautious outlook than expected at an investor meeting.

Just Eat led the FTSE 100 fallers, dropping 7.1 per cent to 755.2p.

At a Capital Markets Day, the takeaway giant did not give any guidance for 2018 and warned that profits could be subdued due to high investment.

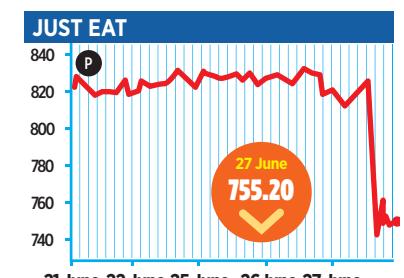
This fell short of what some analysts had expected. Broker Liberum issued a note yesterday saying it expected "a positive message" and that there was an outside chance revenue guidance could be raised.

Last year the firm's profits took a hit from its investment in logistics, pushing it to a pre-tax loss of £76m.

Yesterday's share price tumble comes just a few weeks after the shares dropped when Deliveroo introduced a new feature putting it in direct competition with Just Eat.

Meanwhile, the company also announced that it has scored a trial period delivering for sandwich giant Subway.

The world famous New York-style Subs can be ordered through the Just Eat app or website, with initial roll-out limited to London, Leeds and Manchester.



## High street woes cool Costa's like-for-likes

JOSH MINES

@Josh\_Mines

EXPANSION of shops and a boom in self-service machines helped Costa coffee offset woes on the UK high street, as like-for-like sales dipped by two per cent in the first quarter.

Costa blamed the drop in sales on a slowdown in footfall at traditional shopping spots.

However, total UK sales saw a rise of 5.2 per cent as the company opened new stores and brought in more revenue through self-service coffee machines, as well as expanded into China.

It said that "constructive early steps" had been made in its demerger of Costa, which it announced in April, telling investors an update would be issued on the demerger alongside its

interim results in October.

Premier Inn sales rose slower, going up 2.5 per cent in the UK, slipping by 0.9 per cent overall compared to the same period last year. Accommodation sales were also up 4.3 per cent due to an investment in new hotels.

Whitbread CEO Alison Brittain said both the coffee market and budget hotel market "present long-term structural growth opportunities".



The Costa owner said its spin-off of the franchise was progressing well

# MPs call for full transparency on HBOS inquiry

CATHERINE NEILAN  
AND JASPER JOLLY

@CatNeilan @jjpjolly

AN INFLUENTIAL group of MPs has weighed into the HBOS Reading fraud scandal, following the publication of an explosive report, to demand "maximum transparency".

The Treasury Select Committee chair Nicky Morgan has written to Dame Linda Dobbs, who is currently carrying out an independent review of the case, saying the Committee expects to receive the "full, unredacted findings" of her work.

Morgan has also written to Professor Russell Griggs, who was appointed by Lloyds as the independent reviewer of HBOS Reading customer cases, asking for information about the compensation scheme for the victims.

And Morgan has written to colleague Kevin Hollinrake, co-chair of the All Party Parliamentary Group (APPG) on Fair Business Banking, regarding last

week's revelations, which suggest top executives at HBOS understated the extent of liabilities left by the fraud to regulators and to shareholders ahead of the takeover of the stricken bank by Lloyds in early 2009.

It also alleges serious misconduct by auditors KPMG.

Meanwhile, the Treasury Select Committee will also today publish newsletters from a union claiming staff at embattled bank TSB faced a "sickness epidemic" because of the stress of dealing with disgruntled customers after a massive computer systems meltdown.

The boss of the TBU union, Mark Brown, claimed that absences increased by 25 per cent in some business areas, in newsletters sent to members and published today by the committee.

A separate letter from TSB chair Richard Meddings published by the committee also confirms the bank will publish an independent crisis report by law firm Slaughter and May.



Nissan is the latest business to express concern over the slow progress of talks

## Carlos Ghosn says Nissan is 'in the dark' over EU departure

ALEXANDRA ROGERS

@city\_amrogers

NISSAN is "in the dark" about the UK's impending departure from the EU, the chairman and CEO of the Renault-Nissan alliance has said.

Carlos Ghosn told the BBC it was "difficult to take a position not knowing what Brexit will look like".

"Obviously for us the stakes are very high, but it's difficult to tell you what kind of decision we're going to take without knowing exactly what is Brexit," he said.

Nissan is just the latest business to express concern over Brexit. Last week Airbus said it was considering pulling investment in the UK in the event of a no-deal Brexit.

## Reports raps electrification cancellations

ALEXANDRA ROGERS

@city\_amrogers

THE GOVERNMENT should have been more "candid" about its decision to cancel the electrification of railway lines in Wales, the midlands and the north, the Transport Committee has said.

In its report into rail infrastructure investment yesterday, which looked into spending disparities between London and the regions, the committee said the Department for Transport (DfT) should have been more "honest about the real reason for the decision".

The electrification of the lines were ditched last July after costs ballooned and the project ran out of money.

The committee also rapped the DfT for its "regrettable" decision to inform parliament of the cancellation just before recess.

A DfT spokesperson said: "The next few years will actually see higher government spending in the north, compared to the south, and by 2020 all northern and TransPennine trains will be new or refurbished... providing space for 40,000 extra passengers."

JOHN LEWIS  
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# UK house price growth slips to five-year low

REBECCA SMITH

@BexKSmith

ANNUAL house price growth slowed to a five-year low in June, a closely-watched index revealed yesterday.

The Nationwide house price index reported that UK annual house price growth had softened to two per cent, compared to the 2.4 per cent posted in May, with prices edging up 0.5 per cent during June after taking account of seasonal factors.

Robert Gardner, Nationwide's chief economist, said annual house price growth had been confined to "a fairly narrow range" of around two to three per cent over the past year, suggesting little change in the balance between supply and demand.

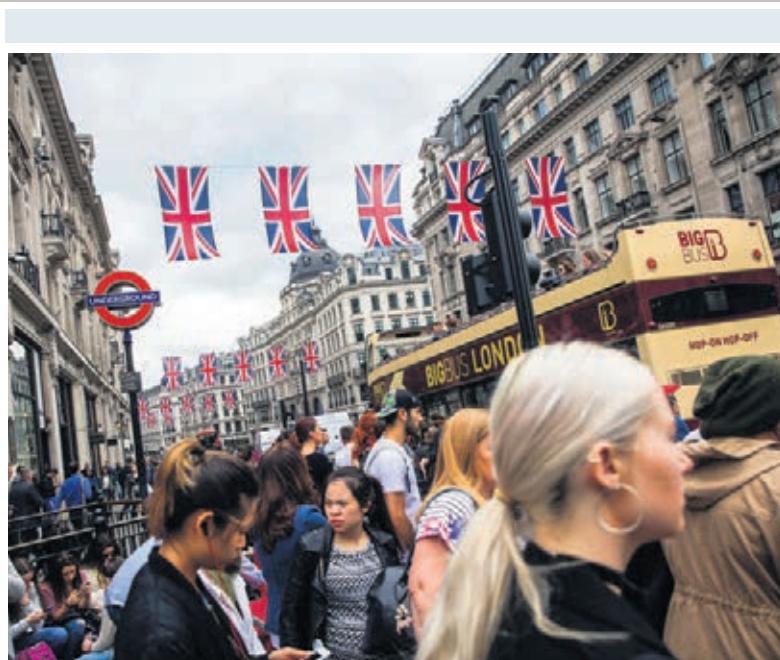
He said: "There are few signs of an imminent change. Surveyors continue to report subdued levels of new buyer enquiries, while the supply of properties on the market remains more of a trickle than a torrent. Looking further

ahead, much will depend on how broader economic conditions evolve, especially in the labour market, but also with respect to interest rates."

The capital was the weakest performing region across the board for the second quarter of the year, with Nationwide reporting London house prices were down 1.9 per cent year-on-year, down further from the one per cent fall posted in the first quarter.

"But despite the recent underperformance, prices in the capital are still more than 50 per cent above their 2007 peak, while prices in the UK overall are only 15 per cent higher," Gardner pointed out.

Most regions posted a slowing in the annual rate of house price growth for the second quarter, with just Scotland recording "a notable pick-up" as price growth rose to 3.1 per cent. Overall, there was a 0.4 per cent quarter-on-quarter dip across England, though average prices were still up 1.3 per cent compared with a year ago.



The business owns prime commercial real estate including much of Regent Street

## Offshore wind and London retail gives royals a reason to smile

SEBASTIAN MCCARTHY

@sebmccarthy

THE CROWN Estate, which is the Queen's main source of income, has enjoyed another 12 months of rising returns despite what it described as a "relatively tough year".

A growing offshore wind portfolio along with retail lettings in central

London were the key drivers of a like-for-like four per cent income increase, despite a volatile economy and the threat of its retail occupiers falling off of the high street.

As the royal family's independent commercial property arm, The Crown Estate, gives all of its profits to the Treasury, returning £329.4m to the public purse in the last year.

## F1's Rosberg in What3words map fundraise

JASPER JOLLY

@jjpjolly

FORMER Formula One star Nico Rosberg (pictured) has joined China's largest car maker SAIC the latest investment round in a firm which has mapped the world in three-letter phrases.

The multi-million pound investment will be used to fund expansion to new markets, City A.M. understands. Alpine Electronics, manufacturers of audio and navigation systems, have also joined the investment round, while existing investor Intel Capital also participated.

The London-based firm has divided the world into three-metre squares assigned with a three-word phrase to identify it, rather than complex coordinates.

Mercedes-Benz maker Daimler took a 10 per cent stake at the start of the year.



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# City watchdog eyes action on high bank fees

JASPER JOLLY

@jppjolly

BRITISH banks make as much as half of their profits from only a 10th of customers, according to the latest update from the Financial Conduct Authority (FCA) in a wide-ranging review of retail banking.

The report, published yesterday, highlights the UK banking sector's reliance on overdrafts, amid concerns from the City watchdog that lenders may be ripping off vulnerable customers, as well as the advantages enjoyed by the biggest banks.

Andrew Bailey, FCA chief executive, said the regulator is "considering" taking "significant action" on the fees banks charge customers.

The FCA has already warned that it has concerns about the use of unarranged overdrafts, which often command particularly high fees. It will consult on changes to overdraft rules later this year.

Banks have a "captive audience", the FCA said, with major banks such as Lloyds, Royal Bank of Scotland, and Barclays holding 80 per cent of the current account market.

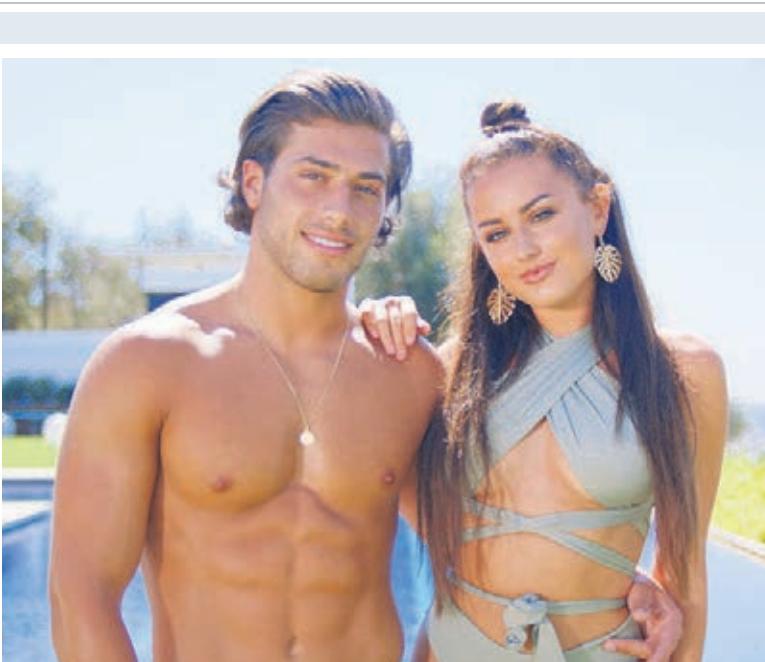
This gives "considerable competitive advantages", the FCA found.

Large numbers of customers hold money in accounts which pay no interest, giving the biggest banks access to extremely cheap and sticky funding, the report said.

The report found that many customers are content to use their current bank for other financial services rather than shopping around. Banks use free current accounts as loss leaders to draw in customers, with costs covered by fees and other services.

The work done so far "provides more evidence that there is no such thing as free banking," Bailey said.

The regulators want to boost competition in the banking sector, but the FCA found that people still often stick to their current account provider.



Last year's hit season of Love Island (above) raised the profile ITV channel ITV2

## ITV finance director and chief operating officer to step down

JOSH MINES

@Josh\_Mines

ITV'S CHIEF operating officer and finance director Ian Griffiths will step down from his role in the next year when he retires.

Griffiths has worked for ITV for 10 years, joining in 2008 as group finance director, before taking on

additional responsibilities in April 2017.

He started his career at Ernst & Young in 1988 before moving to media group EMAP in 1994.

ITV said he had been influential to the company's turnaround over the last couple of years. The broadcaster said the search for his successor had already started.

## Stock exchange nabs bit of tech firm Acadiasoft

EMILY NICOLLE

@emilynicolle

LONDON Stock Exchange Group (LSEG) yesterday said it has bought a minority stake of around 16 per cent in Acadiasoft, as part of a deal to service the non-cleared derivatives market.

Alongside the investment, multi-asset clearing house group LCH, which is majority owned by LSEG, has signed an agreement with Acadiasoft to collaborate on new products aimed at automating the margin process for non-cleared derivatives.

LCH Group chief executive and member of LSEG's executive committee Daniel Maguire said that the acquisition is part of the exchange's strategy to move into the non-cleared space, and as non-cleared margin rules continue to impact the dealer and buy-side community.

He added: "It is crucial that integrated services are available to support market participants in reducing risk while maximising their capital and operational efficiencies. We are delighted to be collaborating with Acadiasoft to foster further innovation."

