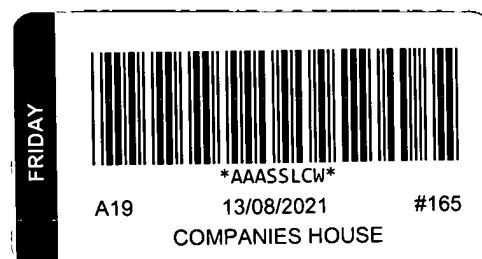


Avison Young Infrastructure Management Limited

Annual report and financial statements

Registered number 04015826

For the year ended 31 December 2020



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Directors' report

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

The directors have taken advantage of the small companies' exemption and not prepared a Strategic report, or enhanced business review.

Principal activities

The principal activities of the company are the management of transport and social infrastructure assets in long term concession contracts on behalf of external shareholders and the provision of advisory services for proposed and existing infrastructure projects.

Business review & outlook

On 23 March 2020, due to the coronavirus pandemic, the United Kingdom Government issued guidance that only essential business activities should continue. There has been no financial or operational impact on the company due to Covid-19, as the company's projected cash flows are secured under long-term contracts with PFI concession companies whose cash flows are in turn secured under contract with government bodies.

On 31 January 2020, the United Kingdom left the European Union and entered a transition period. The transition period ended on 31 December 2020 and the United Kingdom left the European Union single market and customs union. The company is not affected by the United Kingdom's withdrawal from the European Union, as the company's projected cash flows are secured under long term contracts with PFI concession companies whose cash flows are in turn secured under contract with government bodies.

The result of the company for the year is shown in the Profit and Loss Account on page 8.

The company will continue to provide management and financial services to a portfolio of UK PFI special purpose companies under its existing management agreements. The excellent track record of the business in developing successful bids in the past leaves it well placed to support the activity of third-party investors and other stakeholders involved in the infrastructure sector. Overall, the business is well placed to build on the current position.

Directors

The directors who served during the period up to the date of approval of this directors' report were as follows:

I Bulley	
J Sibthorpe	
N Harris	
G Hughes	(resigned 6 July 2021)
R Jenkins	(appointed 1 April 2020)
S Soor	(resigned 30 March 2020)

Directors' indemnities

During the year an indemnity from the Company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act 2006 and is set out in the Articles of Association.

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

The Company's employees are the principal driver for the generation of income. The directors acknowledge the commitment and endeavours of all employees in supporting the objectives and service offering to clients throughout the challenges of the Covid-19 pandemic.

The Company participates in Avison Young (UK) Limited's policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Directors' report *(continued)*

Going concern

The Company has net assets of £1,549,000 as at 31 December 2020, and a profit after tax for the year then ended of £360,000. The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the reasons set out herein.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds available to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Avison Young (Canada) Inc. to continue with the currently available cash pooling arrangements, not seeking repayment of the amounts currently due to the group and providing additional financial support during that period. Avison Young (Canada) Inc. has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dividends

The directors did not recommend or pay a dividend in the current or preceeding financial year.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2019: £Nil).

Disclosure of information to auditor

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

On behalf of the Board



J R Sibthorpe
Director

Part First Floor
1 Grenfell Road
Maidenhead
Berkshire
SL6 1HN
United Kingdom

20 July 2021

Statement of directors' responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG INFRASTRUCTURE MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Avison Young Infrastructure Management Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and related notes to the financial statements, including the accounting policies in note 2.

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 profit 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG INFRASTRUCTURE MANAGEMENT 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 inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying sales transactions that occurred in the cut-off period to assess that revenue is recognised in the correct period.
- Identifying credit notes raised after the balance sheet date to assess the existence and accuracy of the revenue recognised in the year.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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 (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG INFRASTRUCTURE MANAGEMENT LIMITED *(continued)*

Firstly, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements;
and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISON YOUNG INFRASTRUCTURE MANAGEMENT LIMITED *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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.



