

COMPANY REGISTRATION NUMBER: SC149767

**Urban&Civic (Management) Limited**  
**Financial Statements**  
**30 September 2019**

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# **Urban&Civic (Management) Limited**

## **Financial Statements**

**Year ended 30 September 2019**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>3</b>
Independent auditor's report to the members	<b>5</b>
Statement of comprehensive income	<b>8</b>
Statement of financial position	<b>9</b>
Statement of changes in equity	<b>10</b>
Notes to the financial statements	<b>11</b>

# **Urban&Civic (Management) Limited**

## **Strategic Report**

**Year ended 30 September 2019**

The directors present their strategic report together with the audited financial statements for the year ended 30 September 2019.

### **Principal activity**

The principal activity of the company is the provision of management and administration services.

### **Review of the business**

The company's results for the year and financial position are as shown in the financial statements. It is expected that the group will continue its activities and trade satisfactorily in the forthcoming year.

### **Key performance indicators**

The key performance indicators, both financial and non-financial, disclosed in the annual report of Urban&Civic Plc, its immediate parent company during the period, are equally applicable to the Company given its activity is consistent with the aims and objectives of the wider Group.

### **Risks and uncertainties**

All financial and non-financial risks faced by the Company are contained within those detailed in the annual report of Urban&Civic Plc, its immediate parent company during the period.

This report was approved by the board of directors on 14 February 2020 and signed by order of the board by:



Urban&Civic (Secretaries) Limited  
Company Secretary

Registered office:  
4th Floor  
115 George Street  
Edinburgh  
EH2 4JN

## **Urban&Civic (Management) Limited**

### **Officers and Professional Advisers**

**The board of directors**

P A J Leech  
R E Butler  
W N Hugill  
D L Wood

**Company secretary**

Urban&Civic (Secretaries) Limited  
H Williams

**Registered office**

4th Floor  
115 George Street  
Edinburgh  
EH2 4JN

**Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

# **Urban&Civic (Management) Limited**

## **Directors' Report**

### **Year ended 30 September 2019**

The directors present their report and the financial statements of the company for the year ended 30 September 2019.

#### **Directors**

The directors who served the company during the year and to the date of this report were as follows:

P A J Leech  
R E Butler  
W N Hugill  
D L Wood

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' 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). 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 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.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

## **Urban&Civic (Management) Limited**

### **Directors' Report** *(continued)*

**Year ended 30 September 2019**

This report was approved by the board of directors on 14 February 2020 and signed by order of the board by:



Urban&Civic (Secretaries) Limited  
Company Secretary

Registered office:  
4th Floor  
115 George Street  
Edinburgh  
EH2 4JN

## **Urban&Civic (Management) Limited**

### **Independent Auditor's Report to the Members of Urban&Civic (Management) Limited**

**Year ended 30 September 2019**

#### **Opinion**

We have audited the financial statements of Urban&Civic (Management) Limited ("the Company") for the year ended 30 September 2019 which comprise the Statement of Comprehensive Income and the Statement of Financial Position, Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

## **Urban&Civic (Management) Limited**

### **Independent Auditor's Report to the Members of Urban&Civic (Management) Limited (continued)**

**Year ended 30 September 2019**

#### **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 this regard.

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

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

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

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

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 strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

## **Urban&Civic (Management) Limited**

### **Independent Auditor's Report to the Members of Urban&Civic (Management) Limited (continued)**

**Year ended 30 September 2019**

#### **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.

#### **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 at the Financial Reporting Council'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 members, as a body, 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 members those matters we are required to state to them 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Thomas Edward Goodworth (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London

14 February 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Urban&Civic (Management) Limited

## Statement of Comprehensive Income

Year ended 30 September 2019

	Note	2019 £	2018 £
<b>Turnover</b>	<b>4</b>	<b>23,466,586</b>	19,961,225
<b>Gross profit</b>		<b>23,466,586</b>	19,961,225
Administrative expenses		(19,363,605)	(17,880,752)
<b>Operating profit</b>	<b>5</b>	<b>4,102,981</b>	2,080,473
Other interest receivable and similar income	<b>8</b>	<b>465</b>	653
<b>Profit before taxation</b>		<b>4,103,446</b>	2,081,126
Tax on profit	<b>9</b>	(859,920)	(6,563)
<b>Profit for the financial year and total comprehensive income</b>		<b>3,243,526</b>	2,074,563

