

CELEBRATION OF MINOR GMS

MONDAY 11/06/2020

GMS PARKING HOLDCO LIMITED

COMPANY NUMBER: 11279455 (ENGLAND AND WALES)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

MONDAY



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GMS PARKING HOLDCO LIMITED

COMPANY INFORMATION

Directors

COMPANY NUMBER: 11279455 (ENGLAND AND WALES)
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019
Mr C Cade
Mrs J Hawthorn
Mr S Dance

Company secretary

Mr S Dance

Company number

11279455

Registered office

Kintyre House
70 High Street
Fareham
Hampshire
PO16 7BB

Business address

16 D'Arblay Street
London
W1F 8EA

Solicitor

Osborne Clarke
One London Wall
London
EC2Y 5EB

Bankers

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

GMS PARKING HOLDCO LIMITED

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STRATEGIC REPORT**FOR THE YEAR ENDED 31 AUGUST 2019**

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The directors present their Strategic report on the affairs of the Group for the year ended 31 August 2019. The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to GMS Parking Holdco Limited (the 'Company') and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activity of the Company is that of a holding company. The principal activity of the Group continued to be development of student accommodation.

Review of the business

The Directors report a Group turnover of £284,968 (2018: £260,543), cash inflow of £13,794 (2018: cash outflow of £31,759) and a loss after tax of £1,591,386 (2018: loss after tax of £1,451,668).

The Group's turnover has increased from £260,543 in the prior year to £284,968 in the current year. This reflects increased rental revenues receivable from the full year impact of investment properties acquired during the prior year.

Cost of sales increased from £127,385 to £298,909, reflecting increased payments relating to the maintenance and upkeep of one of the investment properties.

Other operating income largely represents the capital disposal of rights of light over one of the investment properties held in Manchester.

Administrative expenses have remained in line with the prior year increasing slightly from £579,664 to £586,034.

An impairment of £1,388,377 was recognised in relation to the investment properties held by the group, following a revaluation of the properties at 31 August 2019.

Group net liabilities are £5,768,577 (2018: £4,177,191), including cash of £101,107 (2018: £87,313). The increase in net liabilities since the prior year reflects entirely the loss recognised during the year.

No interim dividends were paid during the year (2018: £nil) and the directors do not recommend payment of a final dividend (2018: £nil).

Key performance indicators

The key performance indicators of the Group include its net liabilities and cash flow. The Group's net liabilities are increasing as it progresses with property redevelopment which typically results in both reduced operating income as previous activities are wound down, and also increased interest charges incurred financing the redevelopment. The Group's cash flow remains consistent as the Group has access to the loan financing required for the redevelopment.

GMS PARKING HOLDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

Private student accommodation is a highly competitive market, which is a continuing risk to the Group. The Group manages this risk by delivering high quality products and services to its customers, to differentiate itself from the competition.

The demand for student accommodation also poses a risk to the group, both in relation to current and future developments. The Group manages this risk by carefully considering local demand prior to selecting a site for development.

Going concern

Given significant cash available to the Group from shareholders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Financial risk management and policies

The Group's activities expose it to a number of financial risks including liquidity risk and credit risk.

Liquidity risk

Given the significant cash available to the Group from shareholders, the Company currently has minimal liquidity risk.

Credit risk

The Group's principal financial asset is cash. The financial assets presented in the Balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Future developments

The directors expect the general level of development activity to increase in the forthcoming year as a result of planned development work.

Approved by the Board of Directors and signed on its behalf by


.....
Mr S Dance
Director

Date: 28/05/20

GMS PARKING HOLDCO LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their strategic report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 August 2019.

Group structure

These financial statements consolidate the accounts of GMS Parking Holdco Limited and all its subsidiary undertakings (the 'Group'), drawn up to 31 August 2019. See the Strategic Report for further details on the structure of the consolidated accounts presented.

Directors

The following directors have held office since 1 September 2018 to the date of signing, except as stated:

Mr C Cade
Mrs J Hawthorn
Mr S Dance
Mr P Morton (resigned 18 December 2019)
Mr R Taylor (resigned 18 December 2019)

Dividends

Details of dividends can be found in the Strategic Report on page 1.

Future Developments

Details of future developments can be found in the Strategic Report on page 2.

Post balance sheet events

Details of post balance sheet events are contained within note 17 to the financial statements.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on page 2.

