Registration number: 04531874

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Annual Report and Financial Statements

for the Period from 1 January 2017 to 31 March 2018

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Contents

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Company Information

Directors	K McLellan A Ritchie R Little
Company secretary	Imagile Secretariat Services Limited
Registered office	Third Floor Broad Quay House Prince Street Bristol BS1 4DJ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Strategic Report for the Period Ended 31 March 2018

The directors present their strategic report for the period from 1 January 2017 to 31 March 2018.

Principal activity
The principal activity of the company is the development and management of car parking facilities at Glasgow Royal Infirmary Hospital, under the terms of a thirty one year Private Finance Initiative (PFI) contract with the NHS Greater Glasgow and Clyde Health Board.

Results and review of business
The profit for the period is set out in the profit and loss account on page 8. The directors consider the performance of the company during the year and the financial position at the end of the year, to be in line with the long term expected performance of the project, and its prospects for the future to be satisfactory.

Principal risks and uncertainties
The company has taken on the activity, as detailed above, and is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractor failure to perform their obligations. The Board monitors the financial stability of its subcontractor and has contingency plans in place to ensure the continuity of service provision to its client, should the subcontractor become unable to perform its obligations. The financial risks and the measures taken to mitigate them are as detailed in the Directors' report.

Going concern
Although the company's balance sheet reflects net liabilities, this is primarily caused by negative profit and loss reserves and the recognition of derivative financial instruments at their fair values. These derivative financial instrument liabilities are unrealised and are part of hedging arrangements that help to reduce volatility in the company's cash flows over the duration of the PFI project. In addition, the company also has a net deficit on retained earnings, caused by historic under utilisation of the asset. Having reviewed the company's projected profits and cash flows by reference to a financial model, the directors consider that the company will be able to settle its debts as they fall due and accordingly the financial statements have been prepared on a going concern basis.

Key performance indicators ('KPIs')
The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities as managed by the sub-contractor. For this reason, the company's directors believe that further operational key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business. In addition the directors monitor compliance with debt covenant ratios as specified in the senior loan agreement, in particular the Debt Service Cover Ratio, and no non-compliance has been noted.

Approved by the Board on 3 DEC 2018 and signed on its behalf by:

....
Imagile Secretariat Services Limited
Company secretary

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Directors' Report for the Period Ended 31 March 2018

Registration number: 04531874

The directors present their report and the audited financial statements for the period from 1 January 2017 to 31 March 2018. On 14 July 2017, Semperian Glasgow Limited acquired 100% of the share capital of the company. On the same date, the company name was changed from Impregilo Parking (Glasgow) Limited to Parking Glasgow Limited. The accounting period was also extended to 31 March, to fall in line with the Semperian Group.

Future developments

No significant changes are expected to the company's activities, as set out in the Strategic Report, in the foreseeable future.

Dividends

No dividend was paid during the year (2016: £nil, £nil per ordinary share).

Financial risk management

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The directors have policies for managing each of these risks and they are summarised below:

Interest rate risk

The senior debt interest has been fixed through the use of fixed funding rates, plus a margin, as set out in note 14.

Inflation risk

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

Credit risk

The company receives the majority of its revenue from NHS Greater Glasgow and Clyde and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

Major maintenance replacement risk

The company takes the risk that its projections for ongoing major maintenance replacement of the building and relevant equipment are adequate. These projections have been agreed with third parties and are subject to regular review by the directors.

Directors of the company

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

K McLellan (appointed 14 July 2017)

A Ritchie (appointed 14 July 2017)

R Little (appointed 14 July 2017)

G Catrini (resigned 14 July 2017)

M Villa (resigned 14 July 2017)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

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.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The independent auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office.

Approved by the Board on 3 DEC 2018 and signed on its behalf by:

....
Imagile Secretariat Services Limited
Company secretary

Independent Auditors' Report to the members of Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)'s financial statements:

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

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent Auditors' Report to the members of Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited) (continued)

Reporting on other information (continued)
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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the members of Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited) (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

N. Muzzlewhite

Nick Muzzlewhite (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 13/12/18

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Profit and Loss Account for the Period from 1 January 2017 to 31 March 2018

	Note	1 January 2017 to 31 March 2018 £ 000	Year ended 31 December 2016 £ 000
Turnover	4	2,901	2,111
Cost of sales		(1,783)	(877)
Gross profit		1,118	1,234
Administrative expenses		(202)	(509)
Operating profit	5	916	725
Interest receivable and similar income	6	2	3
Interest payable and similar charges	7	(709)	(590)
Profit on ordinary activities before taxation		209	138
Tax on profit on ordinary activities	8	(104)	(76)
Profit for the financial period		105	62

The above results were derived from continuing operations.

