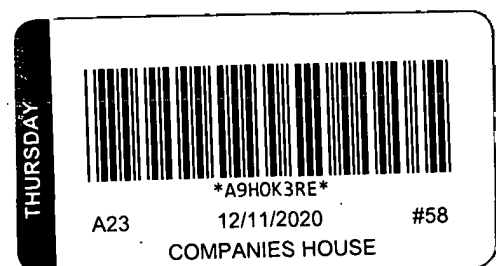


# **Saba Infra UK Limited**

## **Annual Report and Financial Statements**

Registered number 03027706

For the year ended 31 December 2019



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## Strategic Report

The directors of Saba Infra UK Limited (the "Company") present their annual report and audited financial statements for the year ended 31 December 2019.

### Principal activity and business review

The principal activity of the Company during the year was the provision of services in the car parking market, including operating car parks on behalf of clients, providing car parking enforcement services, operating the Company's own leased and concession car parks, and providing services ancillary to car parking.

Revenues and costs were derived from the provision of the services outlined above. The Company charged clients management fees for the provision of car park management or car parking enforcement services and derived revenue from tariff income from its own leased and concession car parks. Revenue was also derived from ancillary services.

### Subsequent events

The global crisis surrounding the Coronavirus disease has impacted the Company's trading operations and results from March 2020 onwards. Whilst it is not possible to predict the full impact at this time, the Company is able to continue to be in operation as it retains the support of its parent company.

### Key Performance Indicators

The directors consider that client-driven KPIs under management and service contracts and measurement of traffic volumes against business plan under lease and concession contracts to be the key non-financial KPIs. The key financial KPIs are considered to be turnover and gross profit. These have performed as follows during the year:

	2019	2018	Change
	£	£	%
Turnover	5,086,328	5,557,396	-8.5%
Gross profit	172,659	709,916	-75.7%
Debtors turnover	16 days	11 days	+45.4%

The change in turnover and profitability was largely caused by the net effect of changes in the contract portfolio.

### Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. The Company is party to a formalised cash pooling facility dated 14 April 2014 and so shares banking arrangements and available funds with its parent and fellow subsidiaries.

A combination of the following factors mean that the directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing the financial statements:

- the level of the Company's forecast operating cash flows; and
- the aforementioned cash pooling facility providing adequate funds.

The directors believe that the above will enable the Company to meet its financial liabilities as and when they fall due, including repayment of any trading balances with group undertakings.

### Risks and uncertainties

The main risks facing the Company are that a) performance standards (client-driven KPIs) are not met under management or service contracts and that resulting contractual penalties reduce turnover, b) traffic volumes do not meet the business plan on leased and concession contracts and c) contracts are not won or renewed at a rate exceeding that at which they expire.

The Company's activities also expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. If financial derivatives are used then these would be approved by the board of directors.

### Cash flow risk

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

## **Strategic Report** *(continued)*

### **Credit risk**

The Company's principal financial assets are bank balances and cash, trade and other debtors.

The Company's credit risk is primarily attributable to its trade debtors. The amounts 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.

The Company has no significant concentration of credit risk, with exposure either spread over a large number of counterparties and customers or laying with public bodies.

### **Liquidity risk**

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance and a cash pooling arrangement with its fellow UK group companies.

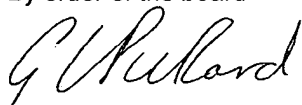
### **Future developments**

The directors expect the general level of activity to be lower in the forthcoming year. This is as a result of one contract coming to an end. New contracts will be entered into as suitable opportunities arise.

### **Other matters**

The Company is funded by a formalised cash pooling facility as at 31 December 2019, which was put in place on 14 April 2014 with other fellow subsidiary companies within the Saba UK group of companies.

By order of the board



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**Gary Pickard**  
Director

Date: 29th October 2020

Oak House  
Reeds Crescent  
Watford  
Herts  
WD24 4PH

## Directors' Report

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

### Results

The results for the year are set out on page 8, and the Company's Balance Sheet at the year end is set out on page 9. The loss for the financial year amounted to £592,188 (2018: profit £79,466).

### Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

### Political contributions

The Company did not make any political contributions or incur any political expenditure during the year (2018: £nil).