Directors' responsibilities statement

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

GMS PARKING HOLDCO LIMITED

GMS PARKING HOLDCO LIMITED

DIRECTOR'S REPORT (CONTINUED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

FOR THE YEAR ENDED 31 AUGUST 2019

2019
Approved by the Board of Directors and signed on its behalf by

2019	2018		Revenue
(1,248,200)	(1,248,200)		Cost of sales
(1,248,200)	(1,248,200)		Gross profit
(1,248,200)	(1,248,200)		Administrative expenses
(1,248,200)	(1,248,200)		Operating expenses
(1,248,200)	(1,248,200)		Investment in subsidiary (net of dividend)
(1,248,200)	(1,248,200)		Operating loss
(1,248,200)	(1,248,200)		Interest payable and other expenses
(1,248,200)	(1,248,200)		Loss before taxation
(1,248,200)	(1,248,200)		Loss
(1,248,200)	(1,248,200)		Loss for the year

The Statement of Comprehensive Income has been prepared on the basis of the accounting policies and assumptions set out in the notes to the financial statements.

GMS PARKING HOLDCO LIMITED

GMS PARKING HOLDCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	2018 £
Turnover	1	284,968	260,543
Cost of sales		(298,909)	(127,385)
Gross profit		(13,941)	133,158
Administrative expenses		(586,034)	(579,664)
Other operating income	1	1,617,607	31,273
Impairment of investment property	7	(1,388,377)	-
Operating loss		1,017,632	(415,233)
Interest payable and similar expenses	4	(1,196,490)	(1,157,665)
Loss before taxation	3	(1,567,235)	(1,572,898)
Tax on loss	5	(24,151)	121,230
Loss for the year		(1,591,386)	(1,451,668)

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

GMS PARKING HOLDCO LIMITED**CONSOLIDATED BALANCE SHEET****AS AT 31 AUGUST 2019**

	Notes	£	2019	£	£	2018	£
Fixed assets							
Tangible assets	7		9,734,315			10,159,790	
Current assets							
Debtors	10	381,368		675,088			
Cash at bank and in hand		101,107		87,313			
			482,475		762,401		
Creditors: amounts falling due within one year	11	(303,887)		(2,140,807)			
Net current liabilities			178,588		(1,378,406)		
Total assets less current liabilities			9,912,903		8,781,384		
Creditors: amounts falling due after more than one year	12		(15,681,480)		(12,958,575)		
Net liabilities			(5,768,577)		(4,177,191)		
Capital and reserves							
Called up share capital	14		2		1		
Merger reserve			(13,006,095)				
Profit and loss account			7,237,516		(4,177,192)		
Shareholders deficit			(5,768,577)		(4,177,191)		

For the year ending 31 August 2019, the group was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small groups.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements of GMS Parking Holdco Limited, registered number: 11279455, were approved and authorised for issue by the Board on 28/05/20

Signed on behalf of the Board

Mr S Dance
Director

GMS PARKING HOLDCO LIMITED

PARENT COMPANY BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	2018 £
Fixed assets			
Investments	8	13,007,129	1,034
Current assets			
Debtors	10	1,603,017	1,495
		1,603,017	1,495
Creditors: amounts falling due within one year	11	(7,605)	(8,795)
Net current liabilities		1,595,412	(7,300)
Total assets less current liabilities		14,602,541	(6,266)
Creditors: amounts falling due within more than one year	12	(15,681,480)	
Net liabilities		(1,078,939)	(6,266)
Capital and reserves			
Called up share capital	14	1,034	1,034
Profit and loss account	6	(1,079,973)	(7,300)
Shareholders deficit		(1,078,939)	(6,266)

The loss for the financial period dealt with in the financial statements of the parent company was £1,072,673 (2018: £7,300).

For the year ending 31 August 2019, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements of GMS Parking Holdco Limited, registered number: 11279455, were approved and authorised for issue by the Board on... 28/5/20

Signed on behalf of the Board


Mr S Dance
Director

GMS PARKING HOLDCO LIMITED
GMS PARKING HOLDCO LIMITED
CONSOLIDATED AND PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 AUGUST 2019
FOR THE YEAR ENDED 31 AUGUST 2019

Consolidated 2019 £	2018 £	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total £
At 1 September 2017		1	-	-	(2,725,524)	(2,725,523)
Loss for the financial year		-	-	-	(1,451,668)	(1,451,668)
At 31 August 2018		1	-	-	(4,177,192)	(4,177,191)
Loss for the financial year		-	-	-	(1,591,386)	(1,591,386)
Issue of share capital		1	13,006,094	-	-	13,006,095
Cancellation of share premium and transfer to retained earnings		-	(13,006,094)	-	13,006,094	-
Merger reserve arising on elimination of investment in subsidiary on consolidation		-	-	(13,006,095)	-	(13,006,095)
At 31 August 2019		2	-	(13,006,095)	7,237,516	(5,768,577)

