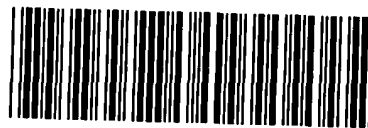


EUROPEA PALL MALL LIMITED
(REGISTERED NUMBER: 2611474)

Annual Report and Financial Statements
For the year ended 31 December 2020

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EUROPEA PALL MALL LIMITED
(REGISTERED NUMBER: 2611474)

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EUROPEA PALL MALL LIMITED
(REGISTERED NUMBER: 2611474)

Officers and Advisers

DIRECTORS

M.Colomer (appointed 31 January 2021)
A. Galian Valldeneu (appointed 31 January 2021)
C. Franques (resigned 23 December 2020)
A.Coll (resigned 31 January 2021)

COMPANY SECRETARY

Neil Farren

INDEPENDENT AUDITORS

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

BANKERS

Banco de Sabadell, S.A.
120 Pall Mall
London SW1Y 5EA

REGISTERED OFFICE

120 Pall Mall
London SW1Y 5EA

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

STRATEGIC REPORT

In accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the directors present their strategic report on Europea Pall Mall Limited (the "Company") for the year ended 31 December 2020.

Business review

The Company is a wholly owned subsidiary of Banco de Sabadell, S.A., a company registered in Spain (note 15), ("the parent company").

The Company owns the freehold of Sabadell House, an 8-floor building at 120 Pall Mall, London. In September 2020 Banco de Sabadell SA, London Branch has become a tenant of the premises.

The valuation of the London building was carried out by Mellersh & Harding in 2020. Their report shows that the building is valued at £18,750,000 as at year end (2019: £18,300,000). The valuation has been prepared in accordance with the Practice Statements contained in the RICS Valuation Standards, 6th Edition as amended ("The Red Book") published by The Royal Institute of Chartered Surveyors.

Following the UK's exit from the EU, the UK signed a trade deal with the EU. Given the vast majority of our business is in the UK, the directors do not anticipate significant disruption as a result of the UK's negotiation over its withdrawal from the EU, but continues to monitor developments and regularly assesses the potential impact on the Company.

At the time of signing this annual report, the UK and much of the world has been impacted by coronavirus, labelled a pandemic by the World Health Organization (WHO). The response to this outbreak by Europea Pall Mall has been swift and the Company's carefully planned business continuity strategies have been put into effect and are working well.

The welfare of all of our stakeholders is of primary importance and the Company's business has continued to be run and managed through remote working and conference and video call facilities. The Company has facilities for all departments to continue to be operational as all staff can work from home, which will put the Company on a robust footing should the crisis intensify in London.

Principal risks and uncertainties

The main purpose of the Company is to own and let the property in the UK. The UK property market is subject to difficult economic conditions. Property values rise and fall with economic conditions. The Company's main operating risk is expected to be credit risk when the property is re-let. This is managed through appropriate financial terms with tenants and robust control and review procedures.

The Company's primary source of revenue was the rental income from the property at 120 Pall Mall, London.

The property market in the UK is not isolated from the current economic environment, and the valuation of the property may be adversely affected by recession. This poses risks to the profitability and liquidity of the Company.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

STRATEGIC REPORT (CONTINUED)

The Directors are confident of the parent's strong financial position. Recent financial information about Banco de Sabadell S.A. is available from its website.

In preparing these financial statements, the directors have considered a number of factors, including the financial position of the Company at the year end, its business model and the budget for 2021/2022. Although the Company reported an operating loss for the year, the directors are nonetheless confident that the Company is well capitalised, is able to meet its liabilities as they fall due. The Directors have considered that Banco de Sabadell, S.A. (the parent entity) has issued a letter of support stating the parent intends, and has the ability to take actions necessary to continue to provide support to the Company in ensuring that it meets all of its financial obligations as they fall due so that it will continue to run as a going concern. Taking these and other related factors into consideration, the directors are confident that the Company's business model is robust, and the Company will continue its operations for the foreseeable future. The directors have no intention to curtail or significantly change the activities of the Company. The financial statements have therefore been prepared on a going concern basis.