### Directors

The directors who held office during the year were as follows:

P. D. Herring  
G. C. Pickard  
J. Oriol Carreras

### Qualifying third party indemnity

Certain directors benefited from the qualifying third party indemnity provisions in place during the financial year and the date of this report.

### Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as directors to make themselves 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 s418 of the Companies Act 2006.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Constantin will therefore continue in office.

In accordance with section 414C of the Companies Act 2006 the following details are discussed in the Strategic report:

- Future developments
- Financial risk exposure
- Financial risk and management objectives

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006, with the exception that the directors have chosen to prepare a Strategic Report.

By order of the board



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**Gary Pickard**  
Director

Date: 29th October 2020

Oak House  
Reeds Crescent  
Watford  
Herts  
WD24 4PH

## **Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Financial Reporting Standard 101 for Reduced Disclosure Framework*.

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent Auditor's Report to the members of Saba Infra UK Limited**

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

### **Opinion**

In our opinion the financial statements of Saba Infra UK 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 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account and Other Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related Notes 1 to 24, which include a statement of 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 101 Reduced Disclosure Framework (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.

## **Independent Auditor's Report to the members of Saba Infra UK Limited *(continued)***

### **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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities on page 4, 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 on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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 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.

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 any material misstatements in the Strategic Report or the Directors' Report.



## **Independent Auditor's Report to the members of Saba Infra UK Limited** *(continued)*

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

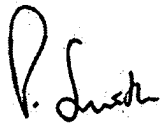
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

### **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.



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**Peter Smith (Senior Statutory Auditor)**

for and on behalf of Constantin, Chartered Accountants and Statutory Auditors

25 Hosier Lane

London

EC1A 9LQ

Date: 29 October 2020

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2019*

	Note	2019 £	2018 £
<b>Turnover</b>	4	<b>5,086,328</b>	5,557,396
Cost of sales		<b>(4,913,669)</b>	(4,847,480)
<b>Gross profit</b>		<b>172,659</b>	709,916
Administrative expenses		<b>(539,066)</b>	(723,001)
Other operating income	6	<b>243,266</b>	162,034
<b>Operating (loss)/profit</b>	5	<b>(123,141)</b>	148,949
Interest receivable and similar income	8	<b>22,929</b>	8,051
Interest payable and similar expenses	9	<b>(603,530)</b>	-
<b>(Loss)/profit before taxation</b>		<b>(703,742)</b>	157,000
Tax on (loss)/profit	10	<b>111,554</b>	(77,534)
<b>(Loss)/profit for the financial year</b>		<b>(592,188)</b>	79,466
<b>Other comprehensive income for the year, net of income tax</b>		-	-
<b>Total comprehensive (expense)/income for the year</b>		<b>(592,188)</b>	79,466

All transactions arise from continuing operations.

The notes on pages 11 to 34 form an integral part of these financial statements.

## Balance Sheet

At 31 December 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	12	4,359,314	4,232,433
Investments	13	4	4
Right-of-use-assets	11	18,758,118	-
		<u>23,117,436</u>	<u>4,232,437</u>
<b>Current assets</b>			
Debtors	15	959,109	988,293
Cash at bank and in hand		79,053	1,168,738
		<u>1,038,162</u>	<u>2,157,031</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(4,693,076)</u>	<u>(2,551,611)</u>
<b>Net current liabilities</b>		<u>(3,654,914)</u>	<u>(394,580)</u>
Total assets less current liabilities		<u>19,462,522</u>	<u>3,837,857</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(16,532,014)</u>	<u>-</u>
Deferred tax liability	14	(71,534)	(71,534)
Provisions	20	(260,000)	(575,161)
		<u>2,598,974</u>	<u>3,191,162</u>
<b>Net assets</b>		<u>2,598,974</u>	<u>3,191,162</u>
<b>Capital and reserves</b>			
Called up share capital	18	13,500,000	13,500,000
Profit and Loss Account		<u>(10,901,026)</u>	<u>(10,308,838)</u>
<b>Shareholders' funds</b>		<u>2,598,974</u>	<u>3,191,162</u>

The notes on pages 11 to 34 form an integral part of these financial statements.

