

Saba Infra UK Limited

Annual Report and Financial Statements

Registered number 03027706

For the year ended 31 December 2020



Contents

Strategic Report	1
Directors' Report	3
Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements	4
Independent Auditor's Report to the Members of Saba Infra UK Limited	5
Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes	11

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 2020.

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.

Turnover 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.

Trading has been affected by the coronavirus pandemic. Management services have been affected during periods of lockdown and traffic levels have been suppressed during these periods.

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.

Brexit has had no impact on the Company's trading.

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 loss. These have performed as follows during the year:

	2020 £	2019 £	Change %
Turnover	2,265,553	5,086,328	-55.5%
Gross (loss)/profit	(1,376,018)	172,659	-897.0%
Debtor turnover	3 days	16 days	-81.3%

The change in turnover and profitability was largely caused by reduced traffic at car parks as a result of the Coronavirus pandemic.

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 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;
- the aforementioned cash pooling facility providing adequate funds; and
- a letter of support from the Company's ultimate UK parent, Saba Group UK Limited.

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.

Strategic Report *(continued)*

Risks and uncertainties

At present, the ongoing Covid-19 pandemic presents the greatest uncertainty to the company, largely due to its amplified effect on the usual risks the company faces as stated below.

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

Any interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

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 will enter the Company into new contracts as suitable opportunities arise.

Other matters

The Company is party to a formalised cash pooling facility and so shares banking arrangements and available funds with its parent and fellow subsidiary Companies within the Saba UK group of Companies.

By order of the board



Gary Pickard
Director

Date: 1st June 2021

Second Floor
Building 4
Croxley Park
Hatters Lane
Watford
WD18 8YF

Directors' Report

The directors present their annual report and the audited financial statements for the year to 31 December 2020.

Results

The results for the year are set out on page 8, and the Company's financial position at the year end is set out on page 9. The loss for the financial year amounted to £1,956,636 (2019: loss £592,188).

Dividends

The directors do not recommend the payment of a dividend (2019: £nil).

Post balance sheet events

There were no post-balance sheet events to report.

Political contributions

The Company did not make any political contributions or incur any political expenditure during the year (2019: £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 at 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.

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 risks and management objectives

This report has been prepared in accordance with the special provision 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



Gary Pickard
Director

Date: 1st June 2021

Second Floor
Building 4
Croxley Park
Hatters Lane
Watford
WD18 8YF

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 *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 2020 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 of Saba Infra UK Limited (the 'company') which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 24.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Saba Infra UK Limited

(continued)

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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent Auditor's Report to the Members of Saba Infra UK Limited

(continued)

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.

Matters on which we are required to report by exception

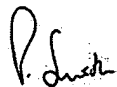
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Peter Smith (Senior Statutory Auditor)

For and on behalf of Constantin

Chartered Accountants and Statutory Auditor

25 Hosier Lane

London

EC1A 9LQ

Date: 1 June 2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	2,265,553	5,086,328
Cost of sales		(3,641,571)	(4,913,669)
Gross (loss)/profit		(1,376,018)	172,659
Administrative expenses		(465,400)	(539,066)
Other operating income	6	28,311	243,266
Operating loss	5	(1,813,107)	(123,141)
Interest receivable and similar income	8	1,716	22,929
Interest payable and similar expenses	9	(574,961)	(603,530)
Loss before taxation		(2,386,352)	(703,742)
Tax on loss	10	429,716	111,554
Loss for the financial year		(1,956,636)	(592,188)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive expense for the year		(1,956,636)	(592,188)

All transactions arise from continuing operations.

The notes on pages 11 to 30 form an integral part of these financial statements.

