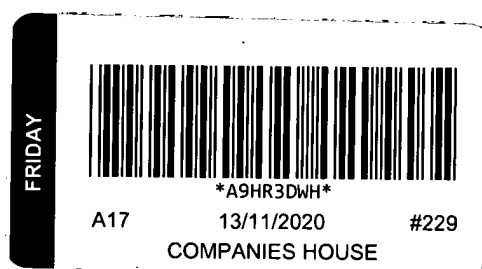


Company Registration No. 11134290 (England and Wales)

**LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	G Tilburgs A Yew J L Rubio C Underwood	(Appointed 2 August 2019)
<b>Company number</b>	11134290	
<b>Registered office</b>	1 Kingsway London United Kingdom WC2B 6AN	
<b>Auditor</b>	Deloitte LLP Statutory Auditor London United Kingdom	

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# **LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

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# **LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors present their annual report and audited financial statements for the year ended 31 December 2019.

### **Going concern and Covid-19 impact**

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's relationship with its immediate parent company, John Laing Group plc and a fellow group subsidiary, John Laing Investments Limited, who hold the John Laing Group's investment portfolio.

The Directors have assessed the impact of Covid-19 and the resulting lock down on the Company post the balance sheet date. Its principal activities, as described below, are reliant upon the performance of its parent undertaking, John Laing Group plc, and its investing subsidiaries. The Company earns revenues from its asset management activities based on the value of the investment portfolio of the John Laing group in the region in which the Company operates. The Company can also earn revenue from the recovery of costs on successful bids for new PPP projects.

The directors of John Laing Group plc and its investing subsidiaries have undertaken their own review of the impact of Covid-19. The value of the John Laing group's investment portfolio comprises investments in PPP and renewable energy assets, a large proportion of which have revenue and returns not at a material risk of reduction as a result of Covid-19. While the John Laing group has seen an adverse impact on the value of its investments from macroeconomic factors as well as a slow-down in its value enhancements programme, these are not significant in the context of the overall investment portfolio valuation which at 31 December 2019 stood at £1,768 million and at 30 June 2020 stood at £1,603 million. Delays have arisen in the procurement of new PPP projects by public bodies, which could limit increases in the portfolio in 2020. On the other hand, the current environment has also created scope for late-stage entries and M&A opportunities. Further, delays in procurement has resulted in lower bid costs being incurred by the Company in 2020.

Overall, while certain of the assets in John Laing group's portfolio have been impacted by the lockdown, the impact has not been significant in the context of the investment valuation at 31 December 2019 and especially has not been significant on the Group's investments in the region in which the Company operates. By extension, Covid-19 is not expected to materially impact the Company.

The Company had net liabilities at 31 December 2019 and is reliant on the support of its parent company to be able to meet its liabilities as they fall due. The Directors have concluded that this support is still present, as evidenced by the letter of support from John Laing Investments Limited, which states its intention to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. The Directors have made enquiries of the directors of John Laing Investments Limited on the ability of John Laing Investments Limited to provide support to the Company. John Laing Investments Limited is a co-borrower under the John Laing Group's £650m corporate banking facilities of which £150 million expires in January 2022 and £500 million in July 2023. Net available financial resources at 30 June 2020 were £311 million, which is only slightly lower than the £314 million at 31 December 2019 as a result of investment disposals in the first half of 2020. John Laing Investments Limited has also recently announced it has agreed the sale of its interest in the IEP Phase 2 project which should result in a further £203 million being received in Q4 2020. Following these enquiries and understanding the financial position of John Laing Investments Limited, the Directors have reached the conclusion that John Laing Investments Limited has the ability to continue to support the Company. These financial statements have therefore been prepared on a going concern basis.

### **Principal activities**

The principal activity of the Company is that of supporting the bidding and investing activities of the John Laing group in Spain and Latin America.

### **Branches**

The Company has a branch registered in Spain.

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### Directors

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

G Tilburgs

A Yew

J L Rubio

J M Coll

C Underwood

(Appointed 14 February 2019 and resigned 11 July 2019)

(Appointed 2 August 2019)

### Qualifying third party indemnity provisions

The Directors of the Company benefit from qualifying third party indemnity provisions provided by the Company's parent undertaking.

