Gleeson Construction Services Limited

Annual Report and
financial statements

Registered number 00783607
30 June 2019

Contents

Company information

The Board of Directors	S P Allanson S Landes
Registered office	6 Europa Court Sheffield Business Park Sheffield S9 1XE
Independent auditor	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL
Bankers	Lloyds Bank plc 10 Gresham Street London EC2V 7AE
Company registration number	00783607

Directors' report

The Directors present their Annual Report and the audited financial statements of Gleeson Construction Services Limited ("the Company") for the year ended 30 June 2019. The Company has taken advantage of the small companies exemption from preparing a Strategic Report.

Principal activities and business review

The Company is part of the MJ Gleeson plc group ("the Group"). The Company's principal activities continue to be that of managing claims relating to remedial works of former construction services and managing historic employment liability claims.

The Company reported a loss for the year of £265,000 (2018: £220,000 loss).

Future developments

The Directors expect the principal activity of the Company to remain unchanged for the foreseeable future but expect the level of claims and remedial works to reduce.

Financial risk management

The Company's exposure to financial risks such as the effects of credit risk, liquidity risk and interest rate risk is minimal. The Company and Group manage these financial risks to minimise their impact on the performance of the business and further details are set out in note 8 of the financial statements.

Directors

The Directors who served during the year are listed below:

S P Allanson
S Landes

Dividends

The Directors have not recommended payment of a dividend (2018: £nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2018: £nil).

Employees

The Company did not have any employees during the year.

Directors' indemnities

The Group maintains liability insurance for directors and officers, including the Directors of the Company. In addition, subject to the provisions of and to the extent permitted by relevant statutes, under the articles, the Directors and other officers throughout the year, and at the date of these financial statements, were indemnified out of the assets of the Company against liabilities incurred by them during carrying out their duties or the exercise of their powers.

Post balance sheet events

There are no post balance sheet events to disclose.

Independent auditor

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the next AGM of the Group.

Signed on behalf of the Directors

S P Allanson
Director
Approved by the Directors on 29 November 2019

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

Independent auditors' report to the members of Gleeson Construction Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gleeson Construction Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 June 2019; the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Gleeson Construction Services Limited *(continued)*

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Gleeson Construction Services Limited *(continued)*

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
29 November 2019

Statement of comprehensive income

For the year ended 30 June 2019

	Note	2019	2018
		£000	£000
Revenue		**-**	-
Cost of sales		**-**	-
Gross loss		**-**	-
Administrative expenses		**(261)**	(217)
Operating loss		**(261)**	(217)
Loss before tax	*3*	**(261)**	(217)
Tax	*4*	**(4)**	(3)
Loss for the year		**(265)**	(220)

The Company has no other comprehensive income or expense other than the result for each year as shown above.

The notes on pages 10 to 17 form part of these financial statements.

Statement of financial position

As at 30 June 2019

	Note	**2019 £000**	2018 £000
Non-current assets			
Deferred tax assets	*6*	**16**	20
		16	20
Current assets			
Trade and other receivables	*5*	**3,536**	4,251
Cash and cash equivalents		**26**	51
		3,562	4,302
Total assets		**3,578**	4,322
Current liabilities			
Trade and other payables	*7*	**(1,145)**	(1,624)
Total liabilities		**(1,145)**	(1,624)
Net assets		**2,433**	2,698
Equity			
Share capital	*9*	**1**	1
Retained earnings		**2,432**	2,697
Total equity		**2,433**	2,698

These financial statements on pages 7 to 17 were approved by the board of Directors on 29 November 2019 and were signed on its behalf by:

S P Allanson
Director

The notes on pages 10 to 17 form part of these financial statements.

Company registration number: 00783607

Statement of changes in equity

For the year ended 30 June 2019

	Ordinary share capital	**Retained earnings**	**Total equity**
	£000	**£000**	**£000**
Balance at 1 July 2017	1	2,917	2,918
Total comprehensive expense for the year			
Loss for the year	-	(220)	(220)
Total comprehensive expense for the year	-	(220)	(220)
Balance at 30 June 2018	1	2,697	2,698
Total comprehensive expense for the year			
Loss for the year	-	**(265)**	**(265)**
Total comprehensive expense for the year	-	**(265)**	**(265)**
Balance at 30 June 2019	**1**	**2,432**	**2,433**

Statement of cash flows

For the year ended 30 June 2019

	2019	2018
	£000	£000
Cash flows from operating activities		
Loss before tax	**(261)**	(217)
Changes in working capital:		
Decrease in trade and other receivables	**98**	119
Decrease in trade and other payables	**(197)**	(222)
Decrease in amounts due from other group companies	**617**	369
Decrease in amounts due to other group companies	**(282)**	(3)
Net cash (utilised by) / generated from operating activities	**(25)**	46
Net (decrease) / increase in cash and cash equivalents	**(25)**	46
Cash and cash equivalents at beginning of year	**51**	5
Cash and cash equivalents at end of year	**26**	51

The notes on pages 10 to 17 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Gleeson Construction Services Limited ("the Company") is a company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 1.

Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements with the exception of the policy for Financial Instruments. This policy has been updated following the implementation of IFRS 9 "Financial instruments". Further details can be found in note 14. Assets and liabilities in the financial statements have been valued at historic cost except where otherwise indicated in these accounting policies.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Trade receivables

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise only cash at bank.

Impairment - financial assets

The Company assesses the expected credit losses associated with its financial assets carried at amortised cost on a forward-looking basis. For trade receivables, the Company applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment - non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the values used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key source of estimation uncertainty at the balance sheet date was:

Remedial works

Management make an estimate of the costs of remedial works required or claims in relation to historic contracts when they receive notification of a claim. The estimation of these costs, including any counter claims against third parties, contain a degree of inherent uncertainty.

Adoption of new and revised standards

For the year ended 30 June 2019, the Company has applied the following new and revised standards that were mandatorily effective for an accounting period beginning on or after 1 January 2018:

Annual improvements	Issued 2014 – 2016
IFRS 2 (Amended)	“Share-based payments” (issued June 2016)
IFRS 9	“Financial instruments” (issued July 2014)
IFRS 15	“Revenue from contracts with customers” (issued May 2014)
IFRS 15 (Amended)	“Revenue from contracts with customers” (issued April 2016)

Note 14 sets out the impact of IFRS 9 “Financial instruments”. The adoption of the remaining standards and amendments has not had any material impact on the disclosures or the amounts reported in these financial statements.

Standards not yet applied

There are a number of standards and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. The following have not been adopted by the Company in preparing the financial statements for the year ended 30 June 2019:

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

***Standards not yet applied** (continued)*

Standard		**Effective for periods beginning on or after**
IFRS 16	"Leases" (issued January 2016)	1 January 2019
IFRS 9 (Amended)	"Financial instruments" (issued October 2017)	1 January 2019
Annual improvements	2015 – 2017 (issued December 2017)	1 January 2019

The application of the standards and interpretations not yet applied is not expected to have a material impact on the Company's financial performance or position, or give rise to additional disclosures in the financial statements.

2 Segmental information

All the Company's operations are carried out in the United Kingdom.

3 Loss before tax

	2019	2018
	£000	£000
Loss before tax is stated after charging:		
Auditors' remuneration for:		
Audit of these financial statements	**3**	3

No persons were employed by the Company during either the current or prior year. The Directors are employed by another Group company and received no emoluments from the Company (2018: £nil).

4 Tax

(a) Analysis of tax charge in year

	2019	2018
	£000	£000
Deferred tax:		
Current year expense	**4**	4
Impact of rate change	**-**	(1)
Tax on loss	**4**	3

Notes to the financial statements *(continued)*

4 Tax *(continued)*

(b) Factors affecting tax credit for year

The tax assessed for the year end is higher (2018: higher) than the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£000	£000
Loss before tax	**(261)**	(217)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**(50)**	(41)
Effects of:		
Transfer pricing adjustments	**(3)**	(2)
Group relief surrendered	**57**	47
Impact of change in tax rate	**-**	(1)
Total tax charge for year	**4**	3

5 Trade and other receivables

	2019	2018
	£000	£000
Trade receivables	**-**	96
Amounts due from fellow Group undertakings	**3,525**	4,142
Other receivables	**11**	13
	3,536	4,251

The Directors consider that the carrying amount of trade and other receivables approximates their fair value and includes an allowance for impairment of trade receivable. Amounts owed from Group undertakings are unsecured, interest free, and repayable on demand.

Expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. No allowance for expected credit losses is deemed necessary in respect of amounts owed by Group undertakings.

Notes to the financial statements *(continued)*

6 Deferred tax assets

The deferred tax assets recognised by the Company and movements during the current and prior year are as follows:

	Provisions £000
At 1 July 2017	23
Charged to income	(4)
Impact of change in tax rate	1
As at 30 June 2018	20
Charged to income	**(4)**
As at 30 June 2019	**16**

A further reduction in the UK corporation tax rate from 19% to 17% with effect from 1 April 2020 was substantively enacted into law before the balance sheet date. In the opinion of the Directors, the relevant timing differences are not expected to reverse prior to 1 April 2020 and therefore deferred tax has been provided at a rate of 17.0%.