Julie Searle (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
United Kingdom
B4 6GH

20 July 2021

Profit and loss account
for the year ended 31 December 2020

	<i>Note</i>	2020 £000	2019 £000
Revenue	3	2,229	2,276
Administrative expenses		(1,907)	(2,002)
Other operating income	5	12	-
		<hr/>	<hr/>
Operating profit		334	274
Interest payable and similar expenses		(5)	(7)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	329	267
Taxation on profit on ordinary activities	11	31	59
		<hr/>	<hr/>
Profit on ordinary activities after taxation, being total comprehensive income for the year		360	326
		<hr/>	<hr/>

The notes on pages 11 to 22 form part of these financial statements.

The results of the business are derived entirely from continuing operations.

The Company prepared these financial statements under FRS101 for the first time. An explanation of impact of this transition on the Profit and loss account in the current and preceeding financial year is given in note 20.

Balance sheet
at 31 December 2020

	<i>Note</i>	2020 £000	£000	2019 £000	£000
Fixed assets					
Tangible fixed assets	13		111		176
Investments	12		-		-
			<u>111</u>		<u>176</u>
Current assets					
Debtors (including £215,000 due in more than one year (2019: £184,000))	14	1,623		1,473	
Cash at bank		401		420	
		<u>2,024</u>		<u>1,893</u>	
Creditors: amounts falling due within one year	15	<u>(536)</u>		<u>(787)</u>	
Net current assets			<u>1,488</u>		<u>1,106</u>
Total assets less current liabilities			<u>1,599</u>		<u>1,282</u>
Creditors: amounts falling due in more than one year	16		<u>(50)</u>		<u>(93)</u>
Net assets			<u>1,549</u>		<u>1,189</u>
Capital and reserves					
Called up share capital	19	-		-	
Profit and loss reserve		1,549		1,189	
Equity shareholder's funds			<u>1,549</u>		<u>1,189</u>

The notes on pages 11 to 22 form part of these financial statements.

The Company prepared these financial statements under FRS101 for the first time. An explanation of impact of this transition on the Balance sheet in the current and preceeding financial year is given in note 20.

These financial statements were approved by the Board of Directors on 20 July 2021 and were signed on its behalf by:



J R Sibthorpe
Director

Company number: 04015826

Statement of changes in equity
at 31 December 2020

	Called up share capital (note 19) £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	-	863	863
<i>Total comprehensive income for the year</i>			
Profit for the year	-	326	326
Total comprehensive income for the year	-	326	326
Balance at 31 December 2019	-	1,189	1,189
<i>Total comprehensive income for the year</i>			
Profit for the year	-	360	360
Total comprehensive income for the year	-	360	360
Balance at 31 December 2020	-	1,549	1,549

The notes on pages 11 to 22 form part of these financial statements.

The Company prepared these financial statements under FRS101 for the first time. An explanation of impact of this transition on the Statement of changes in equity in the current and preceeding financial year is given in note 20.

Notes

(forming part of the financial statements)

1 Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Avison Young Infrastructure Management Limited (referred to as 'the Company') for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 20 July 2021 and the balance sheet was signed on the board's behalf by J R Sibthorpe. Avison Young Infrastructure Management Limited, is a private company, limited by shares, incorporated in England and Wales and domiciled in England.

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 are the Company's first financial statements prepared in accordance with FRS 101. The Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. No exemptions have been taken in these financial statements. An explanation of how the transition from FRS 102 to FRS 101 has affected the financial position and financial performance of the Company is provided in note 20.

The Company's financial statements are presented in Sterling, being the companies presentational and functional currency, and all values are shown in £'000's except where otherwise indicated.

As at 31 December 2020 the Company's intermediate parent undertaking Avison Young Holdings Limited included the Company in its consolidated financial statements. The consolidated financial statements of Avison Young Holdings Limited are prepared in accordance with International Financial Reporting Standards and may be obtained from 3 Brindleyplace, Birmingham, B1 2JB.

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

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital;
- 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 intermediate parent undertaking Avison Young Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS101 balance sheet at 1 January 2019.

2.1 Measurement convention

The financial statements are prepared in accordance with applicable accounting standards and on the historical cost basis.