Parent company 2019 £	2018 £	Share capital £	Profit and loss account £	Total £
At 1 September 2017		-	-	-
Loss for the financial year		-	(7,300)	(7,300)
Issue of share capital		1,034	-	1,034
At 31 August 2018		1,034	(7,300)	(6,266)
Loss for the financial year		-	(1,072,673)	(1,072,673)
At 31 August 2019		1,034	(1,079,973)	(1,078,939)

GMS PARKING HOLDCO LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
Net cash flows from operating activities	15	1,173,455	387,699
Cash flows from investing activities			
Payments for additions to investment property		(1,276,236)	(1,325,622)
Payments to acquire tangible fixed assets		(10,560)	-
Net cash flows from investing activities		(1,286,796)	(1,325,622)
Cash flows from financing activities			
New long term loans		127,135	995,140
Repayment of long term loans		-	(88,460)
Interest paid and bank charges		-	(516)
Net cash flows from financing activities		127,135	906,164
Net (decrease) / Increase in cash and cash equivalents		13,794	(31,759)
Cash and cash equivalents at beginning of year		87,313	119,072
Cash and cash equivalents at end of year		101,107	87,313

GMS PARKING HOLDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

1.1 Basis of accounting

GMS Parking Holdco Limited (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown at the beginning of these accounts.

The principal activities of the Company and its subsidiaries (the Group) are set out in the Strategic Report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102), and with the Companies Act 2006.

The functional currency of GMS Parking Holdco Limited is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

GMS Parking Holdco Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments and presentation of the parent company cash flow statement.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of GMS Parking Holdco Limited and its subsidiary undertakings drawn up to 31 August each year. There is no difference between the reporting date of the financial statements of the parent company and its subsidiaries.

In the prior year GMS Parking Holdco Ltd legally acquired 100% of the share capital of GMS (Parking) Limited. The shareholders of GMS Parking Holdco and GMS (Parking) Limited were consistent before and after this acquisition. In addition, the legal acquirer, GMS Parking Holdco Limited, was set up as a shell company with nominal assets. Given GMS (Parking) Limited holds all material assets and operations, in addition to providing the operational management of the combined business, it has been treated as the accounting acquirer for the purposes of the consolidation. This represents a true and fair override which is a departure from the Company's Act in order to better reflect the substance of the transaction. As a result, the consolidated accounts as presented show GMS (Parking) Limited as the consolidating parent with net assets presented for the current and comparative period at their book value. As GMS Parking Holdco Limited has in substance been acquired in the prior period, its balance sheet is presented at fair value and its results consolidated prospectively from the acquisition date. Note that as a shell company there was no difference between the book value and fair value of the GMS Parking Holdco balance sheet, with no goodwill arising on consolidation.

Other business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (continued)

1.3 Going concern

In considering the appropriateness of the going concern basis the Board have reviewed the key risks and uncertainties to which they believe the Group and the Company are exposed, their ongoing financial commitments and the availability of sufficient resources for the next twelve months and beyond.

The Company meets its day to day working capital requirements using borrowing facilities from shareholders. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility. As the Company is not profitable and has net liabilities, the directors are in receipt of confirmation of support from the shareholders, who will provide sufficient financial support to the Company to enable it to meet its financial liabilities as and when they fall due, for a period not less than 12 months from the date of signing the financial statements.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Furniture, fittings & equipment	15%-33% per annum
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Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and financial liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (continued)

1.6 Financial Instruments (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (continued)

1.7 Taxation

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.8 Turnover

Turnover represents rental income received during the course of the year. Rental income is deferred over the rental contract term and recognised on the date that it is receivable. Turnover is stated net of VAT. The total turnover of the Group for the year has been derived from its principal activities and was wholly derived from the United Kingdom.

1.9 Other operating income

Other operating income relates to income received for activities which do not fall within the Group's principal activities.

1.10 Directors and employees

There are no employees in the Group (2018: nil) and the directors were not remunerated for their services in either year.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (continued)

1.11 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Key sources of estimation uncertainty

Revaluation of investment properties

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Directors have carried out their own valuation at year end in order to determine the fair value.

The valuation performed by the Directors was based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield. The yield used in the model is within the typical ranges reported by a number of industry sources.