Statement of Comprehensive Income for the Period from 1 January 2017 to 31 March 2018

	Note	1 January 2017 to 31 March 2018 £ 000	(As restated) Year ended 31 December 2016 £ 000
Profit for the financial period		105	62
Other comprehensive income:			
Change in value of hedging instrument	18	245	(1,167)
Reclassifications to profit and loss	18	509	393
Deferred tax arising on unrealised movements on cash flow hedges	8	(204)	117
Other comprehensive income for the year, net of tax		550	(657)
Total comprehensive income for the period		655	(595)

The notes on pages 11 to 23 form an integral part of these financial statements.

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Balance Sheet as at 31 March 2018

	Note	31 March 2018 £ 000	(As restated) 31 December 2016 £ 000
Fixed assets			
Tangible assets	9	5,888	6,313
Current assets			
Debtors: Amounts falling due after more than one year	10	472	666
Debtors: Amounts falling due within one year	12	112	118
Cash at bank and in hand		1,277	807
		1,861	1,591
Creditors: Amounts falling due within one year	13	(1,152)	(1,278)
Net current assets		709	313
Total assets less current liabilities		6,597	6,626
Creditors: Amounts falling due after more than one year	13	(11,441)	(12,553)
Provisions for liabilities	15	(428)	-
Net liabilities		(5,272)	(5,927)
Capital and reserves			
Called up share capital	16	1	1
Cash flow hedge reserve		(2,521)	(3,071)
Profit and loss account		(2,752)	(2,857)
Total equity		(5,272)	(5,927)

3 DEC 2018

Approved and authorised by the Board on .... and signed on its behalf by:

....

R Little

Director

The notes on pages 11 to 23 form an integral part of these financial statements.

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Statement of Changes in Equity for the Period Ended 31 March 2018

	Called up Share capital £ 000	(As restated) Cash flow hedge reserve £ 000	Profit and loss account £ 000	(As restated) Total equity £ 000
At 1 January 2016	1	(2,414)	(2,919)	(5,332)
Profit for the financial period	-	-	62	62
Other comprehensive income	-	(657)	-	(657)
Total comprehensive income	-	(657)	62	(595)
At 31 December 2016	1	(3,071)	(2,857)	(5,927)

	Called up Share capital £ 000	Cash flow hedge reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2017	1	(3,071)	(2,857)	(5,927)
Profit for the financial period	-	-	105	105
Other comprehensive income	-	550	-	550
Total comprehensive income	-	550	105	655
At 31 March 2018	1	(2,521)	(2,752)	(5,272)

The notes on pages 11 to 23 form an integral part of these financial statements.

1 General information

The principal activity of the company is the development and management of car parking facilities at Glasgow Royal Infirmary Hospital, under the terms of a thirty one year Private Finance Initiative (PFI) contract with the NHS Greater Glasgow and Clyde Health Board.

The company is a private company limited by shares and is incorporated and domiciled in England.

The address of its registered office is:
Third Floor
Broad Quay House
Prince Street
Bristol
BS1 4DJ

The company's functional and presentation currency is the pound sterling.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation
These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern
The company's balance sheet reflects net liabilities, this is caused by the accumulated deficit on profit and loss reserves as well as the recognition of derivative financial instruments at their fair values. These derivative financial instrument liabilities are unrealised and are part of hedging arrangements that help to reduce volatility in the company's cash flows over the duration of the PFI project. Having reviewed the company's projected profits and cash flows by reference to a financial model, that includes the impact of these instruments, the directors consider that the company will be able to settle its debts as they fall due and accordingly the financial statements have been prepared on a going concern basis.

2 Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company recognises income when it has fully fulfilled its contractual obligations. The company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and cost of sales.

Where appropriate, income received under the PFI contract in respect of services provided during the operational phase of the contract is deferred to future periods in order to match those elements of income with the costs to which they relate. The turnover and cost of sales are recorded in the profit and loss account in the period in which the relevant costs are incurred.

Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements.

Hedge accounting - deferred tax

During the period the directors reconsidered the accounting treatments applied by the company.

The company applies hedge accounting under FRS 102 for its financial derivative items. Under previous management the deferred tax impact of the hedge accounting was not recognised in the financial statements.

The directors are of the opinion that this is incorrect and have restated the financial statements for the year ended 31 December 2016 as follows:

	As originally disclosed	Restated
Deferred tax asset / (liability)	(55,235)	666,000
Hedging reserve	(3,792,185)	(3,071,000)
Deferred tax within other comprehensive income	-	117,000

The deferred tax asset can be seen at Note 10, with the derivative financial instruments disclosed at Note 17.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Car parking facilities	3% per annum straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash balances are held in bank accounts which are subject to controls, exercised by the providers of the company's long term debt facilities, under the terms of its facility agreements.

Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, finance debtors, cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

2 Accounting policies (continued)

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Derivatives and Hedging arrangements

Derivatives, which may include interest rate swaps and RPI swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate, unless they are included in hedging arrangements.

The company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the profit and loss account.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss account in the same period in which the hedged transaction is recognised in the profit and loss account or when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2 Accounting policies (continued)

Dividends
Final dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. Interim dividends are recognised when paid. These amounts are recognised in the statement of changes in equity.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The exemptions which the company has taken are:

(i) the requirement to prepare a statement of cash flows;

(ii) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;

(iii) the requirement to disclose related party transactions, with the members of the same group, that are wholly owned;

(iv) the requirement to provide consolidated financial statements.

3 Critical accounting judgements and estimation uncertainty

Judgements, estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may subsequently differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates made are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements, adopted by management, in applying the company's accounting policies are described below:

Fixed Asset
The company depreciates its tangible fixed assets on a straight line basis, tied to the time length of the PFI Concession Agreement it has entered into. This method is considered most appropriate by the directors as the number of available parking spaces and structure of the tariff scheme is not forecast to vary over the life of the contract, therefore a time basis of depreciation has been selected.

Provisions for other liabilities
Where management become aware of contractual or other disputes, with either customers or suppliers, or of potentially onerous contract arrangements, they make an estimate of the likely outcome of each situation by considering factors including, the likelihood and timing of any cash flows, and the historic experience of similar situations. See note 15 for the disclosures relating to provisions for other liabilities.

3 Critical accounting judgements and estimation uncertainty (continued)

Treatment and Measurement of derivatives

The directors have adopted a policy of cash flow hedge accounting for derivative financial instruments and have assessed that the company's interest rate and RPI swaps meet the criteria for hedge accounting under FRS 102. This allows unrealised gains and losses to be deferred in a cash flow hedge reserve and only recognised through the income statement at the same time as the hedged cash flows.

The derivative financial instruments are recognised at fair value. The measurement of fair value is based on estimates of future market interest and inflation rates and will therefore be subject to change. The company has used a third party expert to assist with valuing such instruments.

Taxation

The assessment of the tax charge may include uncertain tax positions where the tax treatment has not yet been agreed with the taxation authorities. Management make an estimate of the taxation charge for the period and the value of balances, with reference to legislation, discussions with taxation authorities, advice from taxation advisors, and the determination of similar taxation cases.

Deferred tax is recognised at tax rates that are expected to be applicable when the timing differences reverse, to the extent that such rates have been substantially enacted. Given the phased reduction in future tax rates in the UK, the deferred tax asset or liability recognised is therefore dependent upon an estimate of the timing of such reversals.

4 Turnover

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

5 Operating profit

The company had no employees, other than the directors, during the year (2016: none). The emoluments of the directors are paid by the controlling parties. The directors services to this company and to a number of fellow group companies are primarily of a non executive nature and their emoluments are deemed to be wholly attributable to the controlling parties. The controlling parties charged £nil (2016: £nil) to the company in respect of these services.

The audit fee in respect of the company was £7,600 for the year (2016: £6,900).

At the date of financial close an inflation rate derivative was taken out to fix a portion of the inflation index-linked income due under the PFI contract. The terms of the swap are such that the inflation rate has been fixed at a rate of 2.72% on £321,118 of annual turnover at the effective base date. The fair value of the swap at 31 march 2018 is a liability of £1,127,040 (31 Dec 16: £1,325,905).