Notes (continued)

2 Accounting policies (continued)

2.2 Going concern

The Company has net assets of £1,549,000 as at 31 December 2020, and a profit after tax for the year then ended of £360,000. The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the reasons set out herein.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds available to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Avison Young (Canada) Inc. to continue with the currently available cash pooling arrangements, not seeking repayment of the amounts currently due to the group and providing additional financial support during that period. Avison Young (Canada) Inc. has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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.

2.4 Classification of financial instruments issued by the Company

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

- (a) 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
- (b) 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 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. Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

2.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes (continued)

2 Accounting policies (continued)

2.5 Non-derivative financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided all of their performance conditions are satisfied.

At each balance sheet date before vesting the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. Amounts charged to profit and loss reflect the value recharged to the Company by the parent entity, being the entity in which the share instruments are ultimately issued.

Where employees of other group companies whose remuneration costs are recharged to the Company partake in share-based payment arrangements with other group entities, an expense and corresponding equity entry is only recognised as an expense where the costs are recharged to the Company.

2.7 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.

Notes (continued)

2 Accounting policies (continued)

2.8 Revenue

Revenue represents gross fees rendered to third parties in respect of project management services. Revenue is recognised when a right to consideration has been obtained through meeting the performance criteria identified under each contract and depends on the obligations to be delivered as follows:

Long term management contracts

Revenue represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue principally comprises fees to PFI concession companies for the provision of management and financial services under long term contracts.

Revenue is recognised in a manner that is consistent with the way in which the services are provided to the client and the client subsequently consumes those services.

Where invoices are raised for the provision of services either in advance or arrears of the period to which the services are provided, then we either accrue fees not yet invoiced up to the end of the relevant quarter end or we defer income to ensure that the revenue recognised is consistent with the period in which those services are provided.

2.9 Taxation

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: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to 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.

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

2.10 Leases

The Company assesses whether a contract is or contains a lease at the inception of the contract.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made, and is presented as a separate line within creditors in the balance sheet.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, and are depreciated over the shorter of the lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Tangible fixed assets' policy.

Notes (continued)

2 Accounting policies (continued)

2.11 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.

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. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements Over lease term
- Computers 25% - 33.3% straight line
- Equipment 20% straight line
- Right-of-use assets Over lease term

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment adjustment is charged to the profit and loss account.

2.12 Investments

Investments in subsidiary undertakings and joint-venture entities are stated at cost less an appropriate provision to reflect any impairment in value.

2.13 Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases 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 include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.14 Income from wage subsidies

Income from Government wage subsidy schemes is recognised as Other operating income in the same period as the employee costs to which it relates is incurred if all requirements to obtain the subsidy are assessed to have been met.

2.15 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:

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective date 1 January 2021).
- IFRS 17 Insurance Contracts (effective date 1 January 2023).
- 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 References to the Conceptual Framework in IFRS 3 (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).

Notes (continued)

3 Revenue

	2020 £000	2019 £000
Management services	2,229	2,276

All revenue in the current and preceding financial years was generated within the United Kingdom. Receivables arising from contracts with customers are included in debtors (note 14).

4 Profit on ordinary activities before taxation

	2020 £000	2019 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	89	108
Provision for doubtful debts	3	-
Operating lease rentals	851	3,639
Foreign exchange differences	2	(1)
Defined contribution pension plan expense	61	64

5 Other operating income

	2020 £000	2019 £000
Salary support claims	12	-

Other operating income represents salary support claims made by the Company under the UK Government Coronavirus Job Retention Scheme in 2020.

6 Auditor's remuneration

	2020 £000	2019 £000
Audit of these financial statements	20	20

The cost of non-audit services paid to the Company's auditor in relation to tax compliance work for the Company is borne by the parent company and is not a separately identifiable cost.

7 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category was as follows:

	Number of employees	
	2020	2019
Asset management	16	16
Management	2	2
Support staff	1	1
	19	19

Notes (continued)

7 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	1,272	1,285
Social security costs	120	126
Other pension costs	61	64
	<u>1,453</u>	<u>1,475</u>

8 Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	313	317
Company contributions to money purchase pension scheme	18	19
Share based payments	6	-
	<u>337</u>	<u>358</u>

The emoluments of the highest paid director were £163,000 (2019: £161,000) and company pension contributions of £7,000 (2019: £8,000) were made to a money purchase pension scheme on his behalf.