The financial statements of Saba Infra UK Limited (registered number 03027706) were approved by the board of directors and authorised for issue on 29th October 2020. They were signed on its behalf by:



**Gary Pickard**  
Director

## Statement of Changes in Equity

At 31 December 2019

	Called up share capital £	Profit and Loss Account £	Total shareholders' funds £
<b>Balance at 1 January 2019</b>	<b>13,500,000</b>	<b>(10,308,838)</b>	<b>3,191,162</b>
<b>Total comprehensive expense for the year</b>			
Loss for the year	-	(592,188)	(592,188)
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>(592,188)</b>	<b>(592,188)</b>
<b>Balance at 31 December 2019</b>	<b>13,500,000</b>	<b>(10,901,026)</b>	<b>2,598,974</b>

	Called up share capital £	Profit and Loss Account £	Total shareholders' funds £
<b>Balance at 1 January 2018</b>	<b>13,500,000</b>	<b>(10,388,304)</b>	<b>3,111,696</b>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	79,466	79,466
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>79,466</b>	<b>79,466</b>
<b>Balance at 31 December 2018</b>	<b>13,500,000</b>	<b>(10,308,838)</b>	<b>3,191,162</b>

The notes on pages 11 to 34 form an integral part of these financial statements.

## Notes

### 1 General information

Saba Infra UK Limited is a private company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 03027706 and the registered address is Oak House, Reeds Crescent, Watford, Herts, WD24 4PH, England.

The Company is exempt by virtue subject to the small companies regime, of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

### 2 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates.

The Company's ultimate parent undertaking, Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "La Caixa" Foundation includes the Company in its consolidated financial statements. The consolidated financial statements of Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "La Caixa" Foundation are available to the public and may be obtained from Oak House, Reeds Crescent, Watford, Herts, WD24 4PH.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "La Caixa" Foundation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

## **Notes** (continued)

### **2 Accounting policies** (continued)

#### **2.1 Change in accounting policy**

The Company has adopted the following IFRSs in these financial statements:

IFRS 15: Revenue from Contracts with Customers, was issued in May 2014 and has been implemented by the Company from 1 January 2018. The standard provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised to show the transfer of promised goods and services to customers in an amount that reflects the consideration which the Company expects to be entitled to in exchange for those goods and services.

After analysis, the new standard has been found to have no impact on the amount or timing of recognition of reported revenue in the current nor in the prior reporting period. The new standard is not expected to have a material impact on future anticipated revenues.

IFRS 9: Financial Instruments, was issued in July 2014 and has been implemented by the Company from 1 January 2018. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

IFRS 9 does not replace the requirements for portfolio fair value hedge accounting for interest rate risk. The new standard is not expected to have a material impact on future financial instruments.

New and amended standard adopted by the Company

#### **IFRS 16: Leases**

IFRS 16: Leases, was issued in January 2016 and has been implemented by the Company from 1 January 2019. Under this standard, the lessee is required to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying assets have a low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. This standard can be adopted using the modified retrospective approach or the full retrospective approach and is effective for an entity's first annual reporting periods beginning on or after 1 January 2019.

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below.

#### *Definition of a lease*

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained below.

On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

#### *As a lessee*

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

## Notes (continued)

### 2 Accounting policies (continued)

#### 2.1 Change in accounting policy (continued)

##### *Leases classified as operating leases under IAS 17*

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019.

Right-of-use assets were measured at either:

- their carrying amount as if IFRS 16 has been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all leases impacted by IFRS 16.

The Company has used its assessment of whether leases were onerous, applying IAS 37 at 31 December 2018 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition. The Company would have adjusted the right-of-use assets at the date of transition by the amount of provision in respect of onerous leases recognised at 31 December 2018.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- it did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- it did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- it excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term; and
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

##### *Leases classified as finance leases under IAS 17*

For these finance leases, the carrying amount of the right-of-use assets was determined at the carrying amount of the lease asset under IAS 17 at 31 December 2018. There was no change made to the lease liability.

This table summarises the quantitative impact of adopting IFRS 16 on the Company's financial statements for the year ended 31 December 2019.