LIBOR Reform

Widely used benchmark rates, such as the London Interbank Offered Rate ('LIBOR'), have been subject to increasing regulatory scrutiny, with regulators signalling the need to use alternative benchmark rates. The transition from LIBOR to alternative reference rates will mean changes to products and funding structures. The Company's term loan facility currently references LIBOR and has a maturity beyond the end of 2021, when benchmark inter-bank offered rates are expected to be phased out. An assessment of changes required to this facility is currently underway to address the forthcoming replacement of LIBOR.

Section 172 statement

In overseeing delivery of the Company's purpose and strategy, the Company's directors have always been mindful of their duties under the Companies Act 2006, as set out in section 172. The Directors recognise that the Company's long-term success is only possible through engagement with, and having regard to, the interests of key stakeholders, which for the Company includes customers, suppliers and the parent company. There are no employee nor a payroll function within the Company due to the structure. However, the Board's governance framework is critical in ensuring that stakeholder considerations are properly and fairly considered in decision making. In addition, given Sabadell's 100% ownership interest in the Company, it is natural that the promotion of the long term success of the Company, including through the development of a clear purpose and strategy, is aligned with the interests of Sabadell.

Financial key performance indicators ("KPIs")

Revenue represented by rental income during the year was £247k (2019: £1k).

Net assets have decreased in the year to £16,340k (2019: £16,624k) primarily as a result of routine expenditure.

The Directors do not recommend the payment of a dividend (2019: £Nil) and propose that the loss for the year ended 31 December 2020 of £284k (2019: loss £293k) be transferred to reserves.



On behalf of the Board:

Marcos Colomer

Director

120 Pall Mall, London SW1Y 5EA

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

DIRECTORS' REPORT

This report has been prepared in accordance with the special provisions relating to the small companies within Part 15 of the Companies Act 2006.

The Directors present their report with the audited financial statements of Europea Pall Mall Limited ("the Company") for the year ended 31 December 2020.

Statement of directors' responsibilities in respect of the strategic report, the directors' 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 period. 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.

Financial risk management

The Company's directors are required to follow the requirements of the Banco Sabadell S.A. Group risk management policies, which include specific guidelines on the management of liquidity risk, credit risk and interest rate risks and advises on the use of non complex financial instruments to manage them. Banco Sabadell S.A. Group risk management policies can be found in the financial statements of Banco Sabadell S.A..

Policy on payment of creditors

The Company's policy is to agree terms of payment with suppliers and these normally provide for payment within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the Company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

Information on dividends is disclosed in the strategic report.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

DIRECTORS' REPORT (CONTINUED)

Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:

C. Franques (resigned 23 December 2020)
A.Coll (resigned 31 January 2021)
M.Colomer (appointed 31 January 2021)
A. Galian Valldeneu (appointed 31 January 2021)

Directors loans disclosure

The directors of the company have a loan (mortgage) with the Parent company, Banco de Sabadell S.A..

Alberto Coll has taken up a 25 year loan with interest rate at 1.15% and outstanding amount as at 31 December 2020 of £ 795,890 .

Carlos Franques has taken up a 25 year loan with interest rate at 1.10% and outstanding amount as at 31 December 2020 of £ 501,896.

Marcos Colomer has taken up a 30 year loan with interest rate at 0.25% and outstanding amount as at 31 December 2020 of £ 417,554

Adria Galian has taken up the following loans:

- a 90 months loan with interest rate at 0.00% and outstanding amount as at 31 December 2020 of € 32,111 (£28,887)
- a 84 months loan with interest rate at 0.2340% and outstanding amount as at 31 December 2020 of € 62,102 (£55,867)
- a 84 months loan with interest rate at 1.5000% and outstanding amount as at 31 December 2020 of € 27,527 (£24,763)

Disclosure of information to the auditor

The directors who held office at the date of approval of this director's report confirm that:

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

Re-appointment of auditors

KPMG LLP were appointed as auditors for the year under review. Pursuant to Section 485 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will continue in office.