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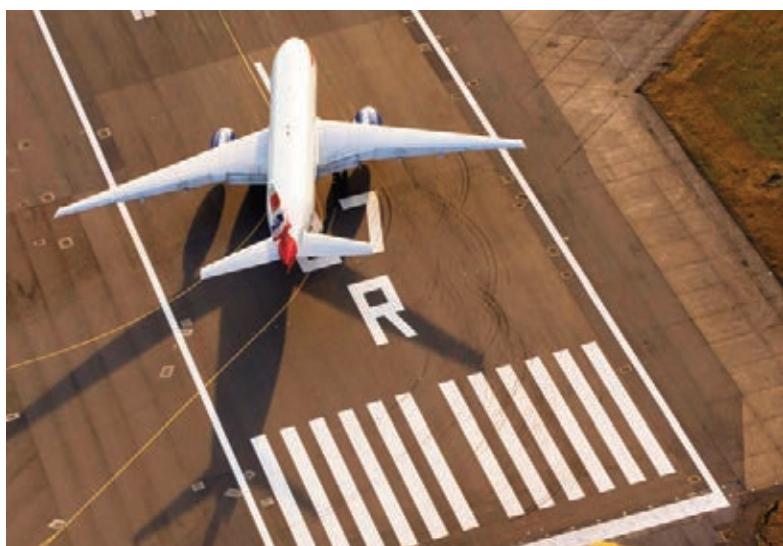
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# Gatwick respects runway snub as it looks to future

ALEXANDRA ROGERS  
AND JOSH MINES

@city\_amrogers @Josh\_Mines

GATWICK airport has said it "respects" the government's position on Heathrow while vowing to increase capacity with the infrastructure it already has.

Speaking to City A.M., chief financial officer Nick Dunn yesterday said he respected the government's decision to back a third runway at rival Heathrow and that his airport would "rise to the challenge" of making the best use of its existing capacity.

This could mean exploring possible options with its standby runway, which Gatwick has previously said it is considering developing to boost capacity.

The emergency runway is parallel to the main runway at the airport, and during normal operations is used as a taxiway.

While Gatwick cannot currently use

the two at the same time, a legal agreement dating back to 1979 expires next year, paving the way for potential development.

"As any independent business that wants to compete, we assert our willingness to develop this scheme with the right government backing," Dunn said.

For now, Gatwick said the focus was to grow to 53m passengers over the next five years with its existing single runway, with it looking into how technology and larger aircraft could help it deliver that target.

Yesterday its annual report for the year to 31 March 2018 showed the airport enjoyed its busiest ever year as passenger numbers rose 3.6 per cent to 45.7m, while long-haul numbers grew by 14.4 per cent. The airport added nine long-haul routes to destinations including Taipei and Singapore.

Revenue was up 5.4 per cent to £764.2m, while before-tax profits stood at £233.7m.

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**FEATURE**  
Meet the rocket scientist who has launched an ethical payday loan platform

KATHERINE DENHAM  
PAGE 20

CITYAM.

# Financial Conduct Authority drops investigation into outsourcer Mitie

REBECCA SMITH

@BexKSmith

OUTSOURCING group Mitie said yesterday the City watchdog had dropped its investigation over the timing and content of a profit warning revealed by the company back in 2016.

It was announced last August that the Financial Conduct Authority (FCA) had started a probe in

connection with "the timeliness of a profit warning" announced by Mitie on 19 September 2016, which sent shares tumbling at the time.

The FCA was also looking into "the manner of preparation and content of the company's financial information, position and results" for the period ending 31 March that year.

Mitie said yesterday that it had been told by the FCA that the

watchdog was discontinuing its investigation into the company.

At the time it had said that Brexit uncertainty and other economic pressures were going to lead to lower profits.

A separate review by the accountancy watchdog the Financial Reporting Council got underway last July into Deloitte's auditing of Mitie's accounts for the years ending March 2015 and 2016.

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# Bridgepoint moves on from Pret with Burger King France tie-up

ALYS KEY

@alys\_key

PRIVATE equity firm Bridgepoint has wasted no time making new food investments after it sold Pret a Manger this month.

After it bought out the Burger King UK franchise last year, Bridgepoint yesterday announced an agreement with the fast food chain's franchisee in France.

The partnership with Groupe Bertrand will see Bridgepoint acquire a minority stake in the company, and help with the roll-out of the brand.

Burger King is the second-biggest burger chain in France, operating 450 sites. It bought rival Groupe Quick in 2015, and is in the process of converting them to Burger Kings.

"The teams and I are very enthusiastic about the prospect of

sharing this new stage in Burger King's development in France with our new partners, Bridgepoint," said Olivier Bertrand, chairman of Groupe Bertrand.

"They have considerable experience through their many investments, including in global food businesses. This high-quality partnership to accompany our strong development offers a real opportunity."



Burger King is the second-biggest burger chain in France

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# Tech firms are more likely to be Brexit-ready

EMILY NICOLLE

@emilyjnicolle

TECHNOLOGY companies are more likely to be positive about the impact of Brexit on their businesses on average compared to other sectors, with more than a quarter of firms having already completed some preparations ahead of the final countdown.

A readiness study from PwC released today indicated 41 per cent of tech firms think Brexit will do good things for the industry, and are more likely to have engaged with the government on what to do both before and after the UK exits the European Union.

Nearly half of tech companies are preparing for a so-called withdrawal only deal, meaning an orderly exit from the EU with an agreed exit transition. Around 32 per cent are instead preparing to face no deal, followed by 30 per cent for a so-called limited future deal. Only seven per cent aren't planning at all for Brexit.

While the majority of respondents are still in the planning stage or have only started preparations, 27 per cent have completed tasks like changing warehousing arrangements, exploring alternative operating models and applying for the appropriate authorisation for VAT relief.

"Technology companies are used to

facing disruption, and are arguably more agile than most and less affected by new barriers to physical trade, so it may come as no surprise that they feel more positive than other industries about their Brexit preparedness," said Jass Sarai, PwC's UK technology industry leader.

"As most industries continue their journey to become tech enabled, demand remains high for core technology products and services. Companies in the sector also tend to have more of a global view as they strive for rapid growth."

However it's not all positive. Around 52 per cent of tech firms are concerned about high tariff rates that could be imposed on imports and exports, as time-dependent cross border logistics and highly integrated UK-EU supply chains cause problems for those making preparations. In general, tech companies are looking for more support from industry forums, government and peer networks.

Sarai continued: "In conversations with our tech clients now we often hear concerns around talent shortage. This may be addressed by the increased number of visas recently announced by the government, but we need to ensure the UK remains an attractive place for tech talent to work and companies to reside with as few barriers as possible."



## LICENSING ACT 2003 NOTICE OF APPLICATION TO VARY A PREMISES LICENCE UNDER SECTION 34

Notice is hereby given that on the 26th June 2018 **Hippo Inns Limited** applied to City of London Council for a variation of the Premises Licence in respect of premises **White Haus**, (formerly White Swan), 20 Farringdon Street, London EC4A 4AB. The proposed variation is: 1. To amend the plans that attach to the premises licence. 2. To reduce the hours for alcohol sales and all regulated entertainment permitted by the premises licence to 1000 to 2400 on Sundays to Wednesdays inclusive and from 1000 to 0200 on Thursdays to Saturdays inclusive. 3. To reduce the hours for late night refreshment to 2300 to 0030 on Sundays to Wednesdays inclusive and from 2300 to 0230 on Thursdays to Saturdays inclusive. 4. To amend the opening hours of the premises to 0800 to 0030 on Sundays to Wednesdays inclusive and from 0800 to 0230 on Thursdays to Saturdays inclusive. 5. To delete all existing conditions in Annex 2 and replace them with new conditions based on the model pool. 6. To delete all existing non-standard hours. Any representations by a responsible authority or any other person regarding the above-mentioned application must be received in writing by- City of London Licensing Authority, Walbrook Wharf, 78-83 Upper Thames Street, London EC4R 3TD no later than 24th July 2018 stating the grounds for representations. The register of City of London Council and the record of the application may be inspected at the above Council address by appointment or at [www.cityoflondon.gov.uk](#) It is an offence knowingly or recklessly to make a false statement in connection with an application. The fine for which a person is liable on summary conviction for the offence is unlimited.

# Retailers report sales growth at nine month high

ALYS KEY

@alys\_key

RETAILERS yesterday reported the fastest sales growth since September last year in the Confederation of British Industry's (CBI) monthly survey.

In the study of 106 firms, which includes 45 retailers, 43 per cent said sales volumes were up in the year to June. With around 10 per cent saying sales were down, the balance was 32 per cent.

Another 32 per cent expect sales to increase in the year to July, with 14 per cent predicting a decrease, giving a



balance of 18 per cent. There was also good news for suppliers, with 34 per cent of retailers placing more orders than they did a year ago. Only 13 per cent placed fewer, giving a balance of 20 per cent.

## Retailers also had a sunny outlook for July

"Higher-than-average temperatures seem to have had a positive impact on shoppers, with retailers benefiting from above-average seasonal sales and improved order volumes growth," noted the CBI's Anna Leach.

# BT hikes landline and broadband prices for second time in a year

JOSH MINES

@Josh\_Mines

BT YESTERDAY said it will raise the prices of its broadband and home phone services later on this year.

It's the second time the telecoms giant has hiked its prices this year, and the fifth time it's done so in less than four years.

From 16 September landline charges will be put up from £18.99

to £19.99 a month, and standard broadband packages including line rental will increase by around £2.50 a month. Calls from a landline will also cost 2p a minute extra, while mobile users will pay 1p more a minute.

BT is already in the process of sending emails and letters to customers affected by the change. International calls will cost an extra 5p per minute.

A BT spokesperson said: "All customers that are impacted will receive a letter or email that includes detailed information about the specific changes that affect them. We continue to freeze prices for low-income customers, and for any customers who want to upgrade to our new BT Plus plans."

The hike comes weeks after chief exec Gavin Patterson confirmed he would be leaving the company.

## City of London update

### Sculpture in the City returns with 18 artworks



**T**HE eighth edition of Sculpture in the City is now open. The City of London's annual public art programme set amongst iconic architectural landmarks features 18 artworks this year from internationally renowned artists including Sarah Lucas, Tracey Emin, Sean Scully and Nancy Rubins with three new commissioned works.

To tie in with celebrations marking the centenary of female suffrage, nine of the artworks have been created by emerging and established female international artists, supported by the City of London Corporation's Women: Work & Power campaign.

On Saturday (10.30am-4pm), Sculpture in the City hosts the first ever City Sculpture Fest, as part of the London Festival of Architecture. Taking place at St Helen's Square, under The Leadenhall Building and Undershelf, visitors will have the opportunity to discover this year's sculptures with tours and trails and take part in an exciting range of free activities exploring sculpture and architectural design.

The festivities take place in an area that originally housed a medieval maypole - architectural and engineering collective Scale Rule respond to this with a contemporary centre piece for the event - 'City in a Sculpture'. This collaborative



David Annesley Untitled 1969. Image courtesy of Waddington Custot. Photo credit: Nick Turpin

structure will incorporate work from students participating in Sculpture in the City workshops and visitors can add their own contributions throughout the day.

Nearby, a colourful Tatty Devine Craft jewellery making activity inspired by May Day activities will create a vibrant reminder of the area's history. Other activities include a sound workshop by Archivate Collective and a drawing activity led by artist Julie Leonard. [sculptureinthecity.org.uk](http://sculptureinthecity.org.uk)



Tatty Devine workshop, credit: Tatty Devine

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# Cannabinoid enterprise gains £10m in funds to boldly go into pain relief

JASPER JOLLY

@jjpjolly

A BRITISH biotech firm which aims to pioneer new medicines using cannabis has gained almost \$10m (£7.6m) in investment, it will announce today.

Oxford Cannabinoid Technologies has also gained the unpaid services of venerated actor Patrick Stewart – famed for roles from Star Trek to Shakespeare – as its



patron. Crossbench peer Baroness Meacher, an advocate of drug reform in parliament, will sit on an advisory board for the firm, also unpaid.

The series A fundraising round was led by Casa Verde Capital and Imperial Brands Ventures, two venture capital firms, with other family investment offices also participating. Kingsley

**Patrick Stewart will be a patron to the company**

Capital Partners remains the largest shareholder in the business.

The firm aims to boldly go where no firm has gone before in the fields of pain relief, oncology and neurological disorders, with a new laboratory in Europe.

The government is currently reviewing laws on cannabis for medicinal use, after the case of Billy Caldwell, an epileptic boy, gained widespread public attention.

Some doctors believe that cannabis has the potential to treat a wide variety of painful conditions.

# Google undergoes big advertising shake-up

EMILY NICOLLE

@emilyjnicolle

GOOGLE is ditching its Adwords and Doubleclick advertising software brands in favour of adopting a more streamlined approach for advertisers and sales teams, it announced yesterday.

The changes mean that Google's advertising effort will now be repositioned into three main brands, reflecting what it believes to be a change in the way marketers approach buying into various

formats in online advertising.

Primarily, Google Adwords will now just be known as Google Ads, aimed at representing a single entry point for buyers to the company's full range of advertising capabilities across Google's own sites and its 3m partner sites.

Adwords itself launched in 2000 to place text ads into Google's search functions, but it evolved into the place where advertisers were sent to buy ads for a range of Google's platforms. The firm said the move is designed to end that confusion.

# Expansion plans cut profit hopes for office giant

SEBASTIAN MCCARTHY

@sebmccarthy

THE WORLD'S largest serviced office provider warned profits for the year ahead would be lower than previously expected yesterday in the wake of ambitious expansion plans.

UK-listed workspace group IWG blamed a "weak performance" in the UK, along with an expansion drive which has led to higher costs in opening new office space, for the downgraded outlook.

Shares closed last night at 315.1p, recovering to a two per cent drop after falling more than four per cent during trading, as IWG said operating profits in 2018 would be between £15m and £20m lower than previous forecasts.

The bleaker profit outlook comes despite an intense rivalry for ownership of IWG among investment firms.

The company is currently at the centre of a four-way bidding war, with private equity firms Terra Firma and TDR Capital and real estate investors Starwood Capital and Prime Opportunities competing to take over the firm.

But downgraded profit forecasts follow on from IWG raising its office space ambitions, after facing stiff competition from startup companies in the flexible office space industry such as US-based WeWork.