	As reported	Adjustments	Balance without adoption of IFRS 16
	£	£	£
<b>Balance Sheet</b>			
IFRS 16 Right of Use Assets	20,636,557	20,636,557	-
Amounts owed by group undertakings	271,677	(518,879)	790,556
IFRS 16 Lease liabilities (current)	(2,107,899)	(2,107,899)	-
IFRS 16 Lease liabilities (non-current)	(18,009,779)	(18,009,779)	-
Retained earnings		0.00	

## Notes (continued)

### 2 Accounting policies (continued)

#### 2.1 Change in accounting policy (continued)

##### Leases classified as finance leases under IAS 17 (continued)

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.00%.

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 December 2018 in the Company's financial statements and the lease liabilities recognised at 1 January 2019:

	1 January 2019 £
Operating lease commitments at 31 December 2018 as disclosed under IAS 17	24,373,090
Discounted using the incremental borrowing rate at 1 January 2019	(4,255,412)
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>20,117,678</b>

#### 2.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

- Financial Instruments:

Financial instruments classified as fair value through the profit or loss or as available-for-sale; and

- Investment Property:

Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### 2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. The Company is party to a formalised cash pooling facility dated 14 April 2014 and so shares banking arrangements and available funds with its parent and fellow subsidiaries.

A combination of the following factors mean that the directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing the financial statements:

- the level of the Company's forecast operating cash flows; and
- the aforementioned cash pooling facility providing adequate funds.

The directors believe that the above will enable the Company to meet its financial liabilities as and when they fall due, including repayment of any trading balances with group undertakings.



## **Notes** *(continued)*

### **2 Accounting policies** *(continued)*

#### **2.4 Turnover**

Turnover represents the total amount of consideration due in the ordinary course of business for goods and services provided under contracts and excludes value added tax.

Turnover comprises:

- Car parking tariffs. Tariffs from daily parking are recognised on the day of parking. Permit income is recognised on purchase of the permit unless the permit is for longer than a month in which case income is recognised on a time apportioned basis with that in advance being carried forward as deferred income;
- Management fee income, which is recognised in the month to which the services provided relate; and
- Ancillary goods and services provided, which are recognised in turnover when the goods or services have been delivered or provided to the client or customer.

The majority of car parking tariffs are paid by cash or card. Invoices raised for management fees are usually on payment terms of no more than 30 days.

#### **2.5 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in Other Comprehensive Income.

## Notes (continued)

### 2 Accounting policies (continued)

#### 2.6 Expenses

##### *Operating lease payments (policy applicable before 1 January 2019)*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense

##### *Finance lease payments (policy applicable before 1 January 2019)*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. See 2.12 for the accounting policy applicable after 1 January 2019.

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance expense on lease liabilities (prior to 1 January 2019 finance leases under IAS 17) recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income includes interest receivable on funds invested, interest income on lease receivables (prior to 1 January 2019 unearned finance income) and net foreign exchange gains.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 2.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in Equity or Other Comprehensive Income, in which case it is recognised directly in Equity or Other Comprehensive Income.

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

Deferred tax is provided on material temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

##### *Group relief*

The Company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of this group that such losses will be paid for by the recipient Company at 100% of the tax value. Where there is reasonable certainty that taxable losses can be relieved, the group relief receivable or payable is included in the taxation charge or credit for the period and the corresponding intercompany receivable or payable is recognised in the Balance Sheet.

## Notes (continued)

### 2 Accounting policies (continued)

#### 2.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described in note 2.6.

The Company assesses at each reporting date whether assets are impaired.

Depreciation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- |                                   |  |
|-----------------------------------|--|
| • Motor vehicles                  | 3 - 5 years  |
| • Freehold and leasehold property | Over remaining life of the lease                                   |
| • Plant and machinery             | The shorter of 10 years and remaining life of the related contract |

Depreciation methods, useful lives and residual values are reviewed at each Balance Sheet date.