Balance Sheet

At 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Right-of-use assets	11	16,761,712	18,758,118
Tangible assets	12	4,323,393	4,359,314
Investments	13	4	4
		<u>21,085,109</u>	<u>23,117,436</u>
Current assets			
Debtors	15	582,101	959,109
Cash at bank and in hand		13,768	79,053
		<u>595,869</u>	<u>1,038,162</u>
Creditors: amounts falling due within one year	16	<u>(5,968,862)</u>	<u>(4,693,076)</u>
Net current liabilities		<u>(5,372,993)</u>	<u>(3,654,914)</u>
Total assets less current liabilities		<u>15,712,116</u>	<u>19,462,522</u>
Creditors: amounts falling due after more than one year	17	<u>(14,890,352)</u>	<u>(16,532,014)</u>
Provisions for liabilities	20	(100,000)	(260,000)
Deferred tax liability	14	(79,426)	(71,534)
Net assets		<u>642,338</u>	<u>2,598,974</u>
Capital and reserves			
Called up share capital	18	13,500,000	13,500,000
Profit and loss account		<u>(12,857,662)</u>	<u>(10,901,026)</u>
Shareholders' funds		<u>642,338</u>	<u>2,598,974</u>

The notes on pages 11 to 30 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 1st June 2021. They were signed on its behalf by:



Gary Pickard
Director

Statement of Changes in Equity

At 31 December 2020

	Called up share capital £	Profit and Loss Account £	Total shareholders' funds £
Balance at 1 January 2020	13,500,000	(10,901,026)	2,598,974
Total comprehensive loss for the period			
Loss for the year	-	(1,956,636)	(1,956,636)
Total comprehensive loss for the year	-	(1,956,636)	(1,956,636)
Balance at 31 December 2020	13,500,000	(12,857,662)	642,338

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

The notes on pages 11 to 30 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 Second Floor, Building 4, Croxley Park, Hatters Lane, WD18 8YF, Watford.

The Company is exempt by virtue of s400 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 accounting standards in conformity with the requirements of the Companies Act 2006 ("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 Second Floor, Building 4, Croxley Park, Hatters Lane, WD18 8YF.

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, tangible fixed assets and intangible 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;
- Certain disclosures required by IAS 36 Impairment of assets in respect of indefinite life intangible assets; 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.

Notes *(continued)*

2 Accounting policies *(continued)*

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.

2.1 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.

2.2 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective date 1 January 2021).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed).
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date to be confirmed).
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date to be confirmed).
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed).

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;
- the aforementioned cash pooling facility providing adequate funds; and
- a letter of support from the Company's ultimate UK parent, Saba Group UK Limited.

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 revenue 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.

2.6 Expenses

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 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 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.

Notes (continued)

2 Accounting policies (continued)

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 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.

Adjustments to current tax in respect of prior periods

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.

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 tangible 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
- Plant and machinery The shorter of 10 years and remaining life of the related contract
- Freehold and leasehold property Over remaining life of the lease

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

Notes *(continued)*

2 Accounting policies *(continued)*

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 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.

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.

Notes *(continued)*

2 Accounting policies *(continued)*

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

Financial assets (continued)

(a) Classification (continued)

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;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Notes *(continued)*

2 Accounting policies *(continued)*

2.11 Financial instruments *(continued)*

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

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

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.

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) 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.

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.

Notes *(continued)*

2 Accounting policies *(continued)*

2.11 Financial instruments *(continued)*

(iii) Impairment *(continued)*

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

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.

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 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.

Notes *(continued)*

2 Accounting policies *(continued)*

2.12 Leases *(continued)*

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.

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.

Notes (continued)

3 Accounting estimates and judgements (continued)

Values used in impairment tests

The assumptions and estimates made to determine the recoverable amount of investments, intangible assets 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.

4 Turnover

	2020 £	2019 £
Turnover from car park operations in the UK	<u>2,265,553</u>	<u>5,086,328</u>

5 Operating loss

	2020 £	2019 £
<i>Operating loss has been arrived at after charging the following:</i>		
Depreciation of tangible fixed assets	<u>169,102</u>	<u>122,505</u>

Audit fees of £6,500 (2019: £4,612) and non-audit fees of £3,000 were borne by a fellow subsidiary.

Leases recognised in the statement of profit or loss:

	2020 £	2019 £
Depreciation charged on right-of-use assets:		
Leasehold premises	<u>1,996,406</u>	<u>1,975,388</u>
Interest expense (included in finance cost)	<u>560,959</u>	<u>603,530</u>

Notes (continued)

6 Other operating income

	2020 £	2019 £
Clients' costs rebilled to them	13,819	243,266
Insurance indemnities	14,492	-
	<u>28,311</u>	<u>243,266</u>

7 Staff numbers and costs

Except for the directors, the Company had no employees during the year (2019: none). None of the directors received any remuneration from the Company during the year (2019: £nil).