### Directors' insurance

The Company's Directors are covered by insurance policies entered into by its ultimate parent undertaking, John Laing Group plc, that insure them against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

### Post reporting date events

The COVID-19 outbreak is a non-adjusting event after the balance sheet date in respect of the Company's financial statements for the year ended 31 December 2019. For an assessment of the impact from COVID-19 in 2020, including an assessment of its impact on the Company as a going concern, see page 1.

### Future developments

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

### Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

Each of the Directors in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

The various types of financial risk and how they are managed are described below:

#### **Cash flow risk**

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company's exposure to changes in interest rates is limited to loans due to and from group undertakings within the John Laing group, on which interest is charged at variable rates of interest. This risk is managed on a group basis.

#### **Credit risk**

The Company's principal financial assets are bank balances and amounts due from fellow group undertakings.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The credit risk on amounts due from fellow group undertakings is limited because the counterparties are core companies in the John Laing group with significant net assets and financial resources. As explained in the above section, 'Going concern and Covid-19 impact', these fellow group undertakings have not experienced a significant adverse impact on its available financial resources.

#### **Liquidity risk**

The Company is reliant on the support of its immediate parent company to be able to meet its liabilities as they fall due. Further details regarding liquidity risk can be found in the Going Concern section of the accounting policies in the financial statements.

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

On behalf of the board



A Yaw  
Director

5 November 2020

# **LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Laing Investments Management Services (Spain) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 these matters.



# **LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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

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

# **LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Use of our report**

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

D. Winstone

**Daryl Winstone FCA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP

5 November 2020

**Statutory Auditor**

Statutory Auditor  
London  
United Kingdom

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £'000	Period from 05 January 2018 ended 31 December 2018 £'000
	Notes		
Turnover	3	1,131	-
Administrative expenses		(1,537)	(329)
<b>Operating loss</b>	4	(406)	(329)
Interest payable and similar expenses	6	(12)	(1)
<b>Loss before taxation</b>		(418)	(330)
Tax on loss	7	60	62
<b>Loss for the financial year</b>		<u>(358)</u>	<u>(268)</u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	8	20	31
<b>Current assets</b>			
Debtors	9	690	93
Cash at bank and in hand		155	19
		<u>845</u>	<u>112</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,487)</u>	<u>(409)</u>
<b>Net current liabilities</b>		(642)	(298)
<b>Total assets less current liabilities</b>		(622)	(267)
<b>Provisions for liabilities</b>	11	(3)	-
<b>Net liabilities</b>		<u>(625)</u>	<u>(267)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		(626)	(268)
<b>Total equity</b>		<u>(625)</u>	<u>(267)</u>

The financial statements were approved by the board of directors and authorised for issue on 5 November 2020 and are signed on its behalf by:



A Yew  
Director

Company Registration No. 11134290

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance at 5 January 2018</b>		-	-	-
<b>Period ended 31 December 2018:</b>				
Loss and total comprehensive expense for the period		-	(268)	(268)
Issue of share capital	13	1	-	1
<b>Balance at 31 December 2018</b>		1	(268)	(267)
<b>Year ended 31 December 2019:</b>				
Loss and total comprehensive expense for the year		-	(358)	(358)
<b>Balance at 31 December 2019</b>		1	(626)	(625)

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

Laing Investments Management Services (Spain) Limited is a private company limited by shares domiciled in the United Kingdom, incorporated in Great Britain and registered in England and Wales. The registered office is 1 Kingsway, London, United Kingdom, WC2B 6AN.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of John Laing Group plc. These consolidated financial statements are available from its registered office, 1 Kingsway, London, United Kingdom, WC2B 6AN.

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The Company has net liabilities as at 31 December 2019 and is reliant on the support of its parent company, John Laing Group plc, and John Laing Investments Limited, a fellow group subsidiary, to be able to meet its liabilities as they fall due. The Directors consider that the Company is an integral part of the John Laing group's structure and strategy and this is evidenced by a letter of support from John Laing Investments Limited, which states that it will provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. Whilst John Laing Investments Limited has experienced an adverse impact from Covid-19 on its operations, as detailed in the Directors' Report, this has not had a significant impact on its available financial resources and the Directors have reached the conclusion that it has the ability to continue to support the Company. After making enquiries and taking account of the factors noted above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### 1.3 Turnover

Turnover represents income receivable in the ordinary course of business for services provided and excludes value added tax. Fees receivable in respect of management services agreements with project companies are recognised evenly over the period of the agreement; and income arising in respect of recoveries of bid costs from the financial close of investments in project companies is recognised when recovery is virtually certain.

