

**Integral UK Limited**

Annual report and financial statements

Registered number 5307588

Year ended 31 December 2019

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## Directors and advisors

### Directors

Y Kapila

A Osborn

N Birkinshaw (appointed 20 June 2019)

B Glastonbury (resigned 23 May 2019)

### Company Secretary

J Godbee (appointed 18 June 2019)

R Webster (appointed 18 June 2019)

### Registered Office

30 Warwick Street

London

W1B 5NH

### Auditor

KPMG LLP

66 Queen Square

Bristol

BS1 4BE

### Bankers

Lloyds TSB

Canons House

Canons Way

Bristol

BS99 7LB

National Westminster Bank

1 Waterhouse Street

Halifax

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## Strategic Report

The directors present their Strategic Report on the company for the year ended 31 December 2019.

### Managing Director's Review of Integral 2019

#### Executive summary

I am pleased to announce a strong year of trading during 2019 with EBITDA of £3.8m. Business performance and fundamentals are strong, and the Integral brand continues to stand for quality and service in the industry. Following on from the strategic plan initiated in 2018 the business has continued to drive forward.

The impact of actions of from the strategic plan can already be seen in several areas;

- In a world transformed by on-demand apps, such as Deliveroo and Uber, our digital presence gives us the opportunity to drive an unique offering to our clients, Thanks to the launch of JLL *FacilitiesFlex On-demand*, Integral will play a pivotal role in reimagining the world of Facilities Management ("FM") in the UK. This innovative facilities management product will see Integral partnering with JLL as 'one team' to provide the first on-demand, pay-as-you-go service of its kind, in the UK. Built on JLL's Corrigo CMMS platform (Computerised Maintenance Management System), and utilising a smartphone app or desktop portal, *FacilitiesFlex On-demand* will be serviced by Integral's Helpdesk teams and delivered nationally by our highly skilled, mobile engineering workforce.
- During 2019, and allied to the wider JLL commitment to sustainability, we have expanded into the electric vehicle ("EV") charge point installation market. As more drivers switch to hybrid or electric cars, we are seeing a rapid increase in demand for charging points at destination retail and leisure locations, large commercial and residential hubs and national car parking chains. Thanks to our expertise, existing client base and national mobile engineering workforce, we are ideally placed to provide installation and ongoing maintenance services to cater for the urgent requirement for more EV charging points. This shift has led to us becoming the biggest EV specialist in the UK, with a total of 51 EV certified engineers. This shift allows Integral to support and contribute to the UK Government's commitment to ban sales of petrol, diesel or hybrid cars by 2035 and with the ever increasing need to decarbonise and drive sustainability we see exciting prospects for this area.
- 2019 has seen ever more enhanced collaboration with Jones Lang LaSalle Incorporated Property Asset Management ("PAM"), Project and Development Services ("PDS") and their Tetris businesses. In 2019 the London & South East (LSE) region has already experienced particularly strong growth from these areas with a widening out of this across the whole country envisaged for 2020. We believe that our combined and enhanced Sales Pipelines and resources will secure new contracts for the group and as Integral becomes more integrated, ever more opportunities for cross-selling and trading between group companies are expected. This is an exciting example of how we can work together with JLL to leverage our business and achieve growth, by drawing on world class technology and expertise.

These changes are a few examples of the impacts of our multi-year growth strategy for 2018-20. We are already seeing the benefits of these in both the P&L and credit ratings in 2018 and 2019. We expect these changes to continue to drive improvement in the business in 2020.

#### Financial performance and financial position

Key factors in the 2019 results:

- The year on year revenue has decreased from £367,193,000 to £364,138,000.
- Gross margin reduced year on year from £48,593,000 to £45,760,000. Gross margin is expected to improve with the focus on contract performance and more investment in account management.
- Administrative expense cost increased from £47,392,000 to £50,281,000 due to the investment related to the implementation of a new ERP system for Integral, alongside further strengthening of the compliance and infrastructure environment.

## **Strategic Report** *(continued)*

### **Financial performance and financial position** *(continued)*

- Total comprehensive loss for the year was £5,596,000 (2018: income of £6,070,000 after recognition of £5,114,000 of tax income in relation to 2017 losses surrendered to Jones Lang LaSalle Ltd which were subsequently settled).

The company net asset position has increased year-on-year from £16,140,000 to £55,344,000. This increase has resulted from a capital contribution from the Jones Lang LaSalle Group of £21,800,000 and an injection of a further £23,000,000 of share capital from Integral UK Holdings Limited (as sourced from funding within the Jones Lang LaSalle Group). We consider that the net asset level is more than adequate for ongoing operations. These improvements to our balance sheet strength are reflected in the improvement of our Creditsafe credit rating to 88.