On behalf of the Board,



Marcos Colomer
Director
120 Pall Mall
London SW1Y 5EA
17 June 2021

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROPEA PALL MALL LIMITED

Opinion

We have audited the financial statements of Europa Pall Mall Limited ("the company") for the year ended 31 December 2020 which comprise the profit and loss account, the statement of changes in equity, the balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- 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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROPEA PALL MALL LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited incentive, pressure or opportunity to manipulate revenue

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying entries and other adjustments to test based on risk assessment criteria and comparing the identified entries to supporting documentation. These included entries to all significant audit areas.
- Evaluated the business purpose of significant unusual transactions

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROPEA PALL MALL LIMITED (CONTINUED)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROPEA PALL MALL LIMITED (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Matthew Rowell (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

17 June 2021

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

Profit and loss account

For the year ended 31 December 2020

	<i>Note</i>	2020	2019
		£'000	£'000
Turnover		247	1
Administrative expenses		(1,149)	(296)
Operating loss	4	(902)	(295)
Revaluation gain/ (loss)	8	450	(77)
Loss before taxation		(452)	(372)
Tax on loss	5	168	79
Loss for the financial year		(284)	(293)

There is no other comprehensive income for the year.

The notes 1 to 16 form an integral part of these financial statements.

EUROPEA PALL MALL LIMITED
(Registered Number: 2611474)

Statement of changes in equity
For the year ended 31 December 2020

	Called up share capital (Note 14)	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 1 January 2019	15,476	1,404	16,880
Adjustment to opening profit and loss	-	37	37
Total comprehensive loss for the year	-	(293)	(293)
Balance as at 31 December 2019	15,476	1,148	16,624
Total comprehensive loss for the year	-	(284)	(284)
Balance as at 31 December 2020	15,476	864	16,340

The notes 1 to 16 form an integral part of these financial statements.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

Balance sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed Assets			
Tangible assets	7	3	2
Investment properties	8	18,750	18,300
		18,753	18,302
Current Assets			
Debtors	9	1	29
Cash at bank and in hand	10	146	151
Deferred tax assets	6	479	308
Current tax assets	12	168	171
Creditors: Amounts falling due within one year	11	(207)	(59)
		587	600
Creditors: Amounts falling due after more than one year	13	(3,000)	(2,278)
Net Assets		16,340	16,624
CAPITAL AND RESERVES			
Called up share capital	14	15,476	15,476
Profit and loss account		864	1,148
Total Shareholders' Funds		16,340	16,624

Notes 1 to 16 form an integral part of these financial statements.

The financial statements on pages 12 to 21 were approved by the Board of Directors on 17 June 2021 and signed on its behalf by:



M.Colomer
Director

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General Information

The Company is a private limited entity limited by shares, incorporated and domiciled in England and Wales. The registered number is 2611474 and the address is Sabadell House, 120 Pall Mall, London, SW1Y 5EA.

The following accounting policies, which are in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006, have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation and accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101"). In preparing these financial statements, the Company applies the recognition, measurements and disclosure requirements of international accounting standards in conformity with 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.

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

- IAS 1 Presentation of financial statements Paragraph 134-136 disclosures in respect of capital management;
- IAS 1 Presentation of financial statements Paragraph 10(d) A statement of the cash flows for the period;
- IAS 1 Presentation of financial statements Paragraph 38 Comparative information disclosures on PPE;
- IAS 8 Accounting policies, changes in accounting estimates and errors Paragraph 30-31 in respect of the effects of new but not yet effective IFRSs;
- IAS 24 Related party disclosures in respect of transactions with wholly owned subsidiaries and the compensation of Key Management Personnel;

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards.

In preparing these financial statements, the Directors have considered a number of factors, including the financial position of the Company at the year end, its business model and the budget for 2021/2022. Although the Company reported an operating loss for the year, the Directors are nonetheless confident that the Company is well capitalised and is able to meet its liabilities as they fall due. The Directors have considered that Banco de Sabadell, S.A. (the parent entity) has issued a letter of support stating the parent intends, and has the ability to, take actions necessary to continue to provide support to the Company in ensuring that it meets all of its financial obligations as they fall due so that it will continue to run as a going concern.

Taking these and other related factors into consideration, the Directors are confident that the Company's business model is robust, and the Company will continue its operations for the foreseeable future. The Directors have no intention to curtail or significantly change the activities of the Company. The financial statements have therefore been prepared on a going concern basis

Turnover

Turnover represents rents and service charges receivable. Rent and service charge are invoiced quarterly in advance and taken to profit on a monthly accruals basis.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Tangible assets

Tangible fixed assets are depreciated on a straight-line basis so as to write off the cost over the expected useful life of the assets. Fixtures and fittings are depreciated on a straight-line basis over 12½ years. Assets are reviewed regularly for impairment.