Share based payment costs were incurred by the immediate parent company and have not been recharged to the Company, as set out in note 10.

9 Interest payable and similar expenses

	2020 £000	2019 £000
Lease interest payable (note 17)	5	7

10 Share based payments

The Avison Young global group of companies operates an equity-settled, share-based compensation plan, under which the Company receives services from employees as consideration for equity instruments (shares) of Avison Young (Canada) Inc, the ultimate parent undertaking.

During the year, certain employees of the Company have been granted shares in Avison Young (Canada) Inc. The shares are generally subject to a five-year restricted period in which they are forfeited if the employee is terminated for cause or resigns.

During the year ended 31 December 2020, shares with a fair value of £58,000 (2019: £nil) were granted to certain of these employees. No shares vested during the year ended 31 December 2020 (2019: none).

The Company has no obligation to settle the awards and expenses relating to the award of shares for year ended 31 December 2020 totalling £6,000 (2019: £nil). These expenses have been borne by the immediate parent undertaking, Avison Young (UK) Limited. Further details on the award of shares under this arrangement are set out in the consolidated financial statements of Avison Young Holdings Limited (see note 23).

Notes (continued)

11 Taxation

Analysis of credit in the year

	2020 £000	£000	2019 £000	£000
<i>UK corporation tax</i>				
Deferred taxation (see note 0)				
Origination and reversal of temporary differences	(31)		(59)	
	<hr/>		<hr/>	
Total deferred tax credit and tax credit on profit on ordinary activities		(31)		(59)
		<hr/>		<hr/>

Reconciliation of effective tax rate

	2020 £000	2019 £000
<i>Total tax reconciliation</i>		
Profit on ordinary activities before taxation	329	267
	<hr/>	<hr/>
Tax charge at 19% (2019: 19%)	63	51
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	1
Remeasurement of deferred tax for changes in tax rates	(59)	(6)
Deferred tax not recognised	(34)	(105)
	<hr/>	<hr/>
Total tax credit	(31)	(59)
	<hr/>	<hr/>

Deferred tax has been calculated at the substantively enacted rate of 19% for the year ended 31 December 2020 (2019 substantively enacted rate used to calculate deferred tax: 17%).

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. 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. The UK deferred tax asset as at 31 December 2020 has been calculated at 19% (2019: 17%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

12 Investments

The Company holds 25% (2019: 25%) investment in the ordinary shares of a joint-venture undertaking, The Stoke on Trent & Staffordshire Safer Communities Community Interest Company, which is recognised at its original cost of £25 (2019: £25).

Notes (continued)

13 Tangible fixed assets

	Fixtures & fittings £000	Computer equipment £000	Right of use assets £000	Total £000
Cost				
At beginning of year	112	53	227	392
Additions	-	-	24	24
Disposals	-	-	(15)	(15)
At end of year	112	53	236	401
Depreciation				
At beginning of year	106	39	71	216
Charge for the year	6	14	69	89
Disposals	-	-	(15)	(15)
At end of year	112	53	125	290
Net book value				
At 31 December 2020	-	-	111	111
At 31 December 2019	6	14	156	176

14 Debtors

	2020 £000	2019 £000
Due within one year		
Trade debtors	9	60
Amounts due from group undertakings	1,281	1,087
Other debtors	75	99
Prepayments and accrued income	43	43
	1,408	1,289
Due in more than one year		
Deferred tax asset (note 18)	215	184
Total debtors	1,623	1,473

Trade debtors are non-interest bearing.