The Directors are of the opinion that there are no other critical accounting judgements or key sources of estimation uncertainty during the current or preceding year.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

3 Loss before taxation

Loss before taxation is stated after charging / (crediting):

	2019 £	2018 £
Depreciation of tangible assets	8,797	8,533

4 Interest payable and similar charges

	2019 £	2018 £
On related party loans wholly repayable within five years	1,195,473	1,157,149
Bank charges	1,017	516
	1,196,490	1,157,665

GMS PARKING HOLDCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019****5. Tax on loss**

	2019 £	2018 £
The tax credit comprises:		
Current tax		
UK corporation tax on profits for the period		(119,300)
Adjustment in respect of previous periods	33,107	(24,516)
Total current tax credit	<u>33,107</u>	<u>(143,816)</u>
Deferred tax		
Origination and reversal of timing differences	(2,046)	(6,537)
Adjustments in respect of prior periods	(7,125)	28,437
Effect of changes in tax rates	215	686
Total deferred tax charge (see note 13)	<u>(8,956)</u>	<u>22,586</u>
Total tax credit on profit	<u>24,151</u>	<u>(121,230)</u>

The tax credit for the year can be reconciled to the loss per the income statement as follows:

Profit before tax	(1,567,235)	(1,572,898)
Tax on profit at standard UK corporation tax rate of 19.00% (2018: 19.00%)	(297,774)	(298,851)
Effects of:		
Expenses not deductible for tax purposes	9,614	666
Movement in deferred tax not provided for	81,689	-
Transfer pricing adjustments	204,426	172,348
Adjustments in respect of prior periods	25,982	3,921
Effect of changes in tax rates	214	686
Total tax credit for the year	<u>24,151</u>	<u>(121,230)</u>

Factor that may affect the tax rate

The Finance Act 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 August 2019 continue to be measured at a rate of 17%.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

6. Profit attributable to the parent company

As permitted by section 408 Companies Act 2006, the parent company's Profit and loss account has not been presented within these financial statements. The loss for the financial period dealt within the financial statements of the parent company is £1,072,673 (2018 loss: £7,300).

7. Tangible fixed assets

	Investment Property	Furniture, fittings and equipment	Total
	£	£	£
Cost			
At 1 September 2018	10,127,238	88,769	10,216,007
Additions	961,139	10,560	971,699
Impairment	(1,388,377)	-	(1,388,377)
At 31 August 2019	9,700,000	99,329	9,799,329
Depreciation			
At 1 September 2018	-	56,217	56,217
Charge for the year	-	8,797	8,797
At 31 August 2019	-	65,014	65,014
Net book value			
At 31 August 2019	9,700,000	34,315	9,734,315
At 31 August 2018	10,127,238	32,552	10,159,790

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. A valuation of the investment property was performed on 31 August 2019 by the Directors and determined a valuation of £9,700,000. See note 2 for further details on the valuation method used.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8. Fixed asset investments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Investment in subsidiary undertakings	-	-	13,007,129	1,034

Company

Investment in
subsidiary
undertakings
£

Cost

At 1 September 2018

Additions (see note 9)

At 31 August 2019

1,034
13,006,095
13,007,129

Subsidiary undertakings

Country of
incorporation

Principal activity

Shares held
Class %

GMS (Parking) Limited
Macintosh Village Car Park
(Management) Limited

England and Wales
England and Wales

Property development
Property management

Ordinary 100
Note *

*This company is limited by guarantee. GMS (Parking) Limited is one of approximately 90 members but currently has control of Macintosh Village Car Park (Management) Limited as it holds 75% of the members voting rights.

The registered address of all subsidiary undertakings is Kintyre House, 70 High Street, Fareham, Hampshire, England, PO16 7BB.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9. Acquisition of subsidiary undertaking

On 20 July 2018 in the prior year, GMS Parking Holdco Limited acquired 100% of the ordinary share capital of GMS (Parking) Limited. The total consideration for the acquisition was £1,034 of which was satisfied by issuing share capital in GMS Parking Holdco Limited of the same nominal value to the ultimate owners of GMS (Parking) Limited.

	£
Tangible assets	9,725,430
Current assets	706,093
Creditors	(14,399,830)
Net liabilities on acquisition	(3,968,307)
Satisfied by	
Shares issued as consideration	1,033
	1,033

As detailed in note 1, although the legal substance of the acquisition has GMS Parking Holdco Ltd as the acquirer, the accounting substance is deemed a reverse acquisition. Please refer to note 1 for further details.