The firm said it plans to add an extra 6.7m square feet of space to its network this year, a figure 17 per cent

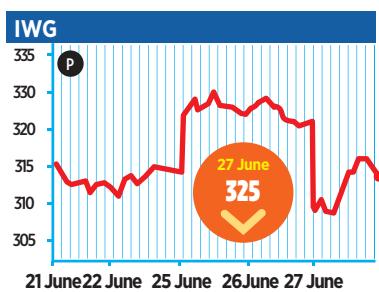
higher than previously given. The extra 270 locations will cost £230m, despite earlier predictions that costs would only reach £200m.

In a statement yesterday, IWG said: "Higher network growth brings additional short-term opening losses, along with incremental overhead costs to support the growth."

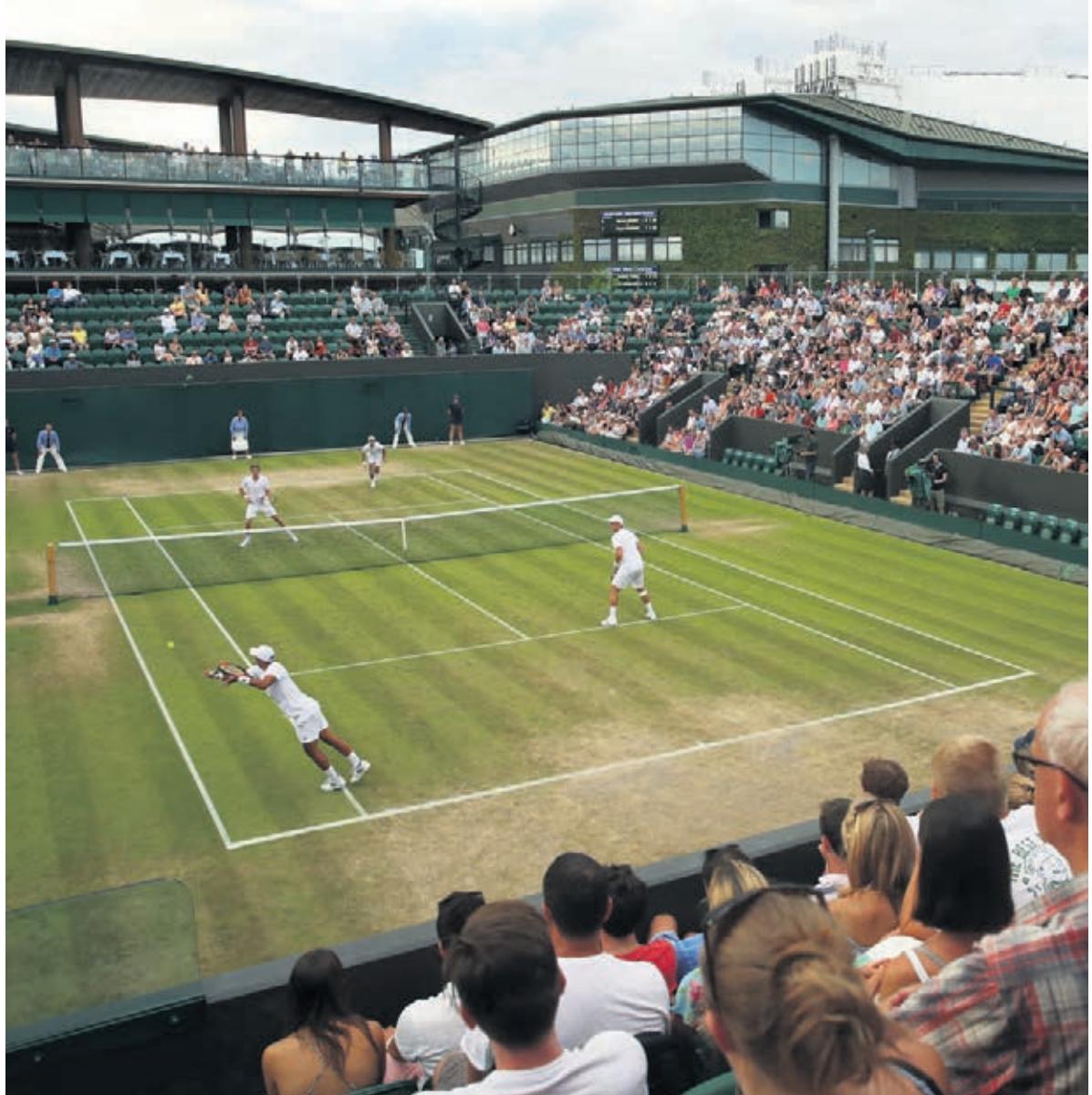
The firm added: "Nonetheless, we are confident that this additional growth investment will generate good returns in the future as we expand our global footprint and network to meet increasing demand."

IWG, which runs 3,000 sites across 100 countries, is courting potential suitors a year after fellow workspace giant WeWork received an investment worth \$4.4bn (£3.35bn) from Japanese fund SoftBank.

The lowered projections yesterday follow on from a previous profit warning in October last year, when the firm said that a combination of global disruption and the "Brexit effect" hampered earnings.



**DETACHED FROM REALITY** Wimbledon winners to net £2.25m, but that's less than the average cost of a detached home in SW19



TENNIS stars are descending on Wimbledon ahead of the start of the lawn tournament next week, but many will be disappointed to find that winning one of the most acclaimed sporting competitions in the world may not even buy them a detached house in the local area. While winners of the men's and women's singles titles are set for a £2.25m windfall, the average cost of a detached home in Wimbledon's SW19 postcode is a far higher £2.9m, according to online mortgage broker Trussle.

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# Fastjet shares nosedive as it issues warning

REBECCA SMITH

@BexKSmith

THE BUDGET African airline backed by Easyjet founder Sir Stelios Haji-Ioannou warned yesterday it could go bust unless emergency talks with shareholders yield new funding.

Fastjet, which offers flights across a number of African countries, said it is in "active discussions" with major shareholders regarding a potential fundraising.

Shares in the low-cost carrier slumped to close down more than 78 per cent on the update.

The firm said in a statement: "The company is currently in active discussions with its major shareholders regarding a potential equity fundraising, in the absence of which the group is at risk of not being able to continue trading as a going concern."

The airline added that initial talks with shareholders had been positive but they could not guarantee a successful outcome.

Fastjet expects that any equity fundraising will be tied up in conjunction with the announcement of the



company's annual results for the year ended 31 December 2017.

The airline said it had a cash balance of \$3.3m (£2.5m), of which \$1.75m is restricted cash in Zimbabwe.

In April, Fastjet issued a trading update saying underlying trading for the year was broadly in line with expectations, though it noted exceptional cash costs of \$4m incurred in December last year due to en-

**Sir Stelios Haji-Ioannou founded budget airline Easyjet in 1995**

gine failure on an aircraft.

Then earlier this month, the airline said it was entering into a quieter period of trading and, on its projections, "headroom over available cash resources was minimal". It said it had entered into unsecured loan agreements to make a chunk of the group's restricted cash held in Zimbabwe available.

Haji-Ioannou, previously a major shareholder in Fastjet, had been embroiled in a boardroom tussle at the airline, saying he had lost faith in the previous management and board in early 2016.



Project Aquila had a troubled start, after planes landed with broken wings in 2016

## Facebook shuts UK facility over its failed drone dreams

EMILY NICOLLE

@emilyjnicolle

FACEBOOK ended its involvement in building internet connectivity-boosting drones in the UK this week over concerns about excess competition, shutting the doors of its facility in Bridgwater for good.

First announced in 2014 under the name Project Aquila, the tech giant wanted to make self-flying planes the size of a Boeing 747 that would beam lasers back down to Earth and provide wider high speed internet access to homes.

Facebook's director of engineering Yael Maguire said the company would be ceasing any efforts to build those planes itself, despite acquiring Somerset-based UAV manufacturer Ascenta to do just

that three years ago. City A.M. understands that 16 jobs will be lost as a result of the shutdown, however the project will continue under the guiding hand of Facebook employees hired for its more wide-ranging connectivity initiative in California.

Maguire added that Facebook will continue its work with Airbus on high-altitude connectivity more generally, as part of the deal it signed with the plane maker in November last year.

Increasing innovation has meant that Facebook's planes were failing to meet the long flight times managed by similar projects from rivals like Google's Project Loon, which uses high-altitude balloons instead of drones. Aquila's leader, Andrew Cox, left the project in May.

## £206m seized in 1MDB-linked raid

MARY McDougall

MALAYSIA'S police seized roughly 1.1bn ringgit (£206m) of jewellery, handbags and cash in raids linked to former prime minister Najib Razak amid investigations into troubled state fund 1MDB.

A \$1.6m diamond necklace and \$12.7m worth of Hermes bags were taken from five residences and one office linked to Najib and his wife, the police told the press yesterday.

"I think this is the biggest seizure in Malaysian history," Amar Singh, head of the police commercial crime division, said



referring to the excess of 12,000 items that were taken in the raids. "We couldn't do the counting at the premises itself because the numbers were just too huge."

Najib has been under investigation since his unexpected election defeat in May. Current Prime Minister Mahathir Mohamad is seeking to recoup \$4.5bn of funds

estimated to have been lost through the state development fund which was set up in 2009.

Najib, who has been questioned by the Malaysian Anti-Corruption Commission, called the revived investigation a "politically motivated" move. Najib and his wife have been banned from leaving Malaysia since the election earlier this year.

\$12.7m of Hermes bags were found

## Energy watchdog extends ban on Iresa taking on customers

JOSH MINES

@Josh\_Mines

A BAN preventing energy firm Iresa taking on new customers has been extended by Ofgem.

The watchdog's order was first confirmed in March after it failed to resolve what Ofgem called its "customer service failings".

It stops Iresa taking on new customers, one-off payments and increasing direct debits for the foreseeable future.

Ofgem demanded improvements to its customer service over the last three months, telling Iresa to extend its call centre hours, improve call waiting times and be quicker responding to emails.

Though the company reduced its waiting times and improved how it handled complaints, Ofgem said Iresa had not done enough to have the ban lifted, and that the ban would stay in place until considerable improvements were made.

## M&C Saatchi snaps up two 'social influencer' marketing agencies

JOSH MINES

@Josh\_Mines

M&C SAATCHI has snapped up a pair of "social influencer" agencies who employ Instagram personalities to drive ad campaigns forward.

It will buy majority stakes in Red Hare Digital, which uses the accounts of more than 40 influencers to drive ad campaigns, and sister agency Grey Whippet, which has run social media advertising for brands like The Body Shop, Beauty Bay and Twitter.

## London retail startup Yoobic picks up \$25m

EMILY NICOLLE

@emilyjnicolle

LONDON-BASED software as a service startup Yoobic today announced the close of a \$25m (£18.8m) fundraising round, led Insight Venture Partners.

The company, which provides tech to support real-time monitoring of in-store retail operations, will be using the funds to hire 100 new employees over the next 12 months expand into the US in September this year.

Founded in 2014, Yoobic currently counts big names like Lacoste, Aldi UK and Peugeot among its clientele, and serves more than 100 retailers across the world from its offices in London and Paris.

The company's co-founder and CEO, Fabrice Haiat, said it saw 143 per cent revenue growth in the financial year ending 2017.

The round was supported by London venture capital firm Felix Capital, which also led the startup's series A round last year.

"The digitisation of the store is a priority for every retailer, alongside streamlining internal operational processes and communications to make them more efficient," said Haiat in a statement.

"Opening a new office in New York in September is a milestone in our international expansion. Our priority is to continue improving our solution to help our clients provide their customers with an excellent shopping experience in every store, while making them more profitable."



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## Supporting City Giving Day



### Which charities do you support?

TP ICAP took part in the UK's first National Numeracy Day in May, working to help one million people improve their numeracy skills by 2021. Through ICAP Charity Day, we have supported 2,300 charities and raised almost £140 million. Our 26th annual Charity Day takes place on 5 December.

### How will you celebrate CGD?

We plan to mark City Giving Day by launching a campaign across our global business. This will celebrate the charitable work our colleagues have been doing throughout the year - and remind them to take advantage of the two days paid leave we provide for volunteering, and our matched-giving scheme.

### CHARITY IN ACTION

We are proud to support National Numeracy, the UK's leading numeracy charity. It helps people build their confidence with everyday numbers to improve their life chances.



Good numeracy skills protect against unemployment, low wages and poor health. TP ICAP wants to be at the forefront of tackling this issue.

John Phizackerley -  
CEO, TP ICAP

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**WWW.THELORDMAYORSAPPEAL.ORG/CGD**

# CITY DASHBOARD

YOUR ONE-STOP SHOP FOR BROKER VIEWS AND MARKET REPORTS

## LONDON REPORT

# Rebound as energy stocks buoy FTSE 100

**T**HE UK'S top share index rebounded yesterday as fresh optimism regarding US trade policy fuelled risk appetite with the help of buoyant energy stocks.

The blue-chip FTSE 100 index started the day in negative territory but closed up 1.1 per cent at 7,621.69 points.

Tensions over trade between the US and China have hit stock markets this week, with the FTSE sliding more than two per cent on Monday after US President Donald Trump announced plans to bar Chinese companies from investing in US technology firms. By the time the FTSE closed, a subsequent US decision to soften its tone and use strengthened security reviews rather than imposing China-specific restrictions was greeted with relief on Wall Street.

Energy stocks added the most points to the index as crude prices climbed on supply disruption in Canada and after US officials told importers to stop buying Iranian crude from November.

Miners also lifted the FTSE 100 higher with **Rio Tinto** and **BHP** up two



per cent and 2.7 per cent.

Among individual stocks, shares in **Carnival** continued a recovery from a sell-off on Monday prompted by weak guidance in its results. The recovery was boosted by an upgrade from Berenberg to "buy" from "hold" and the stock ended the day up three per cent.

"We believe that the backdrop of strong consumer confidence continues to support the industry and, while we acknowledge the incoming supply, we do not see any evidence

**Miners, some of the biggest companies on the index, lifted the FTSE 100**

that supports the sell-off in the shares since the Q2 2018 numbers," analysts at Berenberg said in a note. Carnival's shares were up 1.8 per cent.

Shares in takeover target **IWG**, the workspace firm, fell 2.8 per cent after it warned on profit, blaming the cost of opening new space and a weak performance in Britain.

Traders said the takeover interest from private equity firms Terra Firma and TDR Capital among others were supporting the stock despite the profit warning.