#### 1.4 Tangible fixed assets

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

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

Fixtures and fittings	Three years straight-line basis
Computers	Three years straight-line basis

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

#### 1.5 Impairment of fixed assets

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

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

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

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

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

#### 1.6 Cash and cash equivalents

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

#### 1.7 Financial instruments

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

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

##### **Basic financial assets**

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

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Classification of financial liabilities**

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



# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

### 1.8 Equity instruments

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

### 1.9 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

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

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

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.10 Employee benefits

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

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

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

#### 1.11 Retirement benefits

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

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern over which economic benefits from the lease asset are consumed.

#### 1.13 Foreign exchange

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

### 2 Judgements and key sources of estimation uncertainty

Given the nature of the Company's assets and liabilities, the Directors are of the opinion that there are no critical accounting judgements or key sources of estimation uncertainty.

### 3 Turnover and other revenue

An analysis of the Company's turnover is as follows:

	2019 £'000	2018 £'000
<b>Turnover analysed by class of business</b>		
Service fee revenue	1,131	-

### 4 Operating loss

	2019 £'000	2018 £'000
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(28)	3
Fees payable to the company's auditor for the audit of the company's financial statements	4	3
Depreciation of owned tangible fixed assets	11	3
Operating lease charges	63	34

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Employees

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

	2019 Number	2018 Number
Total	1	2

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	56	93
Social security costs	54	10
Pension costs	6	-
	116	103

No Directors received any remuneration for services to the Company during the current period (2018: £nil).

### 6 Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest payable to group undertakings	12	1

### 7 Taxation

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	(77)	(63)
Adjustments in respect of prior periods	(5)	-
Total UK current tax	(82)	(63)
Foreign current tax on profits for the current period	19	1
Total current tax	(63)	(62)

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7	Taxation	(Continued)	
		2019 £'000	2018 £'000
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(2)	-
	Adjustment in respect of prior periods	5	-
		<u>3</u>	<u>-</u>
	Total deferred tax		
		<u>3</u>	<u>-</u>
	Total tax credit	(60)	(62)
		<u>(60)</u>	<u>(62)</u>

For the year ended 31 December 2019, a tax rate of 19% has been applied (2018 – 19%). The reversal of the reduction of the main rate of corporation tax from 19% to 17%, effective from 1 April 2020, was substantively enacted by the Budget resolutions passed on 17 March 2020.

The Company has measured its deferred tax liability at 31 December 2019 at 17% because it expects the majority of the deferred tax asset will be realised after 1 April 2020. The UK Government had previously announced its intention to keep the tax rate at 19% rather than reduce it to 17% from 1 April 2020 but at 31 December 2019, the change to increase the tax rate to 19% from 1 April 2020 was not substantively enacted. The impact were the deferred tax liability to be recognised at 19% is to increase the liability by £399.

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Loss before taxation	(418)	(330)
	<u>(418)</u>	<u>(330)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(79)	(63)
Adjustments in respect of prior years	(5)	-
Deferred tax adjustments in respect of prior years	5	-
Foreign taxes	19	1
	<u>(60)</u>	<u>(62)</u>
Taxation credit for the year	(60)	(62)
	<u>(60)</u>	<u>(62)</u>

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Tangible fixed assets

	Fixtures and fittings £'000	Computers £'000	Total £'000
<b>Cost</b>			
At 1 January 2019 and 31 December 2019	30	4	34
<b>Depreciation and impairment</b>			
At 1 January 2019	3	-	3
Depreciation charged in the year	10	1	11
At 31 December 2019	13	1	14
<b>Carrying amount</b>			
At 31 December 2019	17	3	20
At 31 December 2018	27	4	31

### 9 Debtors

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Corporation tax recoverable	77	63
Amounts owed by group undertakings	532	-
Other debtors	81	30
	690	93

The amounts owed by group undertakings included a loan due from a fellow group undertaking of £496,000 (2018: £nil) repayable on demand offset by interest payable of £7,000 (2018: £nil). Interest on the loan was charged at 2% above base rates throughout 2019 (2018: 2.5% above base rates from 5 January 2018 to 21 April 2018, 3% above base rates from 22 April 2018 to 24 July 2018 and 2% above base rates from 25 July 2018 to 31 December 2018).