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes (continued)

15 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	17	18
Amounts due to group undertakings	3	268
Taxation and social security	136	141
Lease liabilities (note 17)	64	66
Other creditors	1	1
Accruals and deferred income	315	293
	<u>536</u>	<u>787</u>

16 Creditors: amounts falling after more than one year

	2020 £000	2019 £000
Lease liabilities (note 17)	<u>50</u>	<u>93</u>

17 Lease liabilities

	2020 £000	2019 £000
Movement in lease liabilities		
At beginning of year	159	-
On transition to FRS101	-	227
Additions	25	-
Payments	(75)	(74)
Interest expense	5	6
	<u>114</u>	<u>159</u>
At end of year		
	<u>114</u>	<u>159</u>
Lease liabilities falling due		
Amounts included within creditors: amounts falling due within one year (note 15)	64	66
Amounts included within creditors: amounts falling due in more than one year (note 16)	<u>50</u>	<u>93</u>
	<u>114</u>	<u>159</u>

The incremental borrowing rates used to calculate the interest expense on each individual lease range from 2.4% to 6.0%.

The impact on the Profit and Loss Account of the transition to FRS101 on 1 January 2019 is to reduce property related expenses by £74,000 whilst increasing depreciation of the right-of-use assets and the interest expense on the lease liability by £71,000 and £7,000 respectively in the year ended 31 December 2019. Further details are given in note 20.

Notes (continued)

18 Deferred tax asset

	£000
At beginning of year	184
Credit for the year in the profit and loss account (note 11)	31
	<hr/>
At end of year (note 14)	215
	<hr/>

The elements of deferred taxation are as follows:

	2020 £000	2019 £000
Trading losses carried forward	156	134
Other temporary timing differences	59	50
	<hr/>	<hr/>
Deferred tax asset	215	184
	<hr/>	<hr/>

The change in tax rates and the impact on deferred tax are detailed in note 11 to the financial statements.

A deferred tax asset in respect of unused losses of £3,165,000 (2019: £3,507,000) has not been recognised as it is not sufficiently probable at this point in time that future taxable profits will arise against on which the temporary differences can be utilised.

19 Share capital

	2020 £000	2019 £000
<i>Authorised, allotted, called up and fully paid:</i>		
1 ordinary share of £1 each	-	-
	<hr/>	<hr/>

20 Transition from FRS102 to FRS101

As set out in note 2, these are the company's first financial statements prepared in accordance with FRS101.

An explanation of how the transition from FRS102 to FRS101 has affected the Company's financial position and financial performance is set out below.

Profit and loss account

The transition from FRS102 to FRS101 resulted in an additional expense of £3,000 in the profit and loss account for the period ending 31 December 2019 to that reported under FRS102. This resulted from the adoption of IFRS 16 driving a higher depreciation charge than the lease expense recorded under FRS102 for the year ended 31 December 2019.

Balance sheet

The transition from FRS102 to FRS101 resulted in the following right of use assets and lease liability being recognised as a result of the the adoption of IFRS 16, accounting for leases:

	Right of use asset (net book value)		Lease liability	
	31 December 2019 £000	1 January 2019 £000	31 December 2019 £000	1 January 2019 £000
<i>On transition to FRS101:</i>				
Resulting from the adoption of IFRS 16 on	159	227	156	227
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

20 Transition from FRS102 to FRS101 (continued)

Statement of changes in equity

The transition from FRS102 to FRS101 resulted in a decrease of £3,000 in the profit and loss account for the period ending 31 December 2019. This resulted from the adoption of IFRS 16, driving a higher depreciation charge than the lease expense recorded in the profit and loss account under FRS102 for the year ended 31 December 2019.

21 Dividends

The Company did not propose or pay a dividend in the current or preceeding financial year.

22 Related party disclosures

The Company has taken advantage of the exemption available under paragraph 8(k) of FRS 101 not to disclose details of its transactions with other undertakings within the group of companies headed by Avison Young Holdings Limited of which the Company is a member. Note 23 gives details of how to obtain a copy of the published financial statements of Avison Young Holdings Limited.

23 Ultimate parent company

The immediate parent company is Avison Young (UK) Limited, incorporated in England and Wales.

As at 31 December 2020 the Company's ultimate parent undertaking and controlling party was Avison Young (Canada) Inc. The largest and smallest group in which the Company's results were consolidated and published was that headed by Avison Young Holdings Limited. The consolidated financial statements of Avison Young Holdings Limited are available from 3 Brindleyplace, Birmingham, England, B1 2JB.