### TOP RISERS

1. Micro Focus up 4.67 per cent
2. Ocado up 3.92 per cent
3. Whitbread up 3.44 per cent

### TOP FALLERS

1. Just Eat down 7.11 per cent
2. Bunzl down 1.31 per cent
3. RBS down 1.09 per cent

### FTSE



## BEST OF THE BROKERS

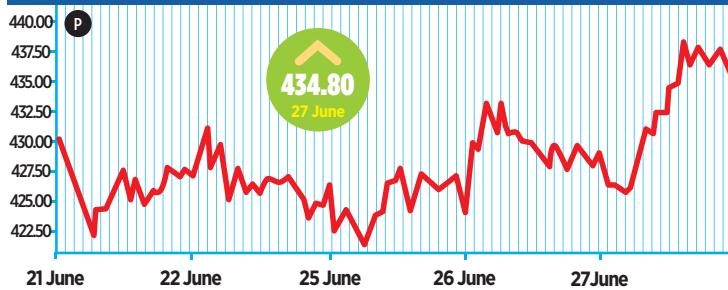
To appear in Best of the Brokers, email your research to [notes@cityam.com](mailto:notes@cityam.com)

### SAINSBURY'S



Investors have been salivating over the prospect of the merger between Sainsbury's and Asda, creating a UK supermarket giant, but the prospect of competition remedies may make it "uneconomic", according to analysts at Barclays. However, never fear, they say: after running the numbers they upgrade their price target for Sainsbury's from 300p to 375p and give it an "overweight" rating. Forced store sales from competition authorities are not likely to be "highly material", they say. If a deal goes through – an 80 per cent chance, Barclays says – shares will be worth 400p.

### JD SPORTS



The US is not a stranger to the trainer – sorry, sneaker – but the market across the pond could be the key to taking JD Sports Fashion to "the next level", according to analysts at Peel Hunt. JD has finished the acquisition of the Finish Line, a US retail outfit, and should be able to use its strong relationships with sportswear behemoths Nike and Adidas to good effect. Brands like increasingly to cut out the middleman, but JD's "hot format" has kept them happy. The analysts raise their target price from 500p to 525p and a "buy" rating as JD takes its "financial clout" stateside.

### PETROFAC



The boost to oilfield services firms after the steady upward march of oil prices over the past year is all very well, but a trading update from Petrofac this week showed order uptake rising by only six per cent, in line with consensus expectations, say analysts at CFRA. Nevertheless, Petrofac remains a "strong buy", they say, raising their target price from 600p to 650p because of a "robust bidding pipeline". The firm is "well placed to secure substantial contracts, particularly in the Middle East and Africa", although it could take a dent from a Serious Fraud Office investigation.

## CITY MOVES WHO'S SWITCHING JOBS

### JCDECAUX UK

JCDecaux UK announces the appointment of Dallas Wiles to the position of chief commercial officer – responsible for client partnerships and investments. Dallas will now head the commercial team at JCDecaux that numbers 177, covering client, agency and specialist partnerships, automated trading, creative solutions and campaign delivery. Dallas will also drive the company brand charter (Brando) – a six-point plan that puts brands first for



accountability, measurement, brand safety and viewability. Dallas was appointed commercial director in 2016 and was previously director of trading at JCDecaux.

### GROSVENOR GROUP

Michael McLintock has been appointed by the Grosvenor Estate as the new chairman of Grosvenor Group, one of the world's largest privately-owned international property companies. He succeeds Lesley Knox who is retiring as a trustee of the Grosvenor Estate and who has fulfilled the role of group chairman since 2010. The appointment becomes effective in September. Michael has been a member of the Grosvenor Group board since 2012 and is also a trustee

of the Grosvenor Estate, chairman of Grosvenor group's audit committee and a member of the remuneration committee. He was previously chief executive of M&G for 19 years, retiring in 2016, and was a director of Prudential between 2000 and 2016, having overseen the sale of M&G to Prudential in 1999.

### GERALD EVE

Gerald Eve has appointed one of the Greater London Authority's senior planners to add further experienced resource to its planning and development team across London. Samantha (Sam) Wells joins Gerald Eve as a senior associate following a 20-year career in London local government, most recently at the Greater London Authority (GLA) where she spent nine years

advising on a range of strategic planning applications. Her senior officer role at City Hall required close collaboration with the deputy mayors, borough leaders, senior council officers and other stakeholders, giving her a unique understanding of regional and local government politics and procedures across London. This role involved responsibility for strategic planning advice surrounding a number of significant regeneration projects along the South Bank including: the Shell Centre, King's Reach, Elizabeth House and Battersea Power Station. Prior to the GLA, she spent an extensive period at Lambeth Council where she was lead officer for a number of large scale regeneration projects and mixed use applications around Brixton, Streatham, Vauxhall and Waterloo.

## NEW YORK REPORT

# Wall St down on renewed trade jitters

US STOCKS fell yesterday on renewed uncertainty regarding the US stance on Chinese investments in American technology companies, reversing gains earlier in the session.

At the market open, stocks rose as President Donald Trump said he will use a strengthened national security review panel – the Committee on Foreign Investment in the United States (CFIUS) – to deal with potential threats from Chinese acquisitions of US technology, instead of imposing China-specific restrictions.

The decision was seen by investors as a somewhat softer approach than plans reported earlier to block firms with at least 25 per cent Chinese ownership from buying US tech firms.

But later yesterday, White House economic adviser Larry Kudlow said in an interview on Fox Business Network that Trump's announced plan did not indicate a softened stance on China.

The S&P 500 technology sector fell 1.5 percent, weighing the most on the broader S&P 500 index.

Chip makers, which derive much of their revenue from China, fell even more.

The Philadelphia semiconductor index slid 2.5 per cent.

Stocks were pressured further by a rise in the US dollar. A jump in oil prices to their highest in more than three years boosted the S&P 500 energy index 1.3 per cent, but some investors raised concern that they may have a negative effect on other sectors.

The Dow Jones Industrial Average fell 165.52 points, or 0.68 per cent, to 24,117.59, the S&P 500 lost 23.43 points, or 0.86 per cent, to 2,699.63 and the Nasdaq Composite dropped 116.54 points, or 1.54 per cent, to 7,445.09.

The small-cap Russell 2000 index declined 1.7 per cent.

**Conagra Brands** dropped 7.3 per cent after it said it would buy **Pinnacle Foods** for about \$8.1bn (£6.2bn) in cash and stock. Pinnacle Foods fell 4.3 per cent after the deal announcement.

FTSE 100				FTSE 250				FTSE ALL SHARE				DOW JONES				NASDAQ				S&P 500																			
7621.69	83.77	20844.14	86.93	4197.13	39.91	24117.59	165.52	7445.09	116.54	2699.63	23.43	£ 1.1347	\$/ 1.3116	€ 0.9432	¥ 144.53	1.1557	0.0006	0.0091	£ 1.1347	\$/ 1.3116	€ 0.9432	¥ 144.53																	
Price	Chg	High	Low	Price	Chg	High	Low	Price	Chg	High	Low	Price	Chg	High	Low	Price	Chg	High	Low	Price	Chg	High	Low																
GILTS				CRH	.2741.0	38.0	2861.0	2338.0	31 Infrastructure	.221.0	-2.1	235.6	191.3	United Utilities	.754.2	-5.0	934.5	656.0	Hill & Smith Hold	.1457.0	8.0	1506.0	1142.0	Johnston Press	.1457.0	3.4	12	175	29	British Land Comp	.676.4	-2.6	697.0	590.5	Mitchells & Butle	.265.0	18.2	283.1	221.0
Tsy 1250.18	100.05	0.00	101.1	100.1	Galford Try	.895.5	-2.0	1281.2	798.8	IHI	.1470.0	15.0	1445.0	1073.0	Moneysupermarket	.312.0	-22.0	323.0	260.0	Derwent London	.306.0	-1.5	312.0	590.5	National Express	.392.3	3.6	324.2	340.9										
Tsy 4500.19	102.77	-0.01	107.2	102.7	Istock	.295.6	1.6	305.4	225.6	Airflow Group	.250.5	-2.0	297.5	293.5	RHI Magnesita NV	.457.9	-0.7	535.0	524.9	Great Portland Es.	.702.7	-5.3	728.0	660.0	Paddy Power Betf	.832.5	0.0	910.0	666.5										
Tsy 3750.19	103.69	-0.01	107.7	103.7	Kier Group	.965.5	-14.5	1300.0	927.0	Ashmore Group	.365.2	5.8	433.2	323.2	Smith (D)	.526.8	4.4	579.2	444.1	Hammerm	.517.8	-5.2	595.5	454.4	On The Beach Grou	.515.0	-7.0	650.0	385.3										
Tsy 4750.20	106.91	-0.02	112.2	106.9	Marshalls	.410.0	2.4	480.2	365.5	Brewin Dolphin Ho	.358.0	0.4	393.0	332.2	Rotork	.331.7	5.4	356.6	223.5	Inter Properties	.180.8	-2.1	285.8	180.0	Stagecoach Group	.184.1	-1.8	203.7	129.6										
Tsy 2500.20	106.36	-0.02	112.1	106.36	Polyplike Group	.384.0	3.4	425.6	348.0	Charles Taylor	.307.0	35.0	310.0	225.0	Smiths Group	.1698.0	36.5	180.0	144.0	Land Securities G	.954.5	3.3	1008.8	906.8	Thomas Cook Group	.108.3	13.4	146.1	88.6										
Tsy 8000.21	121.19	-0.02	130.2	121.1	Electricity					Charter Court Fin	.318.2	1.3	347.0	288.8	Smurfit Kappa Gr	.303.0	12.0	320.0	250.0	Straits Times	.325.6	-1.5	165.0	145.0	TUI AG Reg Shs (D)	.1685.0	35.5	181.0	110.0										
Tsy 4000.22	111.67	0.00	116.7	111.1	Contour Global	.256.0	4.0	300.0	206.0	Coats Group	.770.0	20.0	90.0	72.0	Ervaz	.513.6	7.0	556.6	194.9	ASX All Ordinaries	.629.0	-1.6	102.0	109.0	Wetherspoon (J.D.)	.125.2	-8.0	125.0	95.8										
Tsy 5500.22	98.52	0.01	100.1	97.3	Dix Group	.327.0	5.8	358.0	221.4	Georgia Capital	.1102.0	-28.6	123.4	980.3	Ferrepo	.193.4	-0.7	323.2	187.4	Whitbread	.402.0	13.0	435.0	352.0	William Hill	.304.0	0.6	338.0	240.0										
Tsy 1875.22	118.33	-0.03	125.3	117.8	SSE	.1348.5	0.0	1486.0	1182.0	Hargreaves Lansdo	.1981.5	6.5	2088.0	1266.0	Wizz Air Holdings	.356.8	32.0	378.0	233.0	Wizz Air Holdings	.356.8	32.0	378.0	233.0															
Tsy 2250.23	106.36	-0.01	110.3	105.3	Electronics & Electrical Eq.					Intermediate Fin	.353.0	2.0	386.0	253.5	Yves Tress	.600.5	0.5	652.5	530.5	Workspace Group	.107.0	-9.0	116.0	85.5	AIM 50														
Tsy 2500.24	106.39	-0.07	137.9	106.39	Halm	.182.0	14.0	145.6	107.5	Halford Group	.140.0	6.0	144.0	124.0	Admiral Group	.1659.0	22.8	1926.4	1006.0	Anglo American	.1342.0	18.0	1350.0	946.0	Software & Computer Serv.														
Tsy 125.24	117.32	-0.07	117.7	110.1	Morgan Advanced M	.325.6	2.0	366.2	289.1	Hanniford	.140.0	6.0	120.0	82.0	Alpha Medical	.1075.0	8.1	1149.0	774.5	Advanced Medical	.313.0	17.5	350.0	277.5	Advamedical	.313.0	17.5	350.0	277.5										
Tsy 450.27	126.64	-0.06	131.7	123.4	Renishaw	.535.0	40.0	577.0	345.0	Intermedia Cap	.140.0	6.0	120.0	82.0	Autodata Group	.145.0	-10.0	345.0	237.5	AlphaPharm	.145.0	18.0	173.0	103.0	AlphaPharm	.145.0	18.0	173.0	103.0										
Tsy 1250.27	131.07	-0.01	138.0	128.6	Specris	.2667.0	4.0	2908.0	222.0	International Fin	.199.0	-32.0	254.8	168.3	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 6000.28	145.39	-0.06	152.8	144.2	EQUITY INVESTMENT INSTRUM.					Inchcape	.153.0	-3.0	186.0	120.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 125.29	121.32	-0.22	127.5	117.8	Equity Investment Instrum.					Investec	.153.0	-3.0	186.0	120.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 4750.30	131.21	-0.07	143.1	133.0	Aberforth Smaller	.141.0	6.0	144.0	124.0	John Laing Fin	.269.2	-0.6	291.7	239.9	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 4125.30	136.75	-0.09	137.9	131.3	Balfour Beatty	.178.0	1.0	180.0	128.0	Kingfisher	.182.0	1.0	182.0	162.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 4125.32	133.74	-0.03	138.9	129.3	Bankers Inv Trust	.178.0	1.0	180.0	128.0	Liontrust Asset M	.688.0	30.0	624.0	470.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 1250.32	148.37	-0.06	156.3	144.7	Balfour Beatty	.178.0	1.0	180.0	128.0	Lyons	.178.0	-2.0	293.0	179.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 1250.36	157.98	-0.09	154.4	133.7	British Empire Tr	.174.0	7.0	160.0	68.0	Lyons	.178.0	-2.0	293.0	179.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 1250.36	157.98	-0.09	154.4	133.7	Caledonia Investm	.284.5	65.0	2995.0	2600.0	Lyons	.178.0	-2.0	293.0	179.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0	Autodata Group	.177.0	-9.0	168.0	103.0										
Tsy 1250.36	157.98	-0.09	154.4	133.7	City of London In	.142.5	3.0	443.0	393.5	Lyons	.178.0	-2.																											

# FORUM

EDITED BY RACHEL CUNLIFFE



# Free market Conservatives, your country needs you now

LAST week, to celebrate the seventieth birthday of the National Health Service, we were greeted by the spectacle of a Conservative government openly suggesting that funding should be increased for a state-owned entity, without any meaningful reform, paid for in part by increasing taxes.