At the balance sheet date, the Company has unrecognised tax losses of £2,939,000 (2018: £2,939,000) available for offset against future profits. Losses may be carried forward indefinitely against future taxable profits.

Of the total deferred tax asset, £nil (2018: £nil) is expected to be recovered within 12 months of the balance sheet date.

7 Trade and other payables

	2019 £000	2018 £000
Other payables	**82**	82
Amounts due to fellow Group undertakings	**14**	294
Accruals	**1,049**	1,248
	1,145	1,624

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

8 Financial instruments

Risk exposure
The Company operates within the central treasury function for the MJ Gleeson plc group. The treasury function arranges loans and funding, invests any surplus liquidity and manages financial risk. Further information is provided within the Annual Report of MJ Gleeson plc.

Cash and cash equivalents
Cash and cash equivalents comprise of cash held by the Company. These are managed as part of the central treasury function as described in the Annual Report of MJ Gleeson plc. The carrying amount of these assets equals their fair value

Notes to the financial statements *(continued)*

8 Financial instruments *(continued)*

Credit risk
The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily attributable to its other receivables. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Directors consider that the carrying value of trade receivables approximates to their fair value.

The Company has no significant concentration of credit risk, with the largest balance due from an associated company.

Interest rate risk
The Company pays or receives no interest directly on its bank balances.

Fair values
The fair value of the Company's financial assets and liabilities are not materially different from the carrying values.

Capital management
The Company's primary capital management objective is to ensure that the Group maintains investor, creditor and market confidence, to support its business and to maximise shareholder value.

The Company is not subject to externally imposed capital requirements. The Company regards its capital being the equity as shown in the statement of changes in equity and note 9 to these financial statements.

Liquidity risk
The Company meets its day-to-day liquidity requirements through Group working capital facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities

At 30 June 2019

	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000
Other payables	(82)	(82)	(82)	-	-
Amounts due to Group companies	(14)	(14)	(14)	-	-
Accruals	(1,049)	(1,049)	(1,049)	-	-
	(1,145)	(1,145)	(1,145)	-	-

Notes to the financial statements *(continued)*

8 Financial instruments *(continued)*

At 30 June 2018

	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000
Other payables	(82)	(82)	(82)	-	-
Amounts due to Group companies	(294)	(294)	(294)	-	-
Accruals and deferred income	(1,248)	(1,248)	(1,248)	-	-
	(1,624)	(1,624)	(1,624)	-	-

9 Share capital

	2019 Number of shares 000's	2019 £000	2018 Number of shares 000's	2018 £000
Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

10 Contingent liabilities

There are claims outstanding which arose under historic contracts carried out by the Company in the ordinary course of business. All of the Company's activities are now classed as discontinued. It is not possible to predict with any certainty the results of these claims but the Directors believe, taking into account counter-claims, claims against third parties and provisions in the accounts, that the outcome will not have a material effect on the Company's financial position.

11 Capital commitments

There are no capital commitments at 30 June 2019 (2018: £nil).

12 Related party transactions

The Company has a related party relationship with other subsidiaries of MJ Gleeson plc together with key management personnel.

The only related party transactions were those paid by the ultimate parent company and then re-charged to the Company. The total of these balances outstanding at year end is included within note 5 and 7.

13 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company is a wholly-owned subsidiary of MJ Gleeson Group Limited (registered in England and Wales), its parent company.

The ultimate parent company is MJ Gleeson plc. The consolidated financial statements of this Group may be obtained from the Company Secretary, 6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE, or from the website www.mjgleesonplc.com.

Notes to the financial statements *(continued)*

14 Adoption of new accounting standards

IFRS 9 "Financial Instruments"

IFRS 9 "Financial instruments" applied to the Company from 1 July 2018, replacing IAS 39 "Financial instruments: recognition and measurement". The new standard requires that financial assets that are within the scope of IFRS 9 are measured at amortised cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). The Company has adopted the modified retrospective transition approach, including adopting the practical expedient.

All of the Company's financial assets and liabilities continue to be accounted for on the same basis under IFRS 9 as they were under IAS 39.

Impairment of financial assets

IFRS 9 also requires that an expected credit loss model, rather than an incurred credit loss model, is applied. This requires the assessment of the expected credit loss on each class of financial asset at each reporting date.

The main class of financial asset held by the Company is trade and other receivables, principally receivables due from an associated company. As amounts owed from Group undertakings are repayable on demand, the risk of loss to the Company is considered to be sufficiently mitigated and credit risk is considered low. Hence, the application of the expected credit risk model has had no material impact on the financial statements.