All the activities of the company are from continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

# Urban&Civic (Management) Limited

## Statement of Financial Position

30 September 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	311,261	453,676
<b>Current assets</b>			
Debtors	11	24,777,753	20,486,714
Cash at bank and in hand		82,822	62,912
		<u>24,860,575</u>	<u>20,549,626</u>
<b>Creditors: amounts falling due within one year</b>	12	(6,924,077)	(9,957,828)
<b>Net current assets</b>		<u>17,936,498</u>	<u>10,591,798</u>
<b>Total assets less current liabilities</b>		<u>18,247,759</u>	<u>11,045,474</u>
<b>Provisions</b>			
Taxation including deferred tax	13	(64,846)	(61,565)
<b>Net assets</b>		<u>18,182,913</u>	<u>10,983,909</u>
<b>Capital and reserves</b>			
Called up share capital	16	300,000	300,000
Profit and loss account	17	17,882,913	10,683,909
<b>Shareholders' funds</b>		<u>18,182,913</u>	<u>10,983,909</u>

These financial statements were approved by the board of directors and authorised for issue on 14 February 2020, and are signed on behalf of the board by:



D L Wood  
Director

Company registration number: SC149767

The notes on pages 11 to 19 form part of these financial statements.

# Urban&Civic (Management) Limited

## Statement of Changes in Equity

Year ended 30 September 2019

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 October 2017</b>	300,000	5,174,406	5,474,406
Profit for the year	—	2,074,563	2,074,563
<b>Total comprehensive income for the year</b>	—	2,074,563	2,074,563
Equity-settled share-based payments	—	3,434,940	3,434,940
<b>Total investments by and distributions to owners</b>	—	3,434,940	3,434,940
<b>At 30 September 2018</b>	300,000	10,683,909	10,983,909
Profit for the year	—	3,243,526	3,243,526
<b>Total comprehensive income for the year</b>	—	3,243,526	3,243,526
Equity-settled share-based payments	—	3,955,478	3,955,478
<b>Total investments by and distributions to owners</b>	—	3,955,478	3,955,478
<b>At 30 September 2019</b>	<u>300,000</u>	<u>17,882,913</u>	<u>18,182,913</u>

The notes on pages 11 to 19 form part of these financial statements.

# **Urban&Civic (Management) Limited**

## **Notes to the Financial Statements**

**Year ended 30 September 2019**

### **1. General information**

The company is a private company limited by shares, registered in Scotland under the Companies Act. The address of the registered office is 4th floor, 115 George Street, Edinburgh, EH2 4JN. The principal activity of the company is the provision of management and administration services.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis.

In preparing the financial statements of this company, advantage has been taken of the following disclosure exemptions as permitted by FRS102:

- the requirements of Section 7 Statement of Cash flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraph 11.39 to 11.48A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Urban&Civic Plc as at 30 September 2019 and these financial statements may be obtained from Companies House.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Judgements and key sources of estimation uncertainty**

The company makes certain estimates and assumptions regarding the future. These judgements and estimates affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In preparing these financial statements, the directors have made the following judgements and estimates:

#### **Share based payments**

The value of share-based payments is estimated using an option pricing model as at the date of grant and using certain assumptions.

#### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Urban&Civic (Management) Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

### 3. Accounting policies *(continued)*

#### Revenue recognition

Turnover represents fees receivable for services excluding VAT in the normal course of business.

#### Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expenses recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land & Building	-	over the length of the lease
Ride to Work	-	straight line over twelve months
Fixtures & Fittings	-	25% straight line
Equipment	-	25% straight line

# **Urban&Civic (Management) Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 30 September 2019**

### **3. Accounting policies *(continued)***

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Defined contribution plans**

Contributions to defined contribution pension schemes are charged to the profit and loss account in the year in which they become payable.

#### **Share-based payments**

The fair value of granting share awards under the Group's performance share plan, and the other share-based remuneration of the Directors and other employees, is recognised through the statement of comprehensive income. The fair value of shares awarded is calculated by using an option pricing model. The resulting fair value is amortised through the statement of comprehensive income on a straight line basis over the vesting period. The charge is reversed if it is likely that any non-market-based vesting criteria will not be met. The charge is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

#### **Trade and other debtors**

Trade and other debtors are initially recognised at fair value and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade debtors, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses. On confirmation that the trade debtor will not be collectable the gross carrying value of the asset is written off against the associated provision.