What is extraordinary about this announcement is the assumption, seemingly unchecked, that we live in a zero-sum world, where a public service must be paid for out of taxes, and any growth in the economy must be government-led.

Improving competition, increasing efficiency, and ensuring that procurement processes benefit from more products and greater choice seem to have been forgotten.

If NHS standards don't improve, the squeezed taxpayer will ask what their money was wasted on. They will be right to do so.

Instead of extra funding, there are many things that could be done to improve NHS efficiency and productivity.

First, the NHS owns a lot of very high-value land and other assets, which could be put into a trust and managed commercially. The investment adviser Dag Detter has written extensively about how governments do not make the most of the public wealth of nations, and his ideas seem tailor-made for the NHS.

Second, procurement processes could be made much more efficient. Giving the NHS access to more products, produced more cheaply, and using its buyer power to reduce drug prices, would be a good way of

lowering the overall costs.

These reforms, and others like them, would benefit the whole country. But they are generally hard to achieve because vested interests tend to oppose them, partly on ideological grounds, and partly because the impact will be longer-term, rather than an immediate cash injection.

That's why it's critical for Conservatives, particularly in government, to make the case that pro-competitive reforms are good for the economy, and will create long-term wealth, even though it may appear initially that the Treasury could lose some short-term revenue.

Such leadership is all the more important with Brexit on the horizon. Whatever the outcome of our negotiations with the EU (and this would become especially urgent if no deal is reached), ensuring prosperity for post-Brexit Britain requires real pro-competitive leadership.

For example, the UK should consider the following: dropping tariffs, especially on food, clothing and shoes to zero for the whole world, so that prices do not go up for consumer staples; granting businesses temporary exemption from VAT; lowering corporate income tax; and improving our own regulatory environment in a number of areas, such as energy policy, where the UK's policies actively erode the competitiveness of its businesses.

All these policies could be viewed as costing the exchequer money, but they ultimately create wealth.

That these thoughts have become unutterable in the UK political discourse speaks volumes about how

strained, and soon they forget to even have them, accepting that survival is simply their lot in life.

Now is the time for a radical change of course. The UK government needs to start making free trading, free market decisions.

The New Zealand government had to go through exactly this process when it was in crisis in the 1980s. Because it did so, it has become a remarkably successful economy.

That it was a Labour government that, in the Kiwi case, turned away from stifling *dirigisme* in the form of tariffs and subsidies, shows that free trade and free markets need not follow a traditional left-right dichotomy. Increasingly, this is a battle that pits vested interest elites and cronies against ordinary consumers.

Right now, with tax increases on the horizon, extra public funding for the NHS, and the competition debate virtually banished from political discourse, the Tories have found themselves on the wrong side of this fight. Though traditionally the party of free markets and small government, they have lost their way. They need to find it again.

When faced with policy decisions, governments should always be asked to explain how their choice will harness or constrain the forces of competition, which if allowed to work will create wealth. The wrong choice is inconvenient for the rich, but a catastrophe for the poor. The current government could do with a reminder of that.

*Shanker Singham is director of the International Trade and Competition Unit at the Institute of Economic Affairs.*

**Shanker  
Singham**



## Ensuring prosperity for post-Brexit Britain requires real pro-competitive leadership

“

the political ground has changed in the last two decades.

When leaders from the “political right” call for tax increases to fund state programmes, this moves the goalposts, and free market thinking becomes regarded as increasingly fringe and ideological. The pressure for state intervention, which unites crony businesses with statist, *dirigiste* politicians, becomes overwhelming.

Meanwhile, wealth is gradually destroyed, and the poor (for whom many virtue-signalling policies have been put in place) are pushed deeper into poverty. People’s hopes and aspirations become more con-

# LETTERS

## TO THE EDITOR

### Education innovation

[Re: London leads the way in Europe as it retains top spot in business dynamism index]

As City A.M. reported yesterday, London has retained its title as the most dynamic city for business in Europe. Following this great news, it is worth highlighting one area of innovation that unites business and social causes, yet can sometimes be forgotten: edtech.

New research from the Reform think tank shows that the education technology sector is thriving, and British students, as well as companies, stand to benefit. Some 6,000 experts recently visited London for the annual edtech week, and the digital minister Matt Hancock has praised the “[edtech] innovators pioneering the transformation of our economy”.

Their real success is not just a financial one, but in their potential to reduce inequality in educational outcomes for children of different backgrounds, which is the central challenge faced by the education system. London-based startups have created video tutoring apps which, compared to one-to-one tutoring, could allow 300,000 additional pupils to make “significant progress” at school. Other technology can ease the burden of administration and homework marking for teachers, giving them more time to spend on pupils that start behind. UCL is developing new evidence on edtech which will help teachers identify what makes a real difference to teaching and learning. With one in five UK edtech companies located in the capital, London is providing a fertile ground for new innovation to help level the playing field for every child.

Sarah Timmis, researcher, Reform



### BEST OF TWITTER

Theresa May tells #PMQs: “This party has always been a party that has backed business”. Tell that to the CBI, Airbus, BMW, SMMT and numerous other business groups and companies which are totally in the dark over the government’s Brexit plans! @adampayne26

Corbyn being hammered by PM on his claims to be listening to business. His stated aim is to overthrow capitalism and McDonnell said “business is the enemy”. #enemiesofbusiness #PMQs @trussliz

If millennials really want to afford a house, they should sell their state avocado consumption allowances through a reputable consumption-trading scheme to someone richer and put the proceeds towards their deposit. Simple! @LFDodds

Britain is facing a beer shortage. It is only a matter of time before Theresa May is forced to call a meeting of Cobra. And perhaps Heineken, Amstel and John Smith’s. @MattChorley

As Wetherspoon announces it could be hit by a beer shortage within days, regulars are advised that if they bring a straw there’s a couple of weeks’ worth in the carpets. @haveigotnews

# Move over Wall Street wolves, women are winning investment’s battle of the sexes

A NYONE with even a passing knowledge of the stock market could be forgiven for thinking that it is a strident, bullish, and dare I say masculine environment.

Think of images of trading floors – there’s rarely a woman in sight – or of Leonardo DiCaprio in *The Wolf of Wall Street* and Damian Lewis in *Billions*.

This perception is probably one of the reasons why I, in my job of educating people about investing, still come up against the view that “investing isn’t for women”. However, the reality is quite different. In fact, new research reveals that the women who do invest tend to outperform their male counterparts.

We tracked the performance of 2,800 customers of Barclays’ Smart Investor trading platform over a three-year period, and found that female investors achieved average annual returns on their investment portfolios that were 1.8 per cent higher than the men.

Female investors also outperformed the FTSE 100 itself by 1.94 per cent, while male investors only beat it by an average of 0.14 per cent.

The research was carried out by Professor Neil Stewart, behavioural scientist at Warwick Business School. He analysed the trading patterns and portfolio performance of these customers, backed up with detailed questioning to uncover why they invested the way they did.

There were significant gender differences in things like the amount of money held, the length of time investments were kept, and trading frequency. For example, women traded an average of nine times a year, compared to 13 times for men.

The kicker was the male investor’s penchant for “lottery style” investing – putting money in more speculative and lower-priced shares in the belief that they had the greatest potential to increase significantly in value. Men were also more likely to keep hold of their worst performing shares in the belief that they would

eventually come good, while selling off those shares that were actually performing well and making money. This is common behaviour. Stewart explains: “If you have ever watched a bad movie to the end, you are having trouble letting go of a loss. If you have ever bought a lottery ticket, you have been attracted to big wins, but wins that are very unlikely.”

In contrast to men who seemed more attracted to the thrill of investing, women were less susceptible to this behaviour – but don’t confuse that with timidity or caution.

Stewart’s analysis reveals that women hold onto their investments for longer, so rather than trying to

time the market to capitalise on short-term movements – when there’s a high chance of getting it wrong – they are more likely to commit money for the longer term and ride out periods of volatility.

Much as it’s fun to use this research to subvert (or, indeed, reinforce) gender stereotypes, it actually provides us with valuable insight about the role investing can play in modern financial planning.

As savers search for ways of maximising their money in a historically low-rate environment, this analysis shows that investing is an accessible and viable option for those looking to improve their savings over the long term.

You don’t need to be a Wall Street whizz to invest. As the adage goes, it’s time in the market, not timing the market that is most important. And that’s a lesson women seem to have caught on to more than men.

*Clare Francis is director of savings and investments for Barclays Smart Investor.*

**Clare  
Francis**



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# Stop thinking in straight lines or get left behind by the revolution

**R**EVOLUTIONARIES from the past have a tendency to morph into romantic icons; think Che Guevara, Rosa Luxemburg, Lenin, Robespierre. From the safety of history, it's possible to admire their determination and dedication without condoning their often destructive and violent tactics.

Yet living revolutionaries are not always so popular beyond their immediate following. They threaten the status quo and, for many, a comfortable way of life. So why have I sub-titled my new book "Why Entrepreneurs Should Act Like Revolutionaries"?

"Those who make peaceful revolution impossible will make violent revolution inevitable," said John F Kennedy. And I believe that peaceful upheaval is essential if we are to cope with the challenges the rest of the century is bound to throw at us. As Kennedy implied, the alternative could be even worse.

It's a cliche, but also a fact, that technology is progressing too fast for us to keep up. I think of the old steam trains still in use in India. They chug along, passengers packed in so tightly they can hardly breathe. Now the Prime Minister has commissioned India's first high-speed railway from Mumbai to Ahmedabad. The new trains will travel up to 200 miles an hour – no more sitting on the roof. Those who can't afford a ticket will have to stand back and watch as the future shoots by.

This could be our fate as well, unless we can rise to the occasion and find a way to jump onboard, taking all those also waiting at the station with us too.

Just consider the huge bullet trains driving through our business landscape: Amazon upending the world of

**David McCourt**



retail (now with a market cap of \$765bn), Spotify (\$28bn market cap) disrupting the entire music business, Netflix (\$142bn market cap – worth more than Ford and GE and "creeping up on Disney"), and London-based Deliveroo, revolutionising the fast-food business and achieving 107 per cent growth over the past four years.

Today's technology goes beyond previous linear approaches, with algorithms sorting through billions of pieces of data to find patterns and connections unrecognisable to humans.

In the same way, we must stop thinking in straight lines about major world issues, such as poverty and inequality, science and art, policy-making and regulation, left and right divides, business and public service. We need leaders and entrepreneurs with duality, who can think and act using both sides of their brain. As Einstein said: "logic will get you from A to B, imagination will get you everywhere".

**It's a cliche, but also a fact, that technology is progressing too fast for us to keep up**

“

It wasn't so long ago that the secret of success was incremental change, historically all adding up to a substantial improvement to the bottom line. But we've moved beyond this now. Like the disruptive businesses mentioned above, we need to rethink the model, be creative, take a risks, and ruffle the surface.

What technology is also doing is cutting out the middle-man. Crowd-sourcing is taking the place of bank managers, Airbnb, Expedia and Booking.com are replacing the travel agent, Ryanair has pioneered the self-check-in, and journalists now look to Twitter to monitor public opinion.

This transfer of influence is only part of the current power shift. The combination of technology, social media, and the way people now absorb information means that the top-down centralised way we have been running the world for the last couple of centuries is no longer a viable model.

We have before us a time of enormous opportunities. However, these could easily slip through our fingers due to the conservatism of the establishments that dominate the economy.

As an established business person, I may not sound like a natural revolutionary – but I became an entrepreneur for the joy of doing things differently, to rethink the model and to change things in ways that would eventually bring benefits to everyone.

I can see that a revolution is coming – in business, technology, enterprise and politics. Fighting it isn't an option. It is time to harness it.

.....

● David McCourt is author of *Total Rethink: Why Entrepreneurs Should Act Like Revolutionaries*.

## DEBATE

Should the government fund social care by introducing a new tax for over-40s?

**YES**



**SARAH WOLLASTON**

able to buy their own homes.

An earmarked Social Care Premium spreads the risk more fairly by including wealthier pensioners and the self-employed, and protects people from the risk of huge costs for social care.

Pooling this risk would allow us to both improve social care and make it available to all.

.....

● Dr Sarah Wollaston MP is chair of the Health and Social Care Committee.

**NO**



**JOHN O'CONNELL**

per cent of tax is collected locally.

Real, long-term solutions are required, and decentralising our tax system will help us meet those challenges. In the short term, the government should resist getting into a bidding war with socialists on public services. Want more money? Scrap HS2 and reduce spending on overseas aid.

.....

● John O'Connell is chief executive of the TaxPayers' Alliance.

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# ALTERNATIVE FINANCE

**Katherine Denham** meets a former Nasa space engineer who has founded a peer-to-peer lending platform

No, it doesn't take a rocket scientist to launch a peer-to-peer lending platform. But let's take a minute to consider what such a business would look like if a rocket scientist did decide to do such a thing.

Cue space engineer Nadeem Siam, who has spent the past three years building peer-to-peer lender Welendus.

After working on projects for Nasa and the European Space Agency (ESA), Siam realised he was getting a bit too comfortable with outer space, and decided to venture into the unknown.

## HOUSTON, WE HAVE A PROBLEM

Finance and space might seem worlds apart, but perhaps they aren't as disparate as they first appear. Siam, you see, is a problem solver at heart, and Welendus was founded on the concept of fixing a problem in finance – giving people much-needed loans, while simultaneously offering investors an attractive return.

While most peer-to-peer players tend to focus on longer-term loans with a multi-year maturity, Siam has boldly gone where no one has gone before – focusing instead on short-term loans of around 100 days.

Short-term loans that tide a borrower over until their next paypacket will probably trigger harrowing images of payday lenders. Indeed, Wonga has now become a byword for finance companies with questionable morals.

These problems within the payday loan market were actually the catalyst for the idea behind Siam's business; his light-bulb moment came in early 2015 – around the same time that the regulator was baring its teeth against a payday lending market that had enjoyed a free rein for years.

"With all this mistreatment of customers, I thought that there must be a better way to do it. I remember being stuck in traffic and thinking: what if everyone else around me was to lend to each other? Then maybe no one would have to turn to payday lenders."

For Siam – who had no experience in finance before launching the business – this was a challenge worth accepting, and he immediately started researching the peer-to-peer sector.