Investment properties

Leased buildings used for the purposes of generating the Company's revenue are classified as investment properties, and are carried at fair value. As per IAS 40, gains and losses arising from changes in the fair value of investment property are recognised in profit or loss. Refurbishments and improvements are capitalised when they meet the criteria of recognition per IAS 40 and expensed in profit and loss otherwise.

Foreign currency translation

Monetary assets and liabilities are translated at rates of exchange in effect at the year end and any profit or loss from such translation is recognised in the profit and loss account. Foreign currency transactions during the year are recorded at rates ruling at the date of the transaction. The exchange rate used at 2020 year end is £1/€1.1116 (2019: £1/€1.1755). The average rate at 2020 year end is £1/€1.1254 (2019: £1/€1.1755).

Debtors

Debtors, which consist primarily of rental, service charges receivable and VAT receivable, are stated at their historic cost on an accruals basis, reduced by appropriate allowances for estimated recoverable amounts. Provisions for doubtful recoverable amounts are calculated using available estimated market and other data.

Finance income and expenses recognition

Interest receivable and payable are recognised on an accrual basis. Expenses are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

Cash at bank and in hand

Cash at bank and in hand include current accounts and bank deposits with maturities of three months or less.

Creditors

Trade creditors are non-interest bearing and are stated at their nominal value. Accruals are made for goods and services provided to the Company by the year end. Where invoices have not been received or issued by that date, accruals are made and shown as accrued amounts.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the results for the period and includes taxation deferred. 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 the previous year. In preparing the deferred tax workings and disclosure the Company considered the requirements of IAS12 in relation to investment property carried at fair value. IAS12 requires deferred tax to be calculated on temporary differences between the carrying value and tax base, with the rebuttable presumption with respect to investment properties being that the investment property will be recovered through sale, implying a capital gains basis of calculation. We have estimated the tax base (calculation included in our workings) of 120 Pall Mall using historic cost per the disclosure note in the 2015 financial statements and applying an estimated indexation allowance. Based on this estimated calculation we expect a nil capital gain in respect of 120 Pall Mall and, therefore, that there is no associated deferred tax asset or liability at the balance sheet date.

Critical accounting estimates and judgements

In the process of applying accounting policies, the Company makes various judgements, estimates and assumptions which affect the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Investment property

Management have engaged independent specialist valuers, Mellersh & Harding, to undertake a valuation review of the investment property using the comparable and investment approach to estimate its Fair Value. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing as at the Balance Sheet date. In line with RICS guidance the independent valuer has highlighted that although the outbreak of COVID-19 had impacted global financial markets and market activity in many sectors, the ongoing crisis does not create 'material valuation uncertainty' in most sectors where market activity is evident. Given the unknown future impact that COVID-19 might have on the real estate market, management will continue to keep the valuation of the investment property under frequent review.

2 Directors' emoluments

	2020	2019
	£'000	£'000
Benefits in kind	-	-
Total	-	-

3 Employees

The average monthly number of employees, including directors, during the year was 2 (2019: 2). There are no employees other than directors. For directors' emoluments, see note 2.

4 Operating loss

	2020	2019
	£'000	£'000
Operating loss is stated after charging:		
Auditors' remuneration for:		
– audit of statutory financial statements	45	37
– other services	5	5

EUROPEA PALL MALL LIMITED
(Registered Number: 2811474)
For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Tax on loss

	2020	2019
	£'000	£'000
(a) Current tax		
Current tax on profits for the year	0	97
Adjustments in respect of previous years	(3)	98
Total current tax (charges)/credit	(3)	195
Deferred tax		
Current year movements	129	(32)
Adjustments in respect of previous years	5	(87)
Effect of changes in tax rate	37	3
Total tax charge/credit for the year	171	(116)
Total tax (charge)/credit per Income Statements	168	79

Current (assets)/liabilities

B/fwd	171	54
Prior year adjustment	(3)	98
Adjustment B/fwd	168	152
Receipt/(Payments)	-	(78)
Current year Income Statements	-	97
Total current tax credit	168	171

The tax on loss for the year is the higher as the standard rate of corporation tax in the UK (2019 – higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

Factor affecting total tax (charge) / credit for the current period

The charge for the year can be reconciled to the profit per Income statements as follows:

Profit/(loss) for the period -continuing operations	(452)	(360)
Tax (charge)/credit on profit at standard UK tax rate of 19% (2019-19%)	86	68
Effects of:		
Non-taxable gain/(loss)	86	(4)
Non-deductible capital expenditure	(38)	-
Other professional fees	(5)	1
Tax rate changes	37	3
Adjustments in respect of previous years	2	11
Total (charge) / credit for the period	168	79
Total tax (charge)/credit reported in Income statements	168	79

6 Deferred tax

	2020	2019
	£'000	£'000
Balance as at 1 January	308	423
Adjustment in respect of prior year I/S	5	(87)
Deferred tax charge to I/S for the period	168	(29)
Balance as at 31 December	479	308

The deferred tax asset is recognised on the basis of estimated future taxable profits. Having considered the expected performance of the Company, the directors are of the opinion that these projections support the recognition of the deferred tax asset at 31 December 2020.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax asset at the period end. If the deferred tax asset at the period end was remeasured at 25% this would result in a deferred tax credit of £151,207.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Tangible assets

	Fixtures and fittings £'000	Total £'000
Cost:		
At 1 January 2020	781	781
Acquisitions	3	3
Disposal	(781)	(781)
At 31 December 2020	3	3
Accumulated depreciation:		
At 1 January 2020	777	777
Depreciation charge for the year 2020	0	0
Disposal	(777)	(777)
At 31 December 2020	0	0
Net book amount		
At 31 December 2019	2	2
At 31 December 2020	3	3

8 Investment properties

	2020 £'000	2019 £'000
Investment properties as at 1 January	18,300	18,300
Subsequent capital expenditure incurred	-	77
Net revaluation gain/ (loss)	450	(77)
Investment properties as at 31 December	18,750	18,300

Investment properties generated £247k (2019:£Nil) rental income during the year and repair and maintenance expenses amounted to £859k (2019: repairs and maintenance expenses £197k).

In line with disclosure requirement under IAS 40 par.75 the fair value model is applied in the valuation of the investment property:

(a) the fair value of investment property is based on a valuation by an independent valuer (Mellersh & Harding LLP) who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued;

(b) The Company bears the contractual obligations to purchase, construct or develop investment property for repairs, maintenance or enhancements should they arise.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Debtors	2020	2019
	£'000	£'000
Prepayments and accrued income	1	9
VAT	-	20
Total	1	29

The Company de-registered from VAT in the period and all VAT amounts due have been repaid to HMRC.

10 Cash at bank and in hand	2020	2019
	£'000	£'000
Current accounts with fellow group company	146	25
Short term bank deposit with fellow group company	-	125
Total	146	150

11 Creditors: Amounts falling due within one year	2020	2019
	£'000	£'000
Accruals and deferred income	207	59
Total	207	59

12 Current tax assets	2020	2019
	£'000	£'000
Current tax assets	168	171
Total	168	171

13 Creditors: Amounts falling due after more than one year	2020	2019
	£'000	£'000
Loan from parent company	3,000	2,278
Total	3,000	2,278

In December 2020 the company secured a loan facility of GBP 3,000,000 from the Group company for a period of five years. Interest charges are to be set periodically at 2.025% above LIBOR.

EUROPEA PALL MALL LIMITED

(Registered Number: 2611474)

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Called up share capital	2020	2019
	£'000	£'000
Authorised		
12,600,000 Ordinary shares of £1 each	12,600	12,600
3,745,087 Ordinary shares of EUR1 each at a rate of EUR 1.258	2,976	2,976
	15,576	15,576

Issued (Allotted, Called Up and Fully Paid)		
12,500,000 Ordinary shares of £1 each	12,500	12,500
3,745,087 Ordinary shares of EUR1 each at a rate of EUR 1.258	2,976	2,976
	15,476	15,476

15 Immediate and ultimate parent undertaking

The immediate parent and controlling party undertaking is Banco de Sabadell, S.A which is incorporated in Spain. The ultimate parent undertaking and also the parent undertaking of the largest and smallest group to consolidate the financial statements of the company is Banco de Sabadell, S.A, a company registered in Spain with limited liability. Copies of the group financial statements can be obtained from Avenida Oscar Espla,37,03007 Alicante, Spain. Details of the parent undertaking are set out on its website, www.grupbancsabadell.com.

16 Subsequent events

There have been no material events after the balance sheet date up to the date of signing these financial statements which would require disclosure or adjustment to the Company's financial statements for the year ended 31 December 2020.