# Urban&Civic (Management) Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

### 3. Accounting policies *(continued)*

#### Financial liabilities

Financial liabilities including trade creditors, other creditors, accruals and amounts due to group undertakings are originally recorded at fair value and subsequently stated at amortised cost under the effective interest method.

### 4. Turnover

Turnover arises from:

	2019 £	2018 £
Group management fees	23,424,033	19,918,250
Other income	42,553	42,975
	<u>23,466,586</u>	<u>19,961,225</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. Operating profit

Operating profit or loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	244,402	252,420
Loss on disposal of tangible assets	—	3,464
Equity-settled share-based payments expense	<u>3,955,478</u>	<u>3,433,940</u>

Auditor's remuneration is paid by the ultimate parent company.

### 6. Staff costs

The average number of persons employed by the company during the year amounted to 87 (2018: 80).

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £	2018 £
Wages and salaries	14,231,148	12,934,777
Social security costs	1,494,853	973,307
Other pension costs	<u>580,692</u>	<u>584,418</u>
	<u>16,306,693</u>	<u>14,492,502</u>

Included within wages and salaries is an amount of £3,301,000 (2018: £2,910,000) which has been invoiced out and capitalised to development projects in fellow group companies.

# Urban&Civic (Management) Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

### 7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	1,421,800	1,399,750
Company contributions to defined contribution pension plans	198,180	197,897
	<u>1,619,980</u>	<u>1,597,647</u>

Remuneration of the highest paid director in respect of qualifying services:

	2019	2018
	£	£
Aggregate remuneration	737,000	790,000
Company contributions to defined contribution pension plans	63,000	61,000
	<u>800,000</u>	<u>851,000</u>

During the year the highest paid director exercised share options.

During the year the company paid cash in lieu of pension contributions to money purchase schemes to 3 directors (2018 - 3).

### 8. Other interest receivable and similar income

	2019	2018
	£	£
Interest on bank deposits	<u>465</u>	<u>653</u>

### 9. Tax on profit

#### Major components of tax expense

	2019	2018
	£	£
<b>Current tax:</b>		
UK current tax expense	856,639	—
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>3,281</u>	<u>6,563</u>
<b>Tax on profit</b>	<u>859,920</u>	<u>6,563</u>

# Urban&Civic (Management) Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2019

### 9. Tax on profit (continued)

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year varies from the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit on ordinary activities before taxation	4,103,446	2,081,126
Profit on ordinary activities by rate of tax	779,260	395,414
Effect of expenses not deductible for tax purposes	797,979	738,408
Group relief	(730,958)	(1,133,822)
Deferred tax charge (as above)	3,281	6,563
Tax losses and other items	10,358	—
Tax on profit	859,920	6,563

### 10. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>					
At 1 October 2018	666,763	11,171	189,964	369,234	1,237,132
Additions	17,408	2,585	32,551	51,508	104,052
Disposals	—	(3,522)	—	(45,910)	(49,432)
<b>At 30 September 2019</b>	<b>684,171</b>	<b>10,234</b>	<b>222,515</b>	<b>374,832</b>	<b>1,291,752</b>
<b>Depreciation</b>					
At 1 October 2018	385,752	10,039	146,021	241,644	783,456
Charge for the year	122,874	1,384	37,593	82,551	244,402
Disposals	—	(3,522)	—	(43,845)	(47,367)
<b>At 30 September 2019</b>	<b>508,626</b>	<b>7,901</b>	<b>183,614</b>	<b>280,350</b>	<b>980,491</b>
<b>Carrying amount</b>					
<b>At 30 September 2019</b>	<b>175,545</b>	<b>2,333</b>	<b>38,901</b>	<b>94,482</b>	<b>311,261</b>
At 30 September 2018	281,011	1,132	43,943	127,590	453,676

### 11. Debtors

	2019 £	2018 £
Trade debtors	12,569	15,713
Amounts owed by group undertakings	—	66
Prepayments and accrued income	24,656,941	20,410,379
Other debtors	108,243	60,556
	<b>24,777,753</b>	<b>20,486,714</b>

# Urban&Civic (Management) Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

### 12. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	223,158	288,127
Amounts owed to group undertakings	745,459	5,226,480
Accruals and deferred income	4,622,320	4,031,036
Corporation tax	856,639	—
Social security and other taxes	477,098	350,744
Other creditors	(597)	61,441
	<u>6,924,077</u>	<u>9,957,828</u>