#### 2.9 Impairment of non-financial assets excluding deferred tax assets

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

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

## **Notes** *(continued)*

### **2 Accounting policies** *(continued)*

#### **2.10 Provisions**

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### **2.11 Financial instruments**

##### **(i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### **(ii) Classification and subsequent measurement**

###### *Financial assets*

###### *(a) Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes (continued)

### 2 Accounting policies (continued)

#### 2.11 Financial instruments (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

##### *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less impairment.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *(b) Subsequent measurement and gains and losses*

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### *Financial liabilities and equity*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## **Notes** *(continued)*

### **2 Accounting policies** *(continued)*

#### **2.11 Financial instruments** *(continued)*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **(iii) Derivative financial instruments and hedging**

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Profit and Loss Account.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied - see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the Profit and Loss Account in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Profit and Loss Account immediately.

##### *Fair value hedges*

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the Profit and Loss Account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the Profit and Loss Account (even if those gains would normally be recognised directly in reserves).

#### **(iv) Impairment**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

## Notes (continued)

### 2 Accounting policies (continued)

#### 2.11 Financial instruments (continued)

##### (iv) Impairment (continued)

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

##### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### 2.12 Leases

##### **Leases**

i) Leases - Lease usually relates to property or office equipment. Lease terms are negotiated on an individual basis and do not impose any covenants. The lease term is determined by the non-cancellable period of the lease, together with; optional renewable periods if the Company is reasonably certain to extend; and periods after an optional termination date if the Company is reasonably certain not to terminate early.

##### **As a Lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date in line with IFRS 16 Leases. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## Notes (continued)

### 2 Accounting policies (continued)

#### 2.12 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The determination of this rate is a significant estimate included and explained in note 2.3.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### i) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract. The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset. As such the sublease is treated as a finance lease.

##### ii) Leases for year ended 31 December 2018

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/liability. This asset/liability is not discounted. Any contingent rents are expensed in the year they are incurred.



## **Notes** *(continued)*

### **3 Accounting estimates and judgements**

The preparation of financial statements under the FRS101 requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements.

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

#### ***Measurement of financial instruments at fair value***

Fair value is determined on the basis of the following three models or levels:

- Level 1: quoted prices on an active market: whenever quoted prices on an active market are available, these are used in priority to determine fair value. Marketable securities and some listed bond loans are measured in this way.
- Level 2: internal model using internal measurement techniques with observable factors: these techniques use the usual mathematical computation methods, which incorporate observable market data (forward prices, yield curves, etc.). The calculation of the fair value of most derivative financial instruments (swaps, caps, floors, etc.), traded on markets is made on the basis of models commonly used by market participants to price such financial instruments. Every quarter, the internally calculated values of derivative instruments are checked for consistency with the values sent to us by the counterparties.
- Level 3: internal model using non-observable factors: this model applies only for holdings of unlisted shares, which, in the absence of an active market, are measured at their cost of acquisition plus transaction costs.

#### ***Values used in impairment tests***

The assumptions and estimates made to determine the recoverable amount of investments and tangible fixed assets, relate in particular to the assessment of market prospects needed to estimate the cash flows, and discount rates adopted. Any change in assumptions could have a material effect on the recoverable amount and could entail a change in the impairment losses to recognise.

#### ***IFRS 16***

The lease liabilities were calculated using the Company's incremental borrowing rate at 1 January 2019. The weighted average rate applied is 3%.

#### ***The factors that materially influence the amount of provisions relate to:***

- The forecasts of expenditures on major maintenance over several years used as a basis for the provisions for the obligation to maintain the condition of infrastructure under concession. These forecasts are estimated taking account of indexation clauses included in construction and civil engineering contracts;
- The estimates of forecast profit or loss on operation of the car parking facilities, which serve as a basis for the determination of onerous contracts, recognising the shortfall of forecast income below rentals and other costs over the life of the lease; and
- The discount rates used to determine the present value of these provisions.

## Notes (continued)

### 4 Turnover

	2019 £	2018 £
Turnover from car park operations in the UK	<u>5,086,328</u>	<u>5,557,396</u>

### 5 Operating profit/(loss)

	2019 £	2018 £
<i>Operating profit/(loss) has been arrived at after:</i>		
Depreciation of tangible fixed assets	122,505	322,399
Operating lease expenditure (see note 22)	<u>-</u>	<u>2,050,976</u>

Audit fees of £4,612 were borne by a fellow subsidiary company (2018: £4,500).

