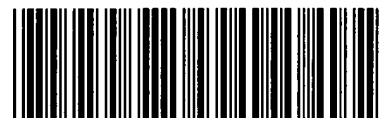


Company Registration No. 04367624 (England and Wales)

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

COMPANY INFORMATION

Directors	A J Phillips D Rushton S Colvin D Wylie	(Appointed 7 May 2018)
Company number	04367624	
Registered office	1 Kingsway London United Kingdom WC2B 6AN	
Auditor	Deloitte LLP Statutory Auditor London United Kingdom	
Bankers	Barclays Bank Plc Level 28 1 Churchill Place London E14 5HP	

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

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LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their annual report and financial statements for the year ended 31 December 2018.

Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's relationship with its immediate parent company. More information is provided in note 1 to the financial statements.

Principal activities

The principal activities of the Company continue to be of support to the bidding and investing activities of the John Laing Group in the North America region as well as to provide management services to project companies in Canada in which the John Laing Group previously held interests.

Branches

The Company has a branch registered in Canada.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

A J Phillips

D Rushton

M Lada

(Resigned 7 May 2018)

S Colvin

D Wylie

(Appointed 7 May 2018)

Qualifying third party indemnity provisions

The Directors of the Company benefit from qualifying third party indemnity provisions provided by the Company's parent undertaking.

Directors' insurance

The Company's Directors are covered by insurance policies entered into by its ultimate parent undertaking, John Laing Group plc, that insure them against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Future developments

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

Each of the Directors in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

The various types of financial risk and how they are managed are described below:

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company's exposure to changes in foreign currency exchange rates is from both revenue and costs, which provides a level of hedge. The Company does not use foreign exchange forward contracts. The Company's exposure to changes in interest rates is limited to loans due to and from group undertakings within the John Laing group, on which interest is charged at variable rates of interest. This risk is managed on a group basis.

Credit risk

The Company's principal financial assets are bank balances, trade debtors and amounts due from fellow group undertakings.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The credit risk on amounts due from fellow group undertakings is limited because the counterparties are core companies in the John Laing group with significant net assets and financial resources.

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

Liquidity risk

The Company is reliant on the support of its immediate parent company to be able to meet its liabilities as they fall due. Further details regarding liquidity risk can be found in the Going Concern section of the accounting policies in the financial statements.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



S Colvin

Director

8 May 2019

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Laing Investments Management Services (Canada) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

D. Winstone

Daryl Winstone (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

8 May 2019

Statutory Auditor

Statutory Auditor
London
United Kingdom

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	1,408,018	1,356,234
Administrative expenses		(1,651,693)	(1,541,228)
Operating loss	4	(243,675)	(184,994)
Interest receivable and similar income	7	2,985	718
Interest payable and similar expenses	8	(321,010)	(250,277)
Loss before taxation		(561,700)	(434,553)
Tax on loss	9	100,413	73,479
Loss for the financial year		(461,287)	(361,074)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.


LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		6,131		40,437
Current assets					
Debtors	11	881,809		1,287,200	
Cash at bank and in hand		548,461		97,958	
		<u>1,430,270</u>		<u>1,385,158</u>	
Creditors: amounts falling due within one year	12	<u>(11,040,638)</u>		<u>(10,592,555)</u>	
Net current liabilities			<u>(9,610,368)</u>		<u>(9,207,397)</u>
Total assets less current liabilities			<u>(9,604,237)</u>		<u>(9,166,960)</u>
Capital and reserves					
Called up share capital	15		2		2
Other reserves			43,169		19,159
Profit and loss account			<u>(9,647,408)</u>		<u>(9,186,121)</u>
Total equity			<u>(9,604,237)</u>		<u>(9,166,960)</u>

The financial statements were approved by the board of directors and authorised for issue on 8 May 2019 and are signed on its behalf by:



S Colvin
Director

Company Registration No. 04367624

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
Balance at 1 January 2017	2	5,778	(8,825,047)	(8,819,267)
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(361,074)	(361,074)
Capital contribution on share based incentives	-	13,381	-	13,381
Balance at 31 December 2017	2	19,159	(9,186,121)	(9,166,960)
Year ended 31 December 2018:				
Loss and total comprehensive income for the year	-	-	(461,287)	(461,287)
Capital contribution on share based incentives	-	24,010	-	24,010
Balance at 31 December 2018	2	43,169	(9,647,408)	(9,604,237)