### **Operations**

2019 saw a reorganisation of the business with the focus moving from a geographic organisation to a national model following the end market sectors of our customers. This reorganisation was substantially concluded in Q4 with our operational teams now fully aligned to the new sector based model. The new business structure will allow the provision of a significantly more coherent and responsive service proposition to our customers, something that we believe will particularly benefit cross selling and our larger national customers. The planned roll out of our new ERP system, expected in H2 2020, will further support the move to this new way of working.

Underpinning our service offering to our clients are 1,781 mobile and static technicians and engineers, we operate one of the largest national mobile maintenance fleets and have the ability to service every UK postcode area. I am pleased to announce Integral retained the Van Excellence accreditation for a fifth year. Developed by the Freight Transport Association (“FTA”) in 2010, Van Excellence is designed to be both aspirational and inspirational. It is industry-conceived and industry-led and therefore a credible and independent guarantee that an organisation’s van fleet is working to the best possible standards. Integral first achieved the certification in 2014 and has managed to retain it every year since.

Health and safety remains our number one commitment and we are pleased to report that we achieved the prestigious RoSPA Gold award for the 6th consecutive year. This is in recognition of our ongoing practices and achievements in safeguarding our staff, customers, clients, and contractors.

Finally, our main strength is our incredibly loyal and committed workforce who enjoy working for both Integral and our clients. Our people are the critical part of our business and each person within Integral has an important role to play. 2019 has been a year of significant change and I would like to place on record my thanks to all our people for the way they have embraced and driven the evolution of the business.

### **CSR**

Integral aims to be the first choice of our customers and employees by excelling at customer satisfaction and creating profitable growth based on our unique strengths. We are committed to being a responsible business, employer, partner and neighbour.

As a business, we believe in conducting our business safely, ethically, sustainably, ensuring our activities are carried out in conformance with all applicable employment, Health, Safety, Environmental and Corporate Legislation and in line with the broader JLL Group ethical standards.

### **Future prospects**

Digital ways of working continue to transform industries across the world and Integral is no exception. *FacilitiesFlex On-demand* offers a potentially new route to market, giving increased ease and convenience for our clients and a more efficient and data rich way of working to Integral. Roll out of this technology will continue to transform both Integral and the industry over the next few years and we intend to remain at the forefront of this area.

## Strategic Report *(continued)*

### Future prospects *(continued)*

In sector terms significant volume growth is expected from the Public Sector and we have clear visibility of some large opportunities in the pipeline. Private Sector is also showing potential for double digit revenue growth, fed by both new and existing accounts. Our Corporate sector are set to capitalize on the relationships that we have put in place within the JLL group, opening up numerous opportunities for collaboration that will benefit all parties. Finally, our Projects division continues to develop new relationships and build pipelines for the next 12 months.

Thanks to our new customer-centric model there is an even stronger focus on CRM and operational delivery excellence, which forms a key part of our growth strategy. We are working to forge ever closer relationships and partnerships with more of our clients. This national, sector led approach, has also resulted in more clarity and the identification of scaling accounts where there is scope to sell more of our services including Small Works and Refrigeration, to current Integral or JLL clients.

Finally, the continued surge for electric and hybrid vehicles thanks to Government legislation aimed at reducing emissions, has seen the associated infrastructure fail to keep pace. With a market leading EV installation offering Integral are well placed to drive growth in this area.

### COVID-19 Statement:

The ongoing impact of Covid-19 presents significant business challenges. The situation continues to be fluid with definitive guidance and predictions difficult to give. To assist the users of these financial statements the Directors set out their thought processes around potential Covid-19 impacts in a number of areas below.

#### Staff:

- Our primary objective is the ongoing safety of our staff. This is our first consideration in all areas and underpins all the statements we make below. I would like to pay tribute to all of our workforce at this very difficult time for the amazing resilience, professionalism and spirit they have shown.
- In addition to keeping our staff safe we have a responsibility to continue to support the vital national infrastructure required to help fight the spread of the disease. Our overall approach is to operate Statutory Planned Preventative Maintenance (PPM) and Emergency response for all sites, irrespective of the state of closure or occupation, to ensure safety, compliance and the reinstatement of buildings when controls are lifted. In specific cases, for essential clients such as key public services and infrastructure, we are operating a more diverse service and continuing to respond to reactive maintenance calls in addition to our PPM response. In line with government guidance our Major Projects sites in general remain open, albeit with an imperative for all staff to follow social distancing guidelines and government health advice.
- Where work is not available then we have been taking advantage of the Government Furlough Scheme to help safeguard jobs. Usage of this scheme peaked at 1,400 staff in Q2 with currently around 1,000 staff under this scheme.

**Government support:** This is an area that continues to move fast with unprecedented government interventions to help business. We have taken advantage of the government deferrals of VAT, with our Q2 payment postponed until 2021. Details of the usage of the government furlough scheme can be seen above.