### 13. Provisions

	Deferred tax
	£
At 1 October 2018	61,565
Additions	3,281
At 30 September 2019	<u>64,846</u>

### 14. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £580,692 (2018: £584,418).

### 15. Share-based payments

The company operates an equity-settled share-based payment scheme for all Executive Directors and certain employees. Options are granted over the parent company's shares that are capable of vesting on the third anniversary of issue dependent on certain performance conditions having been met. In the year ended 30 September 2019, options over 1,981,452 shares (30 September 2018: 2,090,636 shares) were awarded to Directors and other participating staff. The performance conditions attached to these awards are as follows:

- EPRA net asset value must increase by greater than 5.0 per cent per annum for 25 per cent vesting and must increase by greater than 12.0 per cent per annum for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis for outperform between 5.0 per cent per annum and 12.0 per cent per annum; and
- total shareholder return must increase by more than 5.0 per cent per annum for 25 per cent vesting and must increase by more than 12.0 per cent per annum for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis for outperform between 5.0 per cent per annum and 12.0 per cent per annum.

Awards will lapse if not vested at the end of the vesting period.

# Urban&Civic (Management) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 30 September 2019

The performance conditions for the awards granted in the period run from 1 October 2018 to 30 September 2021.

Options granted prior to 30 September 2017 had the following performance conditions attached:

- EPRA net asset value must increase by greater than 3.0 per cent per annum more than RPI for 25 per cent vesting and must increase by greater than 12.5 per cent per annum more than RPI for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis for outperform between 3.0 per cent per annum and 12.5 per cent per annum; and
- total shareholder return must be equal to the movement in the FTSE 350 Real Estate Index for 25 per cent vesting and must fall within the upper quartile of relative performance of the FTSE 350 Real Estate Index for 100 per cent vesting. Shares will vest on a pro-rated, straight line basis for outperform between the medium and upper quartile.

At 30 September 2018 there were 10,345 vested share awards outstanding that were acquired as part of the business combination in May 2014 and had a weighted average exercise price of 20.0p. At 30 September 2019, all of these options remain vested but not exercised.

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

	2019		2018	
	No.	WAEP	No.	WAEP
Outstanding at 1 October 2018	5,176,038	0.01	5,059,044	0.08
Granted during the year	1,981,452	–	2,090,636	–
Exercised during the year	(466,510)	–	(339,976)	0.19
Expired during the year	(528,644)	0.08	(1,633,666)	0.20
Outstanding at 30 September 2019	<u>6,162,336</u>	<u>–</u>	<u>5,176,038</u>	<u>0.01</u>
Exercisable at 30 September 2019	<u>10,345</u>	<u>–</u>	<u>10,345</u>	<u>–</u>

The total expense recognised in profit or loss for the year is as follows:

	2019	2018
	£	£
Equity-settled share-based payments	<u>3,955,478</u>	<u>3,433,940</u>

The fair value of the awards in the year ended 30 September 2019 was calculated by using an option pricing model involving six variables: share price, exercise price, expected term, expected dividend yield, expected volatility and risk free interest rate. For each valuation, the expected volatility was determined by reference to historical volatility over a period of time commensurate with the remainder of the performance period immediately prior to the date of grant. This value is charged to the statement of comprehensive income over the vesting period. The weighted average share price on the date of the awards exercised in the year was 304.0p (2018: 305.0p).

The inputs into the option pricing model are as follows:

	2019	2018
Expected volatility - %	<u>24.39</u>	<u>23.47</u>
Expected life - years	<u>3.00</u>	<u>3.00</u>
Risk-free interest rate - %	<u>0.74</u>	<u>0.81</u>
Grant date share price - £	<u>2.76</u>	<u>3.00</u>

# Urban&Civic (Management) Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

### 16. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

### 17. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 18. Related party transactions

The company has taken advantage of the exemption allowed by FRS 102 Section 33, 'Related Party Disclosures', not to disclose any transactions with entities that are included in the consolidated financial statements of Urban&Civic Plc and are 100% owned.

### 19. Controlling party

The company's immediate parent undertaking is Urban&Civic Plc, a company incorporated in Scotland.

The largest and smallest group in which the results of the company are consolidated is that headed by Urban&Civic Plc, incorporated in Scotland. The consolidated accounts are available to the public and may be obtained from companies House. No other group accounts include the results of the company.