The amounts owed by group undertakings also included an amount of £43,000 (2018: £nil) due from group undertakings that was repayable on demand with no interest charged.

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 10 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	60	12
Amounts owed to group undertakings	1,368	245
Taxation and social security	7	10
Accruals and deferred income	52	143
	<u>1,487</u>	<u>410</u>

The amounts owed to group undertakings include a loan from the parent undertaking of £63,000 (2018: £198,000) repayable on demand and interest payable on the loan of £5,000 (2018: £1,000) and a loan from a fellow group undertaking of £nil (2018: £45,000) repayable on demand. Interest on the loan was charged at 2% above base rates throughout 2019 (2018: 2.5% above base rates from 5 January 2018 to 21 April 2018, 3% above base rates from 22 April 2018 to 24 July 2018 and 2% above base rates from 25 July 2018 to 31 December 2018).

The amounts owed to group undertakings also include a trading balance payable to a fellow group undertaking of £1,300,000 (2018: £nil) which is repayable under agreed commercial terms on an arm's length basis.

#### 11 Provisions for liabilities

	Notes	2019 £'000	2018 £'000
Deferred tax liabilities	12	<u>3</u>	<u>-</u>

#### 12 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £'000	Liabilities 2018 £'000
<b>Balances:</b>		
Accelerated capital allowances	<u>3</u>	<u>-</u>

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Deferred taxation

(Continued)

	2019 £'000
<b>Movements in the year:</b>	
Liability at 1 January 2019	-
Charge to profit or loss	3
	<hr/>
Liability at 31 December 2019	3
	<hr/> <hr/>

The deferred tax liability set out above is expected to reverse within two years and relates to accelerated capital allowances that are expected to mature within the same period. Approximately £2,000 is expected to reverse in the next financial year.

### 13 Share capital

	2019 £'000	2018 £'000
<b>Called up share capital</b>		
<b>Issued and fully paid</b>		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>
	1	1
	<hr/> <hr/>	<hr/> <hr/>

#### Other Reserves

The Company's other reserves are as follows:

The profit and loss account represents cumulative profits or losses.

# LAING INVESTMENTS MANAGEMENT SERVICES (SPAIN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Operating lease commitments

#### Lessee

In 2018, the Company entered into a lease agreement with Gmp Property SOCIMI, S.A for office space in Calle Pedro Teixeira 8, Madrid, Spain. The lease commenced on 19 March 2018 for a duration of 36 months with an option to break after 24 months into the lease.

In October 2019, the Company exercised the break option and the lease terminated in June 2020. At 31 December 2019, the outstanding commitments under this lease was £30,000.

After the year end, the Company entered into a new lease agreement with WeWork Paseo de la Castellana, 77, Madrid, Spain. The lease commenced on 1 July 2020 for an initial period of 6 months and continues on a month-to-month basis. Total lease costs are £6,000 p.a., payable in monthly instalments.

	2019 £'000	2018 £'000
Within one year	30	60
Between one and five years	-	73
	<u>30</u>	<u>133</u>

### 15 Events after the reporting date

The COVID-19 outbreak is a non-adjusting event after the balance sheet date in respect of the Company's financial statements for the year ended 31 December 2019. For an assessment of the impact from COVID-19 in 2020, including an assessment of its impact on the Company as a going concern, please refer to the Directors' Report.

### 16 Related party transactions

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group plc group. A copy of the published financial statements of John Laing Group plc can be obtained at [www.laing.com](http://www.laing.com).

### 17 Ultimate controlling party

The Company's immediate parent company is John Laing Group plc, a listed Company incorporated in Great Britain and registered in England and Wales. The smallest and largest group in which its results are consolidated is John Laing Group plc. Copies of its accounts are available at [www.laing.com](http://www.laing.com).

The Company's ultimate parent and controlling entity is John Laing Group plc.