While there is clearly a demand for short-term loans, there has only really been one model to cater for this sector – the Wonga-style structure. Siam argues that this is the wrong model because it's designed to extract as much value as possible.

"These companies charge as much as possible, and people are prepared to pay the fees because they need the loan. It's a for-profit structure, and in my opinion that's unethical."

But there's a downside to strict regulation too.

Consider the millions of people in the UK who have less than £100 in savings, which poses a problem when they have to fork out for an emergency – like if their car breaks down.

With lenders pulling away from the market, there is a widening gap for short-term credit, and Siam warns that people are now turning to the



# IT'S ROCKET SCIENCE

black market, which is even worse than the payday-style sector.

## AVOIDING THE BLACK HOLE

Instead of the dubious ethics of Wonga or the black market, Welendus wants to plug the lending gap by helping rather than exploiting those in difficult financial situations.

"If you look at rail fares and energy costs, everything is going up in price, but salaries are not increasing at all," says Siam.

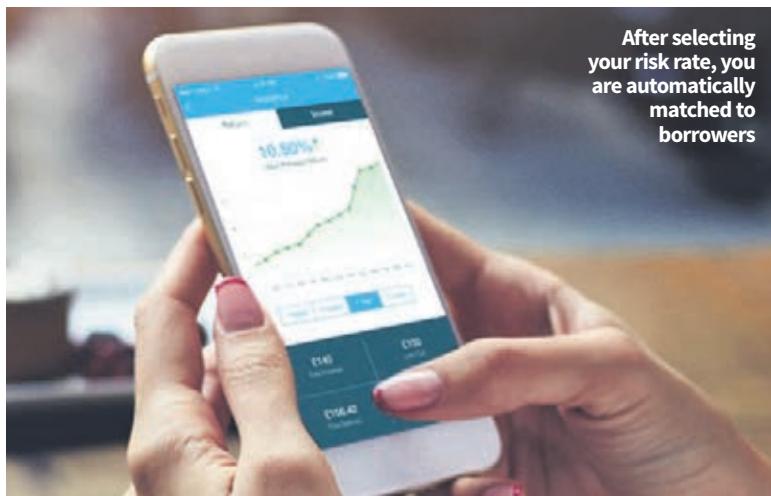
"So the demand for short-term credit will increase, but we need to deliver it in a better way, otherwise people will get into other problems if they can't get access to the cash they need."

The premise behind Welendus is to be as low-cost and flexible for borrowers as possible, with no penalising structure.

Borrowers can't get a loan without passing fraud, credit, and affordability checks. If they think they are going to struggle to pay the loan in time, they can notify Welendus using their online account and switch the loan to a longer-term plan – making the payment more manageable, without leaving a black mark against the borrower's credit rating.

And if the borrower doesn't pay in seven days, Welendus buys that loan off the lender with money from the

After selecting your risk rate, you are automatically matched to borrowers



**The Wonga-style lending structure is unethical and the wrong kind of model**

borrowers, while any interest is lent back automatically to benefit from compounding.

## WHEN THE STARS ALIGN

I ask Egyptian-born Siam what skills he's been able to transfer from his engineering career. He tells me Welendus is more of a tech company than a finance firm – so being able to write code is crucial.

"When I was an engineer, I used to do a lot of analysis, and would build algorithms. I was dealing with numbers, so that's really the same as now."

During his time working for ESA, Siam designed onboard computers for the Galileo satellite. "All the computers have a blocking system which is made out of crystals. These crystals are the most sensitive part, and can easily break, so my job was to analyse the structure to protect the crystal from breaking."

This almost seems like a metaphor for Welendus: protecting vulnerable consumers against the elements by giving them help during difficult times. And the company is going to great lengths to improve the reputation of the short-term lending market.

After selecting your risk rate, your money goes into a queue to be lent out, and is automatically matched to

# TECHNOLOGY



EDITED BY STEVE HOGARTY

Hail to the bus driver – it's **Bus Simulator 2018**

**GAME****BUS SIMULATOR 2018**

PLATFORM: PC

★★★☆☆ | BY STEVE HOGARTY

The tutorial in Bus Simulator 2018 might just be the most endearing thing I've ever played. It stars eager driving instructor Mira, who is simply bonkers about public transport, and enthusiastically explains all of the buttons on your big busman's dashboard. Her excitement reaches a crescendo as you approach your first bus stop, where she enlists the help of a half dozen fake passengers to test your ticketing machine.

The only thing Mira loves more than buses is her fiance, Aubrey, who boards your bus at the second test stop and asks Mira if their neighbours can borrow the lawnmower. Aubrey, by the way, is a woman. Bus Simulator 2018 – a game about nothing more than driving a bus around – is more socially progressive than every AAA game launched this year.

Quite why bus-mad Mira lives in a city that lacks any public transport to begin with is a mystery, but it's your job to launch and run the town's new bus company, hiring drivers, picking up and dropping off passengers to generate revenue, and unlocking more and more of the world to drive increasingly fancy buses in.



:@city\_am :@cityamlife

If that sounds mundane, I remind you that this is a game about being a bus driver. Bus Simulator 2018 has you carrying out all of the tedious mechanics of the role: the careful use of indicators, giving exact change from a tenner, asking a noisy passenger to turn their music down, adjusting the sun visor so that the sun isn't in your eyes, opening and closing the doors, confronting fare dodgers. It's gloriously detailed, and revels in unflinching authenticity.

There's a real meditative aspect to this gentle escapism, and as your aspiring bus empire begins to grow and expand into neighbouring suburbs, the routes along which you drive become increasingly bucolic. It's novel to drive around in a game without anything exploding or anybody being violently murdered by a robot.

Instead your passengers can be overheard talking about how they've just bought shampoo, or the latest episode of a fictional TV show called Winter of Passion that everybody, collectively, seems to watch. It's charming and strange, like some bizarre transit-themed dream.

But this is some very well-simulated monotony, and for all its obvious appeal Bus Simulator 2018 is eventually a victim of its own success. As well as the thrilling opportunity to get behind the wheel yourself, you can purchase additional buses and hire drivers to run routes of your own design, but ultimately this is a game about hands-on repetition.

The fun of driving the bus soon wears thin, and you must return to the real world once again, feeling somehow emptier than when you began.

## FANCY A CHANGE OF CAREER? HERE ARE THE EIGHT WEIRDEST SIMULATORS ON PC

**FARMING SIMULATOR 2018**

The annual release of a new Farming Simulator is the undisputed highlight of any gamer's calendar, and this year is no different. The world's leading agriculture sim allows players to hop behind the wheel of more than 250 different vehicles, from combine harvesters to muck spreaders and absolutely everything in between.

**STREET CLEANING SIMULATOR**

If you've ever been mesmerised by the spinning brushes of a street sweeper as it hoovers up flattened pigeon carcasses out of the gutter, then Street Cleaning Simulator is for you. You can drive three different kinds of sweeper, manually empty the compartment that fills up with crap, and even refill the water tanks. I know!

**SURGEON SIMULATOR**

In Surgeon Simulator you control the individual fingers of a trainee surgeon's shaky hands, gingerly picking up scalpels and bonesaws before carefully performing heart transplants and other life-saving surgical operations. There's also a topical add-on, in which you must perform surgery on Donald Trump.

**LONDON UNDERGROUND SIMULATOR**

A loving recreation of the Circle Line in its entirety, this simulation gives you full command of a meticulously detailed Tube train, from controlling the doors to triggering the "mind the gap" announcement. Even delays are simulated, with red signals halting your progress in tunnels. What a way to spend an evening.

**SKI REGION SIMULATOR**

Thought the most interesting thing about snowy mountains was skiing down them? Well Ski Region Simulator begs to differ. Offering you the chance manage and maintain your very own resort, replete with slopes, facilities and hotels, this (seemingly hastily named) simulator is as just as tedious as it sounds.

**ROCK SIMULATOR**

A parodic response to the slew of increasingly niche simulators, Rock Simulator was as much an art project as it was a game, and allowed you to simulate detailed rocks from a variety of locations such as grass plains, salt flats, deserts and mountains. Sadly, development ground to a halt in 2014, and the game never launched.

**VISCERA CLEANUP DETAIL**

In Viscera Cleanup Detail you're a janitor tasked with cleaning up the bloody aftermath of a successfully repelled alien invasion. Loose body parts and spent ammunition casings must be collected in bins, and floors and ceilings must be hosed down. Team up with friends in multiplayer to make light work of the mess.

**AMERICAN TRUCK SIMULATOR**

The critically acclaimed sequel to Euro Truck Simulator has you hauling precious cargo all across the states, obeying traffic laws and hitting delivery targets in a beautifully realised world. The game features multiple types of trailers, from reefers to flatbeds, dumpers to lowboys, and goosenecks. That's right, goosenecks.

# OFFICE POLITICS

## Beware, worker, of password-free wifi

Remote working in a cafe may be on trend, but staff are easy prey for cyber criminals

**Simon Migliano**



**A**S I WRITE, thousands of employees are opening up Macs in cafes and trendy workspaces across the country, sipping on cortados, and getting ready to start their days.

These workers are part of what's being called the "remote working revolution", and they represent a movement away from the presentism that previously defined office working.

### A BLESSING AND A CURSE

Technology is at the centre of this non-traditional working boom – thanks to communication applications like Skype and Slack, staff are readily accessible anywhere in the world where there's a half-decent wifi connection.

The rise of virtual and augmented reality also means that employees can attend meetings despite being on the opposite side of the globe.

Unfortunately, these flexible working habits present a big cyber security risk, which companies and employees often aren't prepared to tackle.

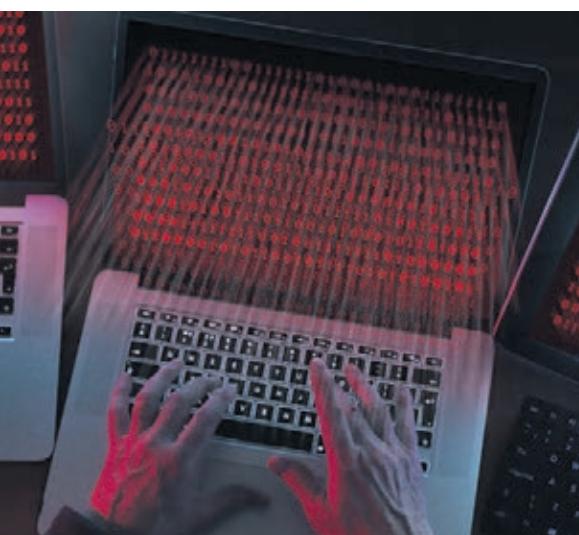
### LET'S TALK ABOUT WIFI

We're an increasingly wifi-dependent society. For remote staff, good wifi is essential, so business owners and employees inevitably gravitate towards stronger hotspots – whether they are password-protected or not.

The problem is that when workers head to their favourite cafe and log into the convenient wifi that doesn't require a password, they are placing a huge amount of trust in the hotspot's owner and hoping that there aren't any would-be scammers around.

Newer routers are more secure, but rely on their owners to keep the hardware updated. The bigger threat is from fraudsters, who can eavesdrop on unencrypted activity using simple software, or even create fake wireless spots to mimic legitimate ones by naming their network after a cafe to make it look authentic.

Once hackers have done this, it's simple to intercept unencrypted data, wait for you to open unsecured sites, or even create phony versions of real sites in order to steal your private data.



Fraudsters can eavesdrop on unencrypted activity using simple software, or even create fake wireless spots

This has created a bit of a perfect storm for small businesses and companies adopting more flexible attitudes to where their staff work.

Unlike banks, which have sophisticated security systems in place, it doesn't take much for businesses to open themselves up to potential fraud.

Most employees use email programs like Outlook or Gmail – and while the latter offers some protection due to its two-factor authentication, it wouldn't take much for a scammer on an unencrypted network to mimic a web-based email client, and then scrape a user's



### KEEP IN TOUCH

**Slack Free**

Slack is arguably the most popular business communication app on the market. Stay connected with work colleagues, wherever you are. It's also very useful for asking your work pal if they want a cup of tea, sharing cat memes, and gossiping about Greg and Marge from accounting.

Did you hear about their date last night? OMG.

details when they try to log in.

Once that's done, hackers can log into accounts, and scan through reams of emails in order to dig out juicy company details such as payslips, invoice details, and personal data. Before you know it, scammers have access to the internal mechanisms of your company.

### SECURING YOUR BUSINESS

Businesses can protect themselves from attacks by: encouraging staff to avoid sites that aren't secure and don't display HTTPS in the URL; installing firewalls, antivirus, and malware software on staff computers to make sure there aren't any chinks in the company's armour; and regularly installing software updates, as they typically contain security patches.

It's also worth considering installing Virtual Private Networks (VPNs) on work devices. VPNs essentially create encrypted tunnels through which your staff's online traffic can travel securely. These can be set to work automatically, so require very little heavy lifting from employees.

It makes sense to dodge onerous overheads like offices while startups are getting up to speed – it's not unusual for new business owners to work out of cafes in the first few months. But entrepreneur or employee, be diligent, and secure yourself against cyber risks.

• Simon Migliano is head of research at Top10VPN.

# COFFEE BREAK

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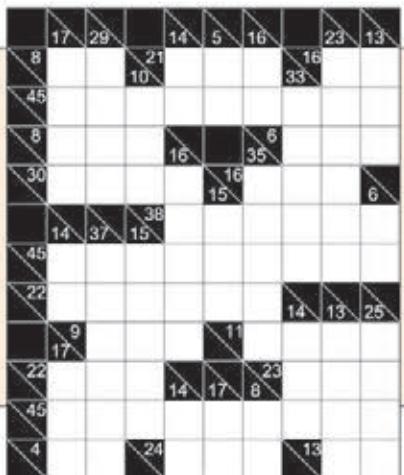
## SUDOKU

Place the numbers from 1 to 9 in each empty cell so that each row, each column and each 3x3 block contains all the numbers from 1 to 9 to solve this tricky Sudoku puzzle.