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Laing Investments Management Services (Canada) Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is 1 Kingsway, London, WC2B 6AN, United Kingdom.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in respect of share-based incentives, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

1.2 Going concern

The Company has net liabilities as at 31 December 2018 and is reliant on the support of its immediate parent company to be able to meet its liabilities as they fall due. However, the Directors consider that the Company is an integral part of the John Laing group's structure and strategy and this is evidenced by a letter of support from John Laing Investments Limited, which states its intention to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover represents income receivable in the ordinary course of business for services provided and excludes value added tax. Fees receivable in respect of management services agreements with project companies are recognised evenly over the period of the agreement; and income arising in respect of recoveries of bid costs from the financial close of investments in project companies is recognised when recovery is virtually certain.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Lease improvements	- 3 years
Office furniture	- 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Share-based payments

The Company has certain employees who are eligible for awards under John Laing Group plc's share based incentive arrangements. John Laing Group plc operates share-based incentive arrangements for Executive Directors, senior executives and other eligible employees under which awards are granted over John Laing Group plc's ordinary shares. Awards are conditional on the relevant employee completing three years' service (the vesting period). The awards vest three years from the grant date, subject to the Group achieving a target share-based performance condition, total shareholder return (50% of the award), and a non-market based performance condition, net asset value growth per share (50% of the award). The Group has no legal or constructive obligation to repurchase or settle the awards in cash.

In addition, the John Laing Group operates a Deferred Share Bonus Plan under which executive directors and certain senior executives, including employees of the Company, are awarded shares in John Laing Group plc in relation to that part of their annual bonus which exceeds 60% of their base salary. These awards vest in equal tranches on the first, second and third anniversary of grant, normally subject to continued employment.

The cost of share based incentive arrangements is calculated for each individual eligible employee and then aggregated to arrive at the total Group cost. The Company recognises an expense through its income statement in relation to its own employees and also recognises a capital contribution through other reserves to reflect that the cost will ultimately be borne by John Laing Group plc through the issue or purchase of ordinary shares.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under both the original terms and conditions and under the modified terms and conditions is determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern over which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

Given the nature of the Company's assets and liabilities, the Directors are of the opinion that there are no critical accounting judgements or key sources of estimation uncertainty.

3 Turnover and other revenue

An analysis of the Company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Service fee revenue	1,016,988	825,392
Management recharges	391,030	530,842
	<u>1,408,018</u>	<u>1,356,234</u>
	<u><u>1,408,018</u></u>	<u><u>1,356,234</u></u>
	2018 £	2017 £
Other significant revenue		
Interest income	2,985	718
	<u>2,985</u>	<u>718</u>

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
Canada	1,016,988	824,340
USA	-	1,052
UK	391,030	530,842
	<u>1,408,018</u>	<u>1,356,234</u>

4 Operating loss

	2018 £	2017 £
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(252,107)	(221,736)
Depreciation of owned tangible fixed assets	34,306	38,271
Share-based payments	24,010	13,381
Operating lease charges	70,600	63,569
	<u></u>	<u></u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £252,107 (2017 - £221,736).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Asset Management	2	3
Primary Investment	2	2
JLIF	4	5
	<u>8</u>	<u>10</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	950,109	995,685
Social security costs	11,108	21,772
Pension costs	35,636	42,986
Share-based incentives	24,010	13,381
	<u>1,020,863</u>	<u>1,073,824</u>

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	81,438	139,425
Company pension contributions to defined contribution schemes	2,332	6,702
	<u>83,770</u>	<u>146,127</u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for the highest paid director.

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	2,985	718
	<u>2,985</u>	<u>718</u>

8 Interest payable and similar expenses

	2018 £	2017 £
Interest payable to group undertakings	321,010	250,277
	<u>321,010</u>	<u>250,277</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	(96,803)	(74,725)
Adjustments in respect of prior periods	81	2,982
Total current tax	<u>(96,722)</u>	<u>(71,743)</u>
Deferred tax		
Origination and reversal of timing differences	(4,562)	(2,576)
Changes in tax rates	434	330
Changes in tax status	-	758
Other adjustments	437	(248)
Total deferred tax	<u>(3,691)</u>	<u>(1,736)</u>
Total tax credit	<u>(100,413)</u>	<u>(73,479)</u>