8 Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group undertakings	1,716	22,929
Total interest receivable and similar income	<u>1,716</u>	<u>22,929</u>

9 Interest payable and similar expenses

	2020 £	2019 £
Interest cost payable to group undertakings	14,002	-
Interest payable on lease liabilities	560,959	603,530
Total interest payable and similar expenses	<u>574,961</u>	<u>603,530</u>

Notes (continued)

10 Taxation

Recognised in the Profit and Loss account:

	2020 £	2019 £
Current tax credit		
Current tax on expense for the year	(426,726)	(111,512)
Adjustments in respect of prior years	(10,882)	(42)
Current tax credit	(437,608)	(111,554)
Deferred tax expense		
Adjustments in respect of prior years	7,892	-
Deferred tax expense	7,892	-
Tax credit in profit and loss account	(429,716)	(111,554)

Reconciliation of tax expense

The current tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below.

	2020 £	2019 £
Loss for the year	(1,956,636)	(592,188)
Total tax credit	(429,716)	(111,554)
Loss excluding taxation	(2,386,352)	(703,742)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(453,407)	(133,711)
Fixed assets ineligible depreciation	26,681	22,199
Adjustments to current tax in respect of prior periods	(10,882)	(42)
Adjustments to deferred tax in respect of prior periods	7,892	-
Total tax credit	(429,716)	(111,554)

Factors that may affect future current and total tax charges:

The standard rate of tax applied to reported loss on ordinary activities is 19% (2019: 19%). The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). As the proposal to increase the rate at 25% had not been substantively enacted at the Balance Sheet date, its effects are not included in these Financial Statements.

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 assets

	Leasehold premises £	Total £
Cost		
Balance at 1 January 2020	20,733,506	20,733,506
Additions	-	-
Balance at 31 December 2020	20,733,506	20,733,506
Accumulated depreciation and impairment		
Balance at 1 January 2020	1,975,388	1,975,388
Charge for the year	1,996,406	1,996,406
Balance at 31 December 2020	3,971,794	3,971,794
Net book value		
At 31 December 2020	16,761,712	16,761,712
At 31 December 2019	18,758,118	18,758,118

12 Tangible fixed assets

	Building Works £	Motor vehicles £	Plant and machinery £	Total £
Cost				
Balance at 1 January 2020	5,027,946	9,229	541,084	5,578,259
Additions	84,498	-	48,683	133,181
Balance at 31 December 2020	5,112,444	9,229	589,767	5,711,440
Depreciation and impairment				
Balance at 1 January 2020	811,272	9,229	398,444	1,218,945
Depreciation charge for the year	140,428	-	28,674	169,102
Balance at 31 December 2020	951,700	9,229	427,118	1,388,047
Net book value				
At 31 December 2019	4,216,674	-	142,640	4,359,314
At 31 December 2020	4,160,744	-	162,649	4,323,393

Notes (continued)

13 Fixed asset Investments

	Shares in group undertakings £
Cost	
Balance at 1 January 2020	4
Additions in the year	-
Balance at 31 December 2020	<u>4</u>
Impairment	
Balance at 1 January 2020	-
Balance at 31 December 2020	<u>-</u>
Net book value	
At 31 December 2019	4
At 31 December 2020	<u><u>4</u></u>

Company	Registered office address	Class of shares held	Ownership	
			2020	2019
Saba Infra Cambridgeshire Limited	Second Floor, Building 4, Croxley Park, Hatters Lane, Watford, WD18 8YF, United Kingdom	Ordinary	100%	100%
Saba Infra Gloucestershire Limited	Second Floor, Building 4, Croxley Park, Hatters Lane, Watford, WD18 8YF, United Kingdom	Ordinary	100%	100%
Saba Infra Hertfordshire Limited	Second Floor, Building 4, Croxley Park, Hatters Lane, Watford, WD18 8YF, United Kingdom	Ordinary	100%	100%
Saba Infra Liverpool Limited	Second Floor, Building 4, Croxley Park, Hatters Lane, Watford, WD18 8YF, United Kingdom	Ordinary	100%	100%

The reporting date of subsidiaries is 31 December 2020.