Leases recognised in the statement of profit or loss

	2019 £	2018 £
Depreciation charged on right of use assets:		
Leasehold premises	<u>1,975,388</u>	<u>-</u>
	<u>1,975,388</u>	<u>-</u>
Interest expense (included in finance cost)	<u>603,530</u>	<u>-</u>

## Notes (continued)

### 6 Other operating income

	2019 £	2018 £
Clients' costs rebilled to them	243,266	162,034
	<u>243,266</u>	<u>162,034</u>

### 7 Staff numbers and cost

Except for the directors, the Company had no employees during the year (2018: none). None of the directors received any remuneration from the Company during the year (2018: £nil).

### 8 Interest receivable and similar income

	2019 £	2018 £
Interest income from group undertakings	22,929	8,051
Total interest receivable and similar income	<u>22,929</u>	<u>8,051</u>

### 9 Interest payable and similar expenses

	2019 £	2018 £
Interest payable on lease liabilities	603,530	-
Total interest payable and similar expenses	<u>603,530</u>	<u>-</u>

## Notes (continued)

### 10 Taxation

#### Recognised in the Profit and Loss Account:

	2019 £	2018 £
<b>Current tax (credit)/expense</b>		
Current tax on income for the year	(111,512)	60,532
Adjustments in respect of prior years	(42)	(22,726)
<b>Current tax (credit)/expense</b>	<b>(111,554)</b>	<b>37,806</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	19,656
Adjustment in respect of prior years	-	20,072
<b>Deferred tax expense</b>	<b>-</b>	<b>39,728</b>
<b>Tax (credit)/expense in Profit and Loss Account</b>	<b>(111,554)</b>	<b>77,534</b>

#### Reconciliation of tax expense

The current tax (credit)/charge for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below.

	2019 £	2018 £
(Loss)/profit for the year	(592,188)	79,466
Total tax (credit)/expense	(111,554)	77,534
<b>(Loss)/profit excluding taxation</b>	<b>(703,742)</b>	<b>157,000</b>
Tax using the UK corporation tax rate of 19% (2018: 19%)	(133,711)	29,830
Non-deductible expenses	-	50,185
Effect of changes in tax rate	-	(2,313)
Adjustments to current tax in respect of prior years	(42)	(22,726)
Adjustments to deferred tax in respect of prior years	-	20,072
Fixed assets ineligible depreciation	22,199	-
Other tax adjustments, reliefs and transfers	-	2,486
<b>Total tax (credit)/expense</b>	<b>(111,554)</b>	<b>77,534</b>

#### Factors that may affect future current and total tax charges:

The Finance (No. 2) Act 2015 which was published on 18 November 2015 includes legislation reducing the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2017, with a further reduction to 18% with effect from 1 April 2020. The Finance Act 2016 which was published on 15 September 2016 announced a further reduction to 17% with effect from 1 April 2020. These reductions have been enacted at the Balance Sheet date and have been reflected in the deferred tax recognised on the Balance Sheet.

Deferred tax has only been recognised to the extent that there is a reasonable expectation that the asset can be utilised in the immediately foreseeable future.

## Notes (continued)

### 11 Right-of-use asset

	Leasehold premises £	Total £
<b>Cost</b>		
Asset recognised upon adoption of IFRS 16	20,636,557	20,636,557
Additions	96,949	96,949
Balance as at 31 December 2019	<u>20,733,506</u>	<u>20,733,506</u>
<b>Accumulated depreciation and impairment</b>		
Charge for the year	1,975,388	1,975,388
Balance as at 31 December 2019	<u>1,975,388</u>	<u>1,975,388</u>
<b>Net book value</b>		
At 31 December 2019	<u>18,758,118</u>	<u>18,758,118</u>
At 31 December 2018	<u>-</u>	<u>-</u>

### 12 Tangible fixed assets

	Freehold and Leasehold property £	Motor vehicles £	Plant and machinery £	Total £
<b>Cost</b>				
Balance at 1 January 2019	4,901,010	9,229	418,634	5,328,873
Additions	126,936	-	122,450	249,386
Balance at 31 December 2019	<u>5,027,946</u>	<u>9,229</u>	<u>541,084</u>	<u>5,578,259</u>
<b>Depreciation</b>				
Balance at 1 January 2019	694,434	9,229	392,777	1,096,440
Depreciation charge for the year	116,838	-	5,667	122,505
Balance at 31 December 2019	<u>811,272</u>	<u>9,229</u>	<u>398,444</u>	<u>1,218,945</u>
<b>Net book value</b>				
At 31 December 2018	<u>4,206,576</u>	<u>-</u>	<u>25,857</u>	<u>4,232,433</u>
At 31 December 2019	<u>4,216,674</u>	<u>-</u>	<u>142,640</u>	<u>4,359,314</u>