6 Interest receivable and similar income

	1 January 2017 to 31 March 2018 £ 000	Year ended 31 December 2016 £ 000
Interest income on bank deposits	2	3

7 Interest payable and similar charges

	1 January 2017 to 31 March 2018 £ 000	Year ended 31 December 2016 £ 000
Interest on bank borrowings	157	159
Interest rate swap costs	473	365
Interest payable on loans from group undertakings	79	66
	709	590

8 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	1 January 2017 to 31 March 2018 £ 000	Year ended 31 December 2016 £ 000
Current taxation		
UK corporation tax	114	82
Deferred taxation		
Arising from origination and reversal of timing differences	(3)	(6)
Arising from changes in tax rates and laws	(6)	-
Adjustment in respect of prior periods	(1)	-
Total deferred taxation	(10)	(6)
Tax on profit on ordinary activities	104	76

(b) Tax relating to items recognised in other comprehensive income or equity

	1 January 2017 to 31 March 2018 £ 000	(As restated) Year ended 31 December 2016 £ 000
Deferred tax		
Arising from origination and reversal of timing differences	128	(147)
Arising from changes in tax rates and laws	76	30
Total tax expense/(income) included in other comprehensive income	204	(117)

8 Tax on profit on ordinary activities (continued)

(c) Reconciliation of tax charge

The tax on profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK (2016: higher than the standard rate of corporation tax in the UK) of 19.2% (2016: 20%).

The differences are reconciled below:

	1 January 2017 to 31 March 2018 £ 000	Year ended 31 December 2016 £ 000
Profit on ordinary activities before taxation	209	138
Corporation tax at standard rate	40	28
Adjustments to tax charge in respect of prior years	(1)	-
Expenses not deductible for tax purposes	70	48
Re-measurement of deferred tax - changes in UK tax rates	(5)	-
Total tax charge	104	76

(d) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. From 1 April 2017, changes to the legislation in respect of the utilisation of carried forward tax losses and the restriction of interest deductions have come into force. Changes to the rules governing the treatment of hybrids were also adopted from 1 January 2017. We have therefore reviewed the impact of these changes, with the encompassed figures reflecting their implementation.

9 Tangible assets

	Land and buildings £ 000	Total £ 000
Cost or valuation		
At 1 January 2017	10,196	10,196
At 31 March 2018	10,196	10,196
Depreciation		
At 1 January 2017	3,883	3,883
Charge for the year	425	425
At 31 March 2018	4,308	4,308
Carrying amount		
At 31 March 2018	5,888	5,888
At 31 December 2016	6,313	6,313

Parking Glasgow Limited (formerly Impregilo Parking (Glasgow) Limited)

Notes to the Financial Statements for the Period Ended 31 March 2018 (continued)

10 Debtors: Amounts falling due after more than one year

	31 March 2018 £ 000	31 December 2016 £ 000
Deferred tax assets	472	666

11 Deferred tax asset

	Deferred tax £ 000
At 1 January 2017 (as restated)	666
Additions dealt with in profit or loss	10
Additions dealt with in other comprehensive income	(204)
At 31 March 2018	472

The deferred tax asset consists of the following assets:

	1 January 2017 to 31 March 2018 £ 000	(As restated) Year ended 31 December 2016 £ 000
Accelerated capital allowances	(1)	(1)
Other timing differences	(44)	(54)
Fair value of financial instruments	517	721
	472	666

Details of the restatements made for the year ended 31 December 2016 can be found in Note 2.

12 Debtors: Amounts falling due within one year

	31 March 2018 £ 000	31 December 2016 £ 000
Trade debtors	-	108
Prepayments and accrued income	112	10
	112	118

13 Creditors

	Note	31 March 2018 £ 000	(As restated) 31 December 2016 £ 000
Amounts falling due within one year			
Senior debt	14	359	311
Trade creditors		4	45
Amounts owed to group undertakings		519	607
Other creditors including taxation and social security		91	85
Accruals and deferred income		176	148
Corporation tax		3	82
		1,152	1,278
Amounts falling due after more than one year			
Senior debt	14	6,608	6,967
Subordinated debt	14	1,794	1,794
Derivative financial instruments	18	3,039	3,792
		11,441	12,553

Included within Other creditors including taxation and social security for the year ended 31 December 2016 is a balance of £85k in relation to the VAT liability of the company, which was previously disclosed within Accruals and deferred income.