	4	7						8
		2						3
2	9				7	6		
	2			6				
1	5	9	2	6	4			
		4		3				
9	3				8	1		
8			1					
7			4	9				

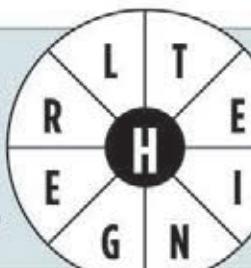
## KAKURO

Fill the grid so that each block adds up to the total in the box above or to the left of it. You can only use the digits 1-9 and you must not use the same digit twice in a block. The same digit may occur more than once in a row or column, but it must be in a separate block.



## WORDWHEEL

Using only the letters in the Wordwheel, you have ten minutes to find as many words as possible, none of which may be plurals, foreign words or proper nouns. Each word must be of three letters or more, all must contain the central letter and letters can only be used once in every word. There is at least one nine-letter word in the wheel.



## LAST ISSUE'S SOLUTIONS

### QUICK CROSSWORD



### KAKURO



### SUDOKU

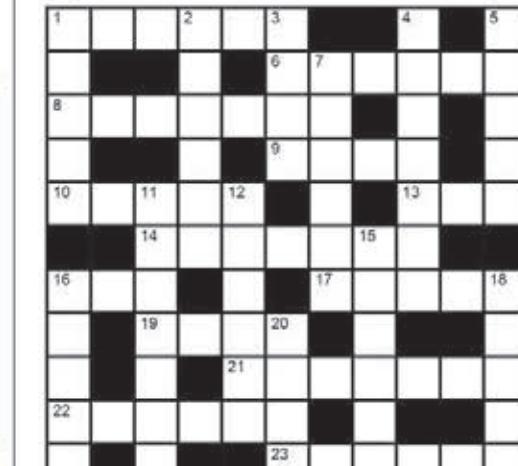
3	5	9	2	8	4	1	7	6
6	1	4	9	7	3	8	2	5
7	2	8	1	5	6	3	9	4
2	8	1	3	4	9	6	5	7
9	3	6	5	2	7	4	1	8
5	4	7	8	6	1	2	3	9
8	6	5	7	3	2	9	4	1
1	7	2	4	9	8	5	6	3
4	9	3	6	1	5	7	8	2

### WORDWHEEL

The nine-letter word was

VENTILATE

## QUICK CROSSWORD



### ACROSS

- 1 Breathe out (6)
- 6 Travel around an area regularly to maintain security (6)
- 8 Turns red, as with embarrassment (7)
- 9 Biblical twin of Jacob (4)
- 10 Circular frame with spokes (5)
- 13 Hydrogen, for example (3)
- 14 Successful ending of a struggle or contest (7)
- 16 Social insect (3)
- 17 Consume (3,2)
- 19 Sudden attack (4)
- 21 Redeemer (7)
- 22 Goes (6)
- 23 Extremely (6)

### DOWN

- 1 Arm joint (5)
- 2 Reply to a question (6)
- 3 Fencing sword (4)
- 4 Temporary shortage of rainfall (7)
- 5 Sharp projections on the paws of an animal (5)
- 7 Take on (6)
- 11 Everlasting (7)
- 12 Mediate (6)
- 15 Upright fence picket (6)
- 16 Not well (5)
- 18 Return punch (especially by a boxer) (5)
- 20 Move with great haste (4)

# THE PUNTER

FOOTBALL TRADER

**B**EFORE jetting off to Russia, if you'd offered Gareth Southgate the start his England side have had to their World Cup campaign, he would have bitten your hand off.

Yes, on paper, matches against Tunisia and Panama appear to be routine and all England fans would have expected two comfortable victories.

However, this is England at a major tournament and we only have to think back two years to that painful night against Iceland when the Three Lions froze.

Having (just) overcome Tunisia in their opening game, Southgate must have been purring at his youthful side's first half performance against a sprightly Panama side on Sunday.

On almost every occasion when England came forward they threatened Jaime Penedo's goal and the free-going mentality which Southgate has spoken of is clearly rubbing off on his players.

A cracker from Jesse Lingard, a brace from John Stones and three more from the main man Harry Kane helped England to a resounding 6-1 victory, meaning they sit pretty at the top of Group G as they head to Kaliningrad to face Belgium – by far their toughest test yet.

Like Southgate, Roberto Martinez will be more than happy with his team's start to his first World Cup in charge.

Comfortable victories over Panama and Tunisia have guaranteed qualification for the knockout stages with a game to spare and the abundance of riches that Martinez has at his disposal, particularly up front, appear to be gelling nicely.

Romelu Lukaku has hit the ground running with four goals and Eden Hazard oozed class against Tunisia, scoring twice.

Belgium's 5-2 win over Tunisia did come at a cost, though, with Lukaku and Hazard both picking up injuries, putting their participation against England this evening in doubt.

Based on each side's start to the tournament, goals would seem likely in this one with both possessing plenty of in-form attacking players.

However, after their most recent win, the Belgium boss hinted at changes for their final group game and with Southgate expected to rotate as well, this one has the feel of stale-

## PERSONNEL CHANGES COULD SEE BELGIAN STALEMATE



England have been in flying form but will settle for a point against Belgium

mate.

Southgate was picked for the 2002 World Cup squad, but didn't play at all, so he'll be keen to give game-time to those who haven't got on the pitch yet.

When a manager makes significant changes to a team there is often a tendency for the play to become disjointed as players adjust.

Such adjustments mean the quality often suffers and I have a feeling this game will turn out to be a bit of a slow

burner, with neither side wanting to give too much away.

England haven't lost an international since March 2017, while the Belgians are undefeated since September 2016, meaning these two know how to keep it tight and shut up shop.

While both defences have conceded against Tunisia and Panama, you feel they'll be on red alert for this game and few goals look likely.

We saw in the goalless draw between France and Denmark on Tues-

day how tight these games can be and with both guaranteed spots in the last 16, this one could follow a similar path.

Belgium already have injury problems and neither Martinez nor Southgate will want to risk further casualties as we enter the business stage of the tournament.

The impact that Neymar's injury had on Brazil in 2014 showed how careful the managers need to be with their key players, especially with the

### WORLD CUP BETTING ON BETDAQ

BETDAQ is leading the march for exchange trading on the World Cup with just 2% commission on all bets, and up to £1,000 cash-back for new customers.

Not only does BETDAQ give punters the chance to back or lay (oppose) a selection, it also gives the option to trade in and out at any point during a match or the tournament.

For those of you who followed our advice to back Harry Kane to win the Golden Boot at 18.5, you're now in an enviable trading position.

The Tottenham striker's five goals in the opening two games means he is now just 2.8, allowing you to lock-in a handsome profit.

Of course, you can keep the bet running and hope he manages to score a few more, but the insurance is there if you want it.

England have enjoyed a dream start to the tournament and many would have expected tonight's game against Belgium to be vital to their qualification hopes.

However, both sides are through and set to make sweeping changes, so it could end up being more like a friendly.

This game could therefore be the perfect one to wait until the action is underway before getting involved, particularly in the match goal markets.

Goals have been flowing for both of these sides, but a cagey encounter could be on the cards if the managers decide to adopt a more cautious strategy.

There are a huge number of betting opportunities with BETDAQ both pre-game and in-play and it's up to you when to step in or out.

**BETDAQ**  
Serious About Sport

likes of Kane and Lukaku in such good form.

Lukaku looks unlikely to be risked and with Kane's involvement also in question, I fancy the defenders to come out on top.

The best bet therefore is to back the draw at 3.2 with BETDAQ.

#### POINTERS

Draw **3.2** BETDAQ



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## Felix Keith picks half a dozen players who have caught the eye at the World Cup

IT'S A cliche that the World Cup is a shop window for players to attract attention and earn moves in club football, but it's also true. The pinnacle of international football sees 32 nations compete, 64 games broadcast and 736 players potentially getting on the pitch. That's plenty of opportunity to catch the eye.

With the group stages coming to an end, City A.M. has picked out six players who have increased their chances of a move with some impressive performances.

### HIRVING LOZANO, MEXICO

Lozano – or “Chucky”, as he prefers – wasn't a complete unknown before the World Cup, having lit up the Dutch Eredivisie with 17 goals and eight assists for PSV Eindhoven last season. However, in just two matches the 22-year-old has turned himself from an exciting talent into just about the hottest property on the market.

His lightning pace, trickery and direct style are sure to have won plenty of admirers, with his goal on the counter-attack giving Mexico a deserved 1-0 win over Germany. The PSV winger loves to cut inside from the left onto his right foot, but can also play on the opposite flank. Interest from Europe's biggest and best is no surprise.

### ANTE REBIC, CROATIA

Croatia's line up is full of Champions League regulars, with Luka Modric, Ivan Rakitic and Mario Mandzukic leading a side full of class. Rebic, a 24-year-old winger from Eintracht Frankfurt, therefore had a difficult task on his hands to make an impact, but that's exactly what he has achieved.

And it's not just his improvised volleys to embarrass Willy Caballero in Croatia's 3-0 win over Argentina that has done it. Rebic is



strong, hard-working and versatile and looks like he would suit the Premier League. German newspaper Bild reports that Tottenham are among those interested.

### MOUSSA WAGUE, SENEGAL

Senegal's right-back earned attention and some cursory googling when he fired into the roof of the net at the back post to put his side 2-1 up against Japan. The goal, Wague's first in international football, saw the 19-year-old become the youngest ever African goalscorer at a World Cup.

Wague is currently at Belgian club KAS Eupen, after graduating from

Qatar's Aspire Academy, but his goal and general strong performances for Senegal may have put him on the radar of other, bigger outfits.

### JUAN QUINTERO, COLOMBIA

Not a new name, but one reborn. Quintero fell out of love with football following a move to Porto in 2013, but has refound it while on loan back in South America and it's shown at the World Cup.

Alongside James Rodriguez and Juan Cuadrado, the diminutive left-footed playmaker has looked the real deal, buzzing in between the lines with confidence while offering flashes of brilliance.

## CLEAN SWEEP

England beat Australia again to make it 6-0

England continued their excellent form in white ball cricket yesterday, beating Australia by 28 runs in the one-off Twenty20 international at Edgbaston to complete a clean sweep over the tourists. After thrashing their rivals 5-0 in the preceding one-day series England went into the shortest format full of confidence, and it showed. Jos Buttler (61), Alex Hales (49) and Jason Roy (44) top-scored with the bat as England posted 221-5 from their 20 overs. Despite 84 from captain Aaron Finch, Australia fell away and were bowled out for 193, with Adil Rashid and Chris Jordan both taking three wickets. England will now prepare to face India in three T20s, three ODIs and five Test matches, with the first T20 on 3 July.



# THE BEST



Real Madrid got their chequebook out to sign Rodriguez and Costa Rica goalkeeper Keylor Navas on the back of their performances at the 2014 World Cup. If Colombia go deep into the tournament Quintero could earn a similar move and indeed has already been linked with interest from Real.

**ALEKSANDR GOLOVIN, RUSSIA**  
Before the World Cup, many football fans only knew Golovin for scoring a free-kick for CSKA Moscow against Arsenal in April. After Russia's explosive start to the tournament, in which they put five past Saudi Arabia and beat Egypt to qual-

ify for the last 16, Golovin is now known for much more.

The cultured central midfielder began the World Cup by running the show against Saudi Arabia, capping the two-assist display with a curling free-kick.

The 22-year-old has continued to impress since, showing intelligence, good technique and the ability to unpick a defence.

A big move is on the cards, with Italian giants Juventus reportedly keen on the Russian.

#### HIROKI SAKAI, JAPAN

Like Japan themselves, their right-back has been consistently and sur-

prisingly impressive in a brilliantly entertaining Group H.

Sakai, a tall and athletic defender, is often seen bombing on the overlap to offer his side an out-ball. In the 2-2 draw with Senegal he was a constant thorn in the opposition's side.

At 28, he's not the typical young up-and-coming talent, but Sakai is familiar with European football, having played at Hannover in Germany and now with Marseille in France.

His nickname "Modest Sakai" suggests he has a sound temperament to go with his all around ability on the pitch.

#### MURRAY BEATEN BY EDMUND AT EASTBOURNE

Andy Murray was beaten in straight sets by Kyle Edmund yesterday at Eastbourne. Edmund, who replaced Murray as British No1 while the Scot was out through injury, prevailed 6-4, 6-4 in the second round of the Nature Valley International. The match was Murray's third since returning from a hip problem which kept him sidelined for 11 months. Murray, who has dropped to world No156 during his time out, is yet to decide if he will take part in Wimbledon, which begins on Monday. Edmund, meanwhile, will play Mikhail Kukushkin in the quarter-finals after the Kazakh world No90 produced a shock to beat sixth seed David Ferrer 6-2, 6-0.

#### WORLD NO183 WILLIAMS GETS WIMBLEDON SEEING

Seven-time Wimbledon champion Serena Williams has been seeded 25th for the grand slam event, which starts next week, despite being ranked 183rd in the world. The American, 36, has only played three tournaments since returning to competition in January following the birth of her first child and earlier this month was forced to withdraw from the French Open due to injury. Jo Konta is seeded 22nd, as is fellow British No1 Kyle Edmund in the

men's draw. Defending champion Roger Federer is top seed, ahead of world No1 Rafael Nadal, with Andy Murray unseeded.

#### BIG-SPENDING AC MILAN BANNED FROM EUROPE

AC Milan have become the most high-profile club to banned from European competition for breaking Financial Fair Play rules. Governing body Uefa's ruling yesterday means that the Italian giants will not be allowed to take up their place in next season's Europa League, which they had earned by finishing sixth in Serie A. The rules broadly require clubs to break even over a three-year period but AC Milan embarked on a £200m transfer spree last summer, months after the storied team was sold by former Italian premier Silvio Berlusconi to a Chinese consortium.