Notes (continued)

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£
Fixed assets	-	-	(79,426)	(71,534)	(79,426)	(71,534)
Net tax (liabilities)/assets	-	-	(79,426)	(71,534)	(79,426)	(71,534)

Movement in deferred tax during the year 2020

	1 January 2020 £	Recognised in income £	31 December 2020 £
Fixed assets	(71,534)	(7,892)	(79,426)
	(71,534)	(7,892)	(79,426)

Movement in deferred tax during the year 2019

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

Notes (continued)

15 Debtors

	2020 £	2019 £
Trade and other debtors	19,067	221,081
Amounts owed by group undertakings*	122,394	588,319
Prepayments and accrued income	13,915	38,197
Corporation tax	426,725	111,512
	<u>582,101</u>	<u>959,109</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

	2020 £	2019 £
Trade creditors	52,261	358
Other creditors	21,779	5,357
Taxation and social security	324,956	104,598
Amounts owed to group undertakings*	933,828	1,097,784
Accruals and deferred income	677,272	258,693
Corporation tax	-	60,489
Provisions (see note 20)	60,000	-
Lease obligation for right-of-use asset	2,898,766	2,165,797
Redeemable preference shares classified as liabilities (See note 18)	1,000,000	1,000,000
	<u>5,968,862</u>	<u>4,693,076</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 due after more than one year

	2020 £	2019 £
Lease obligation for right-of-use asset	14,890,352	16,532,014
	<u>14,890,352</u>	<u>16,532,014</u>

Notes (continued)

18 Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
13,500,000 ordinary shares of £1 each:	13,500,000	13,500,000
Cumulative preference shares of £1	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
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

	2020 £	2019 £
Lease obligations for right-of-use assets:		
Current	2,898,766	2,165,797
Non-current	14,890,352	16,532,014
	<u>17,789,118</u>	<u>18,697,811</u>

Notes (continued)

20 Provisions

	Dilapidations provision £	Litigation provision £	Total £
Balance at 1 January 2020	160,000	100,000	260,000
Provisions made/(released) during the year	(60,000)	(40,000)	(100,000)
Balance at 31 December 2020	100,000	60,000	160,000
Current	-	60,000	60,000
Non-Current	100,000	-	100,000
	100,000	60,000	160,000

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.

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:

	2020 £	2019 £
Financial assets		
Amounts owed by group undertakings - current	122,394	588,319
Trade debtors - current	19,067	221,081
Financial liabilities		
Trade creditors - current	(2,972,806)	(2,171,512)
Amounts owed to group undertakings - current	(933,828)	(1,097,784)
Reeemable preference shares classified as liabilities (See note 18)	(1,000,000)	(1,000,000)

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.

Notes (continued)

21 Financial instruments (continued)

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.

22 Leases

Right-of-use assets

Right-of-use assets represent leases undertaken on standard commercial terms for car park and office premises.

Leases are of a fixed duration, although some may include tenant break clauses.

Rents may be subject to market reviews and/or inflationary increases.

In addition, car park leases are often subject to additional 'turnover rents' based on the turnovers generated above thresholds determined by the lease agreements. These turnover rents are charged to the profit and loss as incurred.

	Right of use of assets £	Total £
Net book values		
Balance at 1 January 2019	20,733,506	20,733,506
Additions to right-of-use assets	-	-
Depreciation charge for the year	(1,975,388)	(1,975,388)
Derecognition of right-of-use assets	-	-
Balance at 31 December 2019	18,758,118	18,758,118
Balance at 1 January 2020	18,758,118	18,758,118
Additions to right-of-use assets	-	-
Depreciation charge for the year	(1,996,406)	(1,996,406)
Derecognition of right-of-use assets	-	-
Balance at 31 December 2020	16,761,712	16,761,712

Notes (continued)

22 Leases (continued)

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	Total £
Interest expense on lease liabilities	560,959
Expenses relating to short-term leases	(58,103)
	<u>502,856</u>

23 Covid-19

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. It remains not possible to predict the full impact on the Company's business results in future years. The Company remains solvent and may benefit from its parent company as mentioned in note 2.3.

24 Ultimate parent company and parent 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 Second Floor, Building 4, Croxley Park, Hertfordshire, WD18 8YF.