14 Loans and borrowings

	31 March 2018 £ 000	31 December 2016 £ 000
Loans and borrowings falling due within one year		
Senior debt	359	311

	31 March 2018 £ 000	31 December 2016 £ 000
Loans and borrowings falling due between one and five years		
Senior debt	1,708	1,542
Subordinated debt	243	-
	1,951	1,542

14 Loans and borrowings (continued)

	31 March 2018 £ 000	31 December 2016 £ 000
Loans and borrowings falling due after more than five years		
Senior debt	4,900	5,425
Subordinated debt	1,551	1,794
	6,451	7,219

Bank borrowings relate to term loan facilities granted by Royal Bank of Scotland. The loan facility was for a total value of £8,760,000 due to be repaid in a total of 49 instalments terminating on 30 June 2029 and this reduces in line with repayment obligations. The balance outstanding as at 31 March 2018 was £6,997,553 (31 December 2016: £7,308,494). Interest is charged at six month LIBOR plus margin of 1.35%. The company has entered into interest hedging agreements to be applied to the expected future borrowings under the facilities.

The hedging agreement fixes the interest rate payable at 5.67%, utilising the same notional balance as the loan facility, reducing in line with repayment.

The subordinated loan notes, which are due to a group undertaking, are repayable by 30 September 2035. These loan notes are subordinated to the right of payment of senior debt providers with an interest rate of 3% plus six month LIBOR, interest is payable semi-annually. The loan notes are unsecured and repayable on demand.

15 Provisions for liabilities

	Latent defect £ 000
At 1 January 2017	-
Additions dealt with in profit or loss	428
At 31 March 2018	428

During the period a provision of £428k was recognised in relation to certain structural repairs due to be undertaken.

16 Called up share capital

Allotted, called up and fully paid shares

	31 March 2018		31 December 2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	1	1	1	1

17 Related party transactions

As a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited, the company has taken advantage of the exemption under FRS 102 - paragraph 33.1A of the requirement to disclose transactions between it and other group companies.

18 Financial instruments

Fair value of derivatives used for hedging in the Balance Sheet

	Note	31 March 2018 £ 000	31 December 2016 £ 000
Creditors: Amounts falling due after more than one year - Fair value of swaps	13	(3,039)	(3,792)
Net Fair value of swaps in the Balance Sheet		(3,039)	(3,792)

Movement in Fair value of derivatives used for hedging

	31 March 2018 £ 000	31 December 2016 £ 000
Recognised through Other Comprehensive Income	754	(774)
	754	(774)

The company has entered into an interest rate swap to receive interest at LIBOR and pay interest at a fixed 5.67%. The swap is based on an original principal amount of £8,760,000, which reduces in line with the principal amount of the company's sterling Senior loan facilities, and matures in June 2029 on the same date as the Senior loans.

The instrument is used to hedge the company's exposure to interest rate movements on the Senior loan facility. The fair value of the interest rate swap is £1,912,000 (2016: £2,466,000).

Cash flows on both the loan and the interest rate swaps are paid six monthly until June 2029. During 2018, a hedging gain of £82,000 (2016: £625,000 loss) was recognised in other comprehensive income for changes in the fair value of the interest rate swap and £473,000 (2016: £365,000) was reclassified from the hedge reserve to profit and loss.

The company has also entered into an inflation rate derivative. This was taken out at the date of financial close to fix a portion of the inflation index-linked income due under the PFI contract. The terms of the swap are such that the inflation rate has been fixed at 2.72%. The fair value of the swap at 31 March 2018 is a liability of £1,127,040 (2016: £1,325,905). During the year a hedging gain of £162,000 (2016: £543,000 loss) was recognised in other comprehensive income for the changes in fair value of the RPI swap and £36,000 (2016: £29,000) was reclassified from the hedge reserve to profit and loss.

19 Parent and ultimate parent undertaking

The company's immediate parent is Semperian (Glasgow) Limited, incorporated in England and Wales.

The ultimate parent and controlling party is Semperian PPP Investment Partners Holdings Limited, incorporated in Jersey. The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited. These financial statements are available upon request from the Company Secretary at Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.