In the current year, on 10 September 2018, the company recognised a further addition of £13,006,095 in respect of the investment in GMS Parking Limited. Consideration for this addition was in the form of the novation of a loan with Student Castle Limited for £13,006,095, which was novated from GMS Parking Limited to GMS Parking Holdco Limited.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	47,922	15,814	-	-
Amounts owed by group undertakings	-	-	1,595,640	-
VAT	5,120	75,272	-	-
Other debtors	113,899	339,726	-	-
Prepayments and accrued income	62,633	101,438	-	-
Deferred tax asset (see note 13)	151,794	142,838	7,377	1,495
	<u>381,368</u>	<u>675,088</u>	<u>1,603,017</u>	<u>1,495</u>

11. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	157,144	1,955,455	-	-
Other creditors	101,451	8,766	-	-
Accruals and deferred income	45,292	176,586	7,605	8,795
	<u>303,887</u>	<u>2,140,807</u>	<u>7,605</u>	<u>8,795</u>

12. Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Other loans	15,681,480	12,958,575	15,681,480	-
	<u>15,681,480</u>	<u>12,958,575</u>	<u>15,681,480</u>	<u>-</u>

Other loans of £15,681,480 represents a loan from Student Castle Limited to GMS Parking Holdco Limited. Interest is charged on this loan at a rate of 10% per annum. This loan was due for repayment on 10 September 2022, but was repaid in full on 18 December 2020, see note 17 for further details.

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13. Deferred taxation

The deferred tax asset included within debtors (note 10) is made up as follows:

	Group £	Company £
Balance at 1 September 2018	142,838	1,495
(Charged) / credited to Profit and loss account during the year	8,956	5,882
Balance at 31 August 2019	<u>151,794</u>	<u>7,377</u>

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Fixed assets timing differences	4,690	4,137	-	-
Other timing differences	-	-	-	-
Tax losses available	147,104	138,701	7,377	1,495
	<u>151,794</u>	<u>142,838</u>	<u>7,377</u>	<u>1,495</u>

The deferred tax losses are expected to be utilised against foreseeable profits and is therefore appropriate to recognise an asset in respect of this.

14. Called-up share capital

	2019 £	2018 £
Allotted, called-up and fully-paid		
100,000 Ordinary shares of £0.01 each	1,000	1,000
3,422 A Ordinary shares of £0.01 each	34	34
	<u>1,034</u>	<u>1,034</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

FOR THE YEAR ENDED 31 AUGUST 2019

15. Cash flow statement

Related party relationships and transactions

Reconciliation of operating profit to cash generated from operations:

	2019 £	2018 £
Operating profit / (loss)	1,017,632	(415,233)
Adjustment for: Depreciation	8,797	8,533
Operating cash flow before movement in working capital	1,026,429	(406,700)
(Increase) / decrease in debtors	102,882	(149,814)
Increase in creditors	44,144	944,213
Cash generated by operations	1,173,455	387,699
Income taxes paid	-	-
Net cash from operating activities	1,173,455	387,699

16. Control

The ultimate controlling parties of GMS Parking Holdco Limited are the shareholders: Mr C Cade; Mrs J Hawthorn; and Mr S Dance. Mr C Cade, due to the size of his shareholding, has significant influence over GMS Parking Holdco Limited.

17. Post balance sheet events

On 18 December 2019, Mr C Cade provided the company with a loan of £9,700,000. These funds were used to partially repay the loan due to Student Caste Limited. The balance of the loan due to Student Castle Limited was waived on the same date.

GMS PARKING HOLDCO LIMITED

GMS PARKING HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

FOR THE YEAR ENDED 31 AUGUST 2019

18. Related party relationships and transactions

The Company has taken advantage of the exemption available under FRS 102, Section 33: Related Party Disclosures whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the

2019 Group	2018	
£	£	
1,418,283	1,017,710	(related party assets)
0.3%	0.3%	Contribution
100.00%	100.00%	Shareholding contribution in voting rights
1,418,283	1,017,710	Increased by decision to increase the contribution
387,750	1,173,483	Cash generated by operations
		Income tax paid
981,000	1,173,483	Net cash from operating activities

16. Control
The ultimate controlling party of GMS Parking Holdings Limited and the subsidiaries, GMS Parking Ltd, is GMS Parking Holdings Limited. The ultimate controlling party of GMS Parking Holdings Limited is GMS Parking Holdings Limited. The ultimate controlling party of GMS Parking Holdings Limited is GMS Parking Holdings Limited.

17. Post balance sheet events
On 18 September 2019, GMS Parking Holdings Limited provided the company with a loan of £10,000. These funds were used to partially repay the loan due to GMS Parking Holdings Limited. The balance of the loan due to GMS Parking Holdings Limited was waived on the same date.