For the year ended 31 December 2018 a tax rate of 19% has been applied (2017 – 19.25%). The UK Government has announced its intention to reduce the main corporation tax rate by a further 2% to 17% from 1 April 2020. The Company expects that the majority of deferred tax assets will be realised after 1 April 2020 and therefore the Company has measured its deferred tax assets at 31 December 2018 at 17%.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Loss before taxation	(561,700)	(434,553)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(106,723)	(83,651)
Adjustments in respect of prior years	81	3,740
Effect of change in corporation tax rate	434	330
Disallowed cost	5,795	6,102
Taxation credit for the year	(100,413)	(73,479)

10 Tangible fixed assets

	Lease improvements £	Office furniture £	Total £
Cost			
At 1 January 2018 and 31 December 2018	70,586	27,571	98,157
Depreciation and impairment			
At 1 January 2018	41,642	16,078	57,720
Depreciation charged in the year	24,714	9,592	34,306
At 31 December 2018	66,356	25,670	92,026
Carrying amount			
At 31 December 2018	4,230	1,901	6,131
At 31 December 2017	28,944	11,493	40,437

11 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	174,344	171,457
Corporation tax recoverable	96,803	77,400
Amounts owed by group undertakings	465,756	908,679
Other debtors	132,675	121,124
	869,578	1,278,660

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Debtors (Continued)

	2018 £	2017 £
Amounts falling due after more than one year:		
Deferred tax asset (note 13)	12,231	8,540
Total debtors	881,809	1,287,200

The amounts owed by group undertakings in the current and prior year are repayable under agreed commercial terms. No interest is charged on the above amounts.

12 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	81,245	-
Amounts owed to group undertakings	10,710,125	10,185,304
Other taxation and social security	34,663	-
Accruals and deferred income	214,605	407,251
	11,040,638	10,592,555

The amounts owed to group undertakings comprise a loan of £10,387,235 repayable on demand and interest payable on the loan of £321,010 as well as a trading balance of £1,880 repayable on demand. Interest on the loan was charged at 2.5% above base rate from 1 January 2018 to 21 April 2018, 3% above base rates from 22 April 2018 to 24 July 2018 and 2% above base rates from 25 July 2018 to 31 December 2018 (2017 - 2.5% above base rate).

13 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2018 £	Assets 2017 £
Balances:		
Other timing differences	7,339	3,257
Accelerated capital allowances	4,892	5,283
	12,231	8,540

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Deferred taxation

(Continued)

	2018 £
Movements in the year:	
Liability/(Asset) at 1 January 2018	(8,540)
Credit to profit or loss	(4,562)
Effect of change in tax rate - profit or loss	434
Other	437
	<u> </u>
Liability/(Asset) at 31 December 2018	<u>(12,231)</u>

The deferred tax asset set out above in relation to other timing differences is expected to reverse within three years and relates to payments under long term incentive plans. In respect of the deferred tax asset relating to accelerated capital allowances, £1,000 and £3,000 is expected to reverse within the next year and the next five years respectively

Accelerated capital allowances and any payments under long term incentive plans will reduce future taxable profits or, to the extent that they create current year losses, will be surrendered for consideration at the prevailing corporation tax rate. It is therefore appropriate to recognise a deferred tax asset on these amounts.

14 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	35,636	42,986
	<u> </u>	<u> </u>

15 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>
	2	2
	<u> </u>	<u> </u>

The other reserves represent the capital contribution to the equity based share incentive scheme.

LAING INVESTMENTS MANAGEMENT SERVICES (CANADA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Operating lease commitments

Lessee

The Company operates a leasing agreement at 120 Adelaide St West, Suite 2201. Toronto, ON.

There are no rent free periods in operation on this lease.

Leases are negotiated for an average term of four years and rentals are fixed for an average of four years.

The terms of the lease run through to 31 May 2019.

	2018 £	2017 £
Within one year	30,207	72,497
Between two and five years	-	30,207
	<u>30,207</u>	<u>102,704</u>

17 Related party transactions

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group plc group. A copy of the published financial statements of John Laing Group plc can be obtained at www.laing.com.

18 Controlling party

The Company's immediate parent company is John Laing Group plc, a listed Company incorporated in Great Britain and registered in England and Wales. The smallest and largest group in which its results are consolidated is John Laing Group plc. Copies of its accounts are available at www.laing.com.

The Company's ultimate parent and controlling entity is John Laing Group plc. The registered address of John Laing Group plc is 1 Kingsway, London, WC2B 6AN, United Kingdom.