#### MARTINEZ: WINNING NOT THE PRIORITY FOR BELGIUM

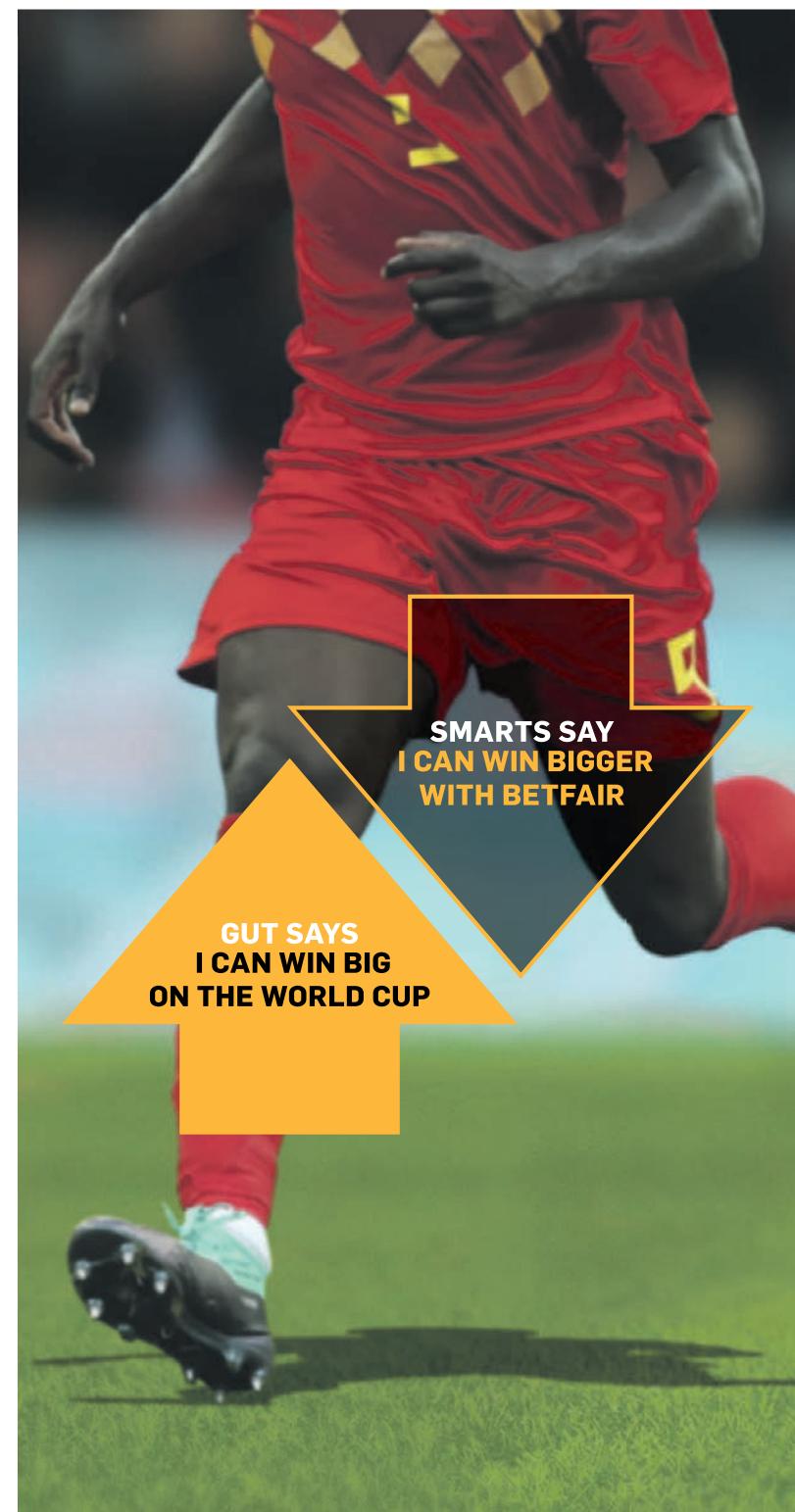
Belgium manager Roberto Martinez says beating England in this evening's World Cup clash is not a priority for his side. Both teams have already qualified from Group G for the last 16 of the tournament courtesy of wins over Tunisia and Panama. With only top spot riding on the clash, Martinez is likely to make a raft of changes and

#### SPORT DIGEST

has other objectives in mind for the game in Kaliningrad. "We need to look at our individual players," the former Everton manager said yesterday. "We want to perform well, but the priority is not to win. That is the reality: we have put ourselves in this situation, we wanted to qualify and we have done that."

#### FURY: JOSHUA IS AFRAID OF FIGHTING WILDER

Anthony Joshua is afraid of fighting Deontay Wilder, according to fellow heavyweight Tyson Fury. Joshua has been ordered by the WBA to face Russian Alexander Povetkin – a move which has delayed a potential showdown with WBC champion Wilder. A unification fight between Joshua and Wilder would see the winner become the first man in history to hold all four heavyweight titles. "Wilder is all wrong for Joshua and [promoter] Eddie Hearn knows that," said Fury on Instagram. "Hearn wants Joshua to get a few more fights in before he gets chinned by Wilder. I think it will happen, but Joshua will have to have a couple more fights to make a few quid while he can and then he will do the [Wilder] fight."



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# SPORT

How England's next World Cup opponents are pioneering the use of artificial intelligence to identify rivals' weaknesses.

By Joe Hall

**E**NGLAND manager Gareth Southgate has long been familiar with the threat posed by some of the supreme talents in the Belgium squad such as Eden Hazard, Romelu Lukaku and Kevin De Bruyne.

Yet the Red Devils have a less well-known weapon at their disposal for tonight's World Cup match in Kaliningrad, effectively a shoot-out for top spot in Group G: artificial intelligence technology designed to identify their opponents' weaknesses.

Belgium, coached by Roberto Martinez, have been using the services of Dutch football intelligence company SciSports for the last five months, including at the tournament in Russia, in a bid to get an edge on their rivals for the trophy.

"We're helping them to analyse their opponents based on data," SciSports founder and chief executive Giels Brouwer told City A.M.

"We're providing their technical staff with strengths, weaknesses of the teams they're going to face."

That might sound like standard fare in the data-drenched world of modern football. Yet while England may know all about their opponents' collection of Premier League stars, SciSports believes it will give Belgium such an intricate level of detail about Southgate's team that they might be aware of their weaknesses even before the Three Lions coach is.

## VULNERABLE

Most of the top nations at the World Cup, like the best European clubs, have their own performance analysts in tow pouring over the numbers from data providers such as Opta, STATS or Wyscout to help suggest ways that their teams could improve.

Yet Belgium, prompted by former Everton and Wigan manager Martinez, have shirked the fallible limita-



tions of a human mind in favour of computational deep learning provided by SciSports.

Just as machines trained in deep learning are proving to be more proficient than the greatest human minds when it comes to spotting cancer, winning the complex strategy game GO or reading comprehension, SciSports is betting it could be a more astute football technician than Pep Guardiola – never mind the relatively inexperienced Southgate.

"We'll take a look at how and where Belgium's opponents are vulnerable," says Brouwer, who believes Germany were the only other team at this year's World Cup to be using AI.

"Where are the team's weak spots? Are their backs playing too high so there's space behind and goals come from that situation? Is there a weakness at set-pieces?

"One of our models can analyse over 100m passes and automatically gener-

# BELGIUM'S SECRET WEAPON

**We can analyse tactics and find weak spots based on pattern recognition technology**

“

Despite the end-point of such innovation potentially putting him out of a job one day, Martinez has been an influential proponent of the technology. "The entire set-up came because of discussions we've had," says Brouwer. "He's really open to data, as he showed in the Premier League. We had several conversations in the past about what he wanted to know and we built several models for him."

## MACHINES

It's not just managers who have sought the services of artificial intelligence; players have too.

When Memphis Depay was struggling at Manchester United, the Dutch winger and his agent consulted SciSports to find tactical reasons behind his patchy form and the kind of club that may better serve his talents.

SciSports drew up a model that named five clubs who would suit him – one of which was Lyon, where he is

now thriving. While almost unique now, Belgium's usage of deep learning technology is likely to be repeated by a growing number of nations at future tournaments.

Data analysts are already set to have a more visual presence at this year's World Cup now that devices such as tablets and laptops are being allowed on the bench for the first time "if used for coaching/tactics or player welfare", according to new rules.

Coaches will be free to access live, real-time data as the matches are being played. That's one area where Belgium and SciSports won't be able to hurt England just yet, however. "The changes were announced [in May] and our product development team was already tied up and wasn't able to do anything in time," Brouwer says.

Once the whistle goes, it's still just Martinez and Southgate. Until then though, every move England are making is being watched by the machines.

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## AUF WIEDERSEHEN Defending champions Germany humbled

Germany became the third defending champions in a row to crash out of the World Cup at the group stage when they suffered a shock 2-0 defeat to South Korea yesterday in Russia. Injury-time goals from Kim Young-Gwon and Tottenham's Son Heung-Min defeated the Germans, who needed a win to reach the next round due to Sweden's 3-0 victory over Mexico. There were no such troubles for Brazil, who beat Serbia 2-0 with goals from Paulinho and Thiago Silva to book a last 16 tie against Group F runners-up Mexico.



# England's next task: make case for the defence

Belgium represent the biggest test yet for Southgate's new rearguard, says Felix Keith

**E**NGLAND face Belgium today in an enviable position. Gareth Southgate's side have already qualified for the last 16 of the World Cup following contrasting wins over Tunisia and Panama.

Therefore, in a way, the pressure is off. There should be no nerves, no need to keep tabs on Group G's irrelevant other fixture and no signs of the crippling fear which has become all too familiar in previous tournaments. In theory at least, England should be able to utilise their confidence and play the expansive, positive, head-turning football Southgate has tried to encourage.

However, Belgium also represent the first proper test for England. Southgate was expected to beat Tunisia and Panama; the final group game is a meeting of well-matched sides chock-full of Premier League talent.

The nature of the tie means that he

and Belgium boss Roberto Martinez have the luxury of being able to rotate their squad – and both have intimated they plan to do so.

The likes of Harry Kane, Romelu Lukaku and Eden Hazard may well sit out the action in Kaliningrad. But regardless of the Belgium team Martinez opts for, England's defence should be braced for a real challenge.

### DOUBTS

Southgate's side have banged in eight goals in two games, with Kane's ruthless finishing, Jesse Lingard's vibrancy and Kieran Trippier's set-piece delivery standing out. Yet despite the clear positives and the six points won there are still doubts about the defence.

The Kyle Walker-John Stones-Harry Maguire back three remains a new, relatively untested combination. The trio have started just two games together: the last two matches against Tunisia and Panama.

Before he landed on Leicester City's Maguire, Southgate trialled five other defenders in the five matches preceding the tournament. Phil Jones, Gary Cahill, James Tarkowski, Joe Gomez and Michael Keane were all given an opportunity to impress.

While it was clearly important for Southgate to find his preferred combi-

nation and lots of work has been done on the training field since, the fact remains that Walker, Stones and Maguire haven't played a great deal of competitive minutes together. Even the system – a 3-5-2 with wing-backs and two midfielders given licence to drift in between the lines – has only been in effect for the last seven matches.

Against the modest attacks of Tunisia and Panama problems have been evident. Walker gave away the penalty from which Tunisia scored due to a poor body position, which ex-England centre-back Rio Ferdinand labelled "criminal". Arsene Wenger, meanwhile, believes that Southgate's repositioning of Walker in the middle is a mistake. "He's not a real defender and especially not a central defender," the former Arsenal manager said. "It is a new position for me," Walker has

admitted. "I'm still learning."

Maguire, who appears to be in the side largely for his ability on the ball and confidence in distribution, has at times looked vulnerable defending one on one in the left channel. Stones, who with 28 caps as a central defender is the most experienced of the trio, scored twice in the thrashing of Panama, but has a tendency at times to overplay.

### FIREPOWER

Whether all three start a third successive match is uncertain, as Southgate has made it clear he wants to keep everyone in the squad happy.



"I have to think through all those things," he said on Monday. "The competition for places, the players who need match minutes and keeping the unity of the squad."

Cahill, who was man of the match in the

Eric Dier is expected to come into the team

pre-tournament friendly win over Nigeria, and Jones could play a part. Danny Rose is a candidate to replace Ashley Young on the left and Trent Alexander-Arnold may come in for Trippier, who was substituted as a precaution against Panama.

Whoever Southgate opts for is sure to face a difficult 90 minutes against Belgium. Martinez has fashioned his side specifically to accommodate as much firepower as possible. With most being familiar names there is no element of surprise, but they won't be easy to stop.

The Red Devils' fluid 3-4-3 formation has its issues, with Yannick Carrasco playing out of position as a left wing-back and playmaker Kevin De Bruyne starting too deep, but there is undeniably lots to consider as the opposition. Their 43 goals in qualifying and five-goal demolition of Tunisia suggests England will have to defend as a team a lot more than they have in previous matches.

With Eric Dier likely to be brought in to bolster the midfield and negate space in front of the defence, England will be forced to play a different type of game. Win, lose or draw the challenge is likely to prove instructive for England in the knockout stages. This is their World Cup litmus test.

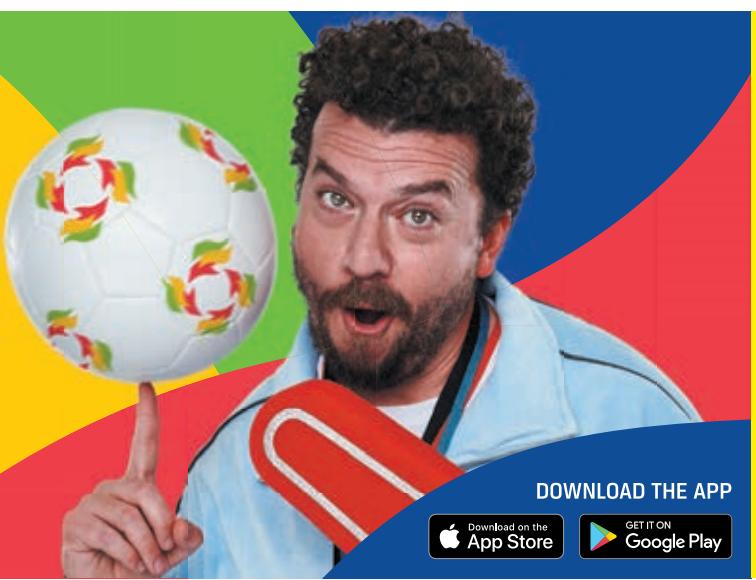
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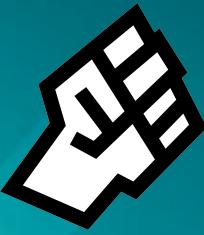
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1st Penalty Scored (minutes)	79 - 81
Total Goal Mins (time of goals)	126 - 136
1st Match Goal (minutes)	36 - 39
1st England Goal	52 - 55
1st Belgium Goal	53 - 56



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