## Notes (continued)

### 13 Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
Balance at 1 January 2019	4
Additions in the year	-
	<hr/>
Balance at 31 December 2019	4
	<hr/>
<b>Impairment</b>	
Balance at 1 January 2019	-
	<hr/>
Balance at 31 December 2019	-
	<hr/>
<b>Net book value</b>	
At 31 December 2018	4
	<hr/>
At 31 December 2019	4
	<hr/>

The Company has the following investments in subsidiaries:

Company	Registered office address	Class of Ownership shares held	Ownership	
			2019	2018
Saba Infra Cambridgeshire Limited	Oak House, Reeds Crescent, Watford, Hertfordshire, WD24 4PH, United Kingdom	Ordinary	100%	100%
Saba Infra Gloucestershire Limited	Oak House, Reeds Crescent, Watford, Hertfordshire, WD24 4PH, United Kingdom	Ordinary	100%	100%
Saba Infra Hertfordshire Limited	Oak House, Reeds Crescent, Watford, Hertfordshire, WD24 4PH, United Kingdom	Ordinary	100%	100%
Saba Infra Liverpool Limited	Oak House, Reeds Crescent, Watford, Hertfordshire, WD24 4PH, United Kingdom	Ordinary	100%	100%

The reporting date of subsidiaries is the 31 December 2019.

## Notes (continued)

### 14 Deferred tax liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Fixed assets	-	-	(71,534)	(71,534)	(71,534)	(71,534)
Net tax liabilities	-	-	(71,534)	(71,534)	(71,534)	(71,534)

#### Movement in recognised deferred tax during the year

	1 January 2019 £	Recognised in income £	31 December 2019 £
Fixed assets	(71,534)	-	(71,534)
	(71,534)	-	(71,534)

#### Movement in deferred tax during the year 2018

	1 January 2018 £	Recognised in income £	31 December 2018 £
Fixed assets	(31,805)	(39,729)	(71,534)
	(31,805)	(39,729)	(71,534)

## Notes (continued)

### 15 Debtors

	2019 £	2018 £
Trade debtors	221,081	164,500
Amounts owed by group undertakings*	588,319	790,556
Prepayments and accrued income	38,197	33,237
Corporation tax receivable	111,512	-
	<u>959,109</u>	<u>988,293</u>

\*Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at the Bank of England base rate + 1%.

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

	2019 £	2018 £
Trade creditors	358	-
Other creditors	5,357	4,818
Taxation and social security	104,598	106,929
Amounts owed to group undertakings*	1,097,784	959,614
Accruals and deferred income	258,693	301,389
Redeemable preference shares classified as liabilities (See note 18)	1,000,000	1,000,000
Corporation tax	60,489	178,861
Lease obligations for right-of-use asset	2,165,797	-
	<u>4,693,076</u>	<u>2,551,611</u>

\*Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at the Bank of England base rate + 1%.

### 17 Creditors: amounts falling after more than year

	2019 £	2018 £
Lease obligations for right of use asset	16,532,014	-
	<u>16,532,014</u>	<u>-</u>



## Notes (continued)

### 18 Called up share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid:</b>		
13,500,000 ordinary share of £1 each	13,500,000	13,500,000
Cumulative preference shares of £1	1,000,000	1,000,000
	<hr/>	<hr/>
Shares classified as liabilities	1,000,000	1,000,000
Shares classified as shareholder funds	13,500,000	13,500,000

### Ordinary shares

Ordinary shares are classified in shareholders' funds. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### Preference shares

Preference shares are presented as financial liabilities.

The preference shares are redeemable at par at the option of the Company or the shareholders upon giving three months' notice.

The preference shareholders are entitled to a fixed dividend at a rate of nil percent. On winding up, the preference shareholders are only entitled to the capital paid on such shares and this payment will be made in priority to any payments made to the holder of ordinary shares.

With exception of resolutions concerning the winding up of the Company, amendments to the Company's share capital, the sale of the Company, altering the objects of the Company, varying abrogating any of the special rights of privileges attached to the preferences shares and any resolutions if the dividend on the preference shares is more than six months in arrears, the preference shareholders have no voting rights.

### 19 Lease obligations

	2019 £	2018 £
Lease obligation for right of use assets:		
Current	2,165,797	-
Non current	16,532,014	-
	<hr/>	<hr/>
	18,697,811	-
	<hr/>	<hr/>

## Notes (continued)

### 20 Provisions

	Litigation provision £	Dilapidation provisions £	Total £
Balance at 1 January 2019	435,161	140,000	575,161
Provisions (released)/made during the year	(335,161)	20,000	(315,161)
<b>Balance at 31 December 2019</b>	<b>100,000</b>	<b>160,000</b>	<b>260,000</b>
<b>Current</b>	100,000	60,000	160,000
<b>Non-Current</b>	-	100,000	100,000
	<b>100,000</b>	<b>160,000</b>	<b>260,000</b>

#### Dilapidation provisions

Dilapidation provisions are made in respect of leased and other premises where there is an obligation to reinstate assets at the end of associated contracts. Amounts are assessed by management based on historical data and valuations.

#### Litigation provision

Litigation provisions are made in respect of actions brought against the Company by third parties. These actions are settled as they become due.

## Notes (continued)

### 21 Financial instruments

#### Categories of financial instruments held at fair value

The Company has no financial assets or liabilities measured at fair value through profit or loss.

The Company has the following financial assets and liabilities measured at fair value and held for trading:

	2019 £	2018 £
<b>Financial assets</b>		
Amounts owed by group undertakings - current	588,319	790,556
Trade debtors - current	221,081	164,500
<b>Financial liabilities</b>		
Amounts owed to group undertakings - current	(1,097,784)	(959,614)
Redeemable preference shares classified as liabilities (See note 18)	(1,000,000)	(1,000,000)
Trade creditors - current	(2,171,512)	(4,818)

There are no differences between the fair value of financial assets and liabilities and their carrying amounts as shown in the Balance Sheet.

#### Derivative financial instruments

The Company held no derivative financial instruments during the period.

#### Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The fair values of financial assets and financial liabilities are determined as follows.

## Notes (continued)

### 22 Leases

At the Balance Sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

#### Leases under IFRS 16

	2019 £
<b>Maturity analysis - contractual undiscounted cash flows</b>	
Less than one year	2,163,721
Between two and five years	9,053,765
More than five years	10,815,885
	<u>22,033,371</u>
Total undiscounted lease liabilities at 31 December 2019	<u>22,033,371</u>

	2018 £
<b>Leases under IAS 17</b>	
Less than one year	2,118,003
Between two and five years	9,030,777
More than five years	13,224,310
	<u>24,373,090</u>

IFRS 16 Leases was applied retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application, 1st January 2019. Consequently, the cost charged to the Profit and Loss Account in 2019 in respect of leases is accordingly recognised under depreciation and interest payable. In 2018, £2,050,976 was recognised as an expense in the Profit and Loss Account in respect of operating leases, accounted for under IAS 17 in that year.

### 23 Events after the reporting date

The World Health Organisation declared the Coronavirus disease a public health emergency of international concern on 30 January 2020 and recognised it as a pandemic on 11 March 2020. The disease started to have a significant impact on the UK and its economy in March 2020 with lockdown commencing on 23 March 2020. At this stage in the global crisis, whilst it is clear that there will be a negative impact on the Company's business results, it is not possible to predict the full impact. The Company remains solvent and may benefit from its parent company as mentioned in note 2.3.

### 24 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "La Caixa" Foundation which is the ultimate parent entity, incorporated in Spain. Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "La Caixa" Foundation is the controlling party of the largest and smallest group of which the Company is a member and for which group financial statements are prepared.

The consolidated financial statements of Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "La Caixa" Foundation are available to the public and may be obtained from Oak House, Reeds Crescent, Watford, Hertfordshire, WD24 4PH.