**Customers:** Our core business remains the repair, maintenance and enhancement of the built environment. Much of our work is required in order to allow our customers to meet their statutory obligations and this helps ensure a degree of stability of demand within a core of our revenue. As previously stated, where relevant these statutory requirements continue to be fulfilled across our client portfolio. In many cases these work streams are invoiced to clients evenly through the year and independent of the timing of these statutory tasks, meaning that cash can still be generated even when client sites are not open. In other more discretionary areas, such as reactive and project works, we have seen a significant drop off in demand associated with Covid-19, particularly as sites close. Although a temporary pressure on the business, the Directors do not believe this represents a permanent loss of business, more a delay with pent up demand likely to rebound once the impacts of Covid-19 abate.

## Strategic Report *(continued)*

### COVID-19 Statement *(continued)*

**Counterparty risk:** With increased business pressure for our customers comes increased counterparty risk. Historically the business has always devoted considerable efforts in this area, and this remains to be the case. Our key tools remain a twin reliance on strong client relationships as well as external credit rating agencies. This vigilance applies both to our customers and to our supply chain. We do not currently believe our bad debt provisioning policy needs to be adjusted in the light of Covid-19 but we are keeping this under active review.

**Suppliers:** As well as our workforce the business cannot continue to operate without a strong supply chain, a supply chain that clearly is feeling its own pressures. Allied to the management of our counterparty risk, discussed above, the business is in active dialogue with key suppliers and is monitoring their stability in this difficult time.

**Financing:** Even in the Covid-19 lockdown period, the Company has been able to secure a positive cash inflow from working capital, in addition to the positive cash inflows from the utilisation of the Government Furlough Scheme and the positive impact re the deferral of VAT payments. The Company currently has a positive cash position and have cleared the overdraft that existed as at the balance sheet date. Current forecasts predict that this will continue for the remainder of the calendar year and into the 2021 financial reporting period.

### Brexit Statement:

Currently we are seeing relatively few direct business impacts from Brexit uncertainty, with Covid-19 having a far more significant impact across the business and the world. Looking further forward the long-term impact remains very difficult to assess without some further clarity on the future legal or trading relationship.

In general, a hard Brexit is expected to lead to a more negative business environment in the short term than a soft Brexit, but the exact quantification remains to be seen. Even in the circumstances of a hard Brexit, and possible supply chain and business disruption, the directors consider the business benefits from a number of mitigating factors;

- The trade of Integral is entirely contained within the United Kingdom and the functional currency is the British Pound. Non-GBP currency payments or receipts are relatively minimal within the overall cost base. As such the direct exposure to currency risk is small.
- The current UK government public stance is that EU nationals already in country are expected to be offered a simple path to continue living and working within the UK. The majority of the current workforce of Integral are UK nationals but even where this is not the case the current UK government stance mitigates the risk of direct labour shortages.
- In the event of a hard Brexit and significant trade disruption there will be an elevated risk of UK recession, particularly with an economy already impacted by Covid-19. Although not immune to the threat of recession Integral enjoys a stability of client demand with a large proportion of revenues already secured due to our long-term order book. The nature of much of our work, repair and maintenance is often to meet statutory obligations, which ensures there is stability of demand within a core of our revenue. These factors are considered to help to shield the business from some of the negative economic conditions mentioned above.

## **Strategic Report** *(continued)*

### **Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The board of directors of Integral UK Limited consider, both individually and together, that they have acted in a way that they consider to be in good faith, after reaching the decision that they would most likely promote the success of the company, and decisions that were made during the year ending 31 December 2019, for the benefit of its members as a whole. In doing so the directors have had regard to the stakeholders and matters set out in s172(1)(a-f) of the Act.

#### **Consideration of Long-term factors**

See “Future Prospects” section above with regards to the mid and long-term strategic actions that have been taken by Directors.

#### **The interests of the company's employees**

Integral engages with its stakeholders about a range of topics using different methods of communication that are most applicable for the audience. Integral communicates under its six strategic pillars – people, clients, values, digital, brand and growth – be it in written, digital or oral communication.

There is a clear cascade of information from the Board and Exec team to an extended leadership group and all staff thereafter, to make sure that there isn't solely a reliance on all staff emails. The Board and Exec team are committed to drive staff engagement and excel in information cascading and listening.

Supplementary information is provided to leaders in toolkit form regularly which includes key messages, proof points, powerpoint decks and FAQs. Likewise, additional ‘all staff’ information is provided on the staff intranet, along with further background information and contact details.

Leadership townhalls are timed around key events including financials results and always focus on financial and other key metrics, with calls to action for all. Communications around financial results are also supplemented by the internal Group and messaging from the wider JLL Group.

We survey audiences after townhalls and have a clear appetite for face-to-face communication which we're continually seeking to improve.

#### **The company's business relationships with suppliers and customers**

##### **Suppliers**

Integral engages with many suppliers across the supply chain. Integral's Sourcing and Procurement team manages the strategic relationships with the suppliers including defining the business requirements, competitively tendering, contracting, performance management and relationship management.

The interaction varies depending on the type, criticality, and scale of services or products provided. For strategic suppliers the Company has a supplier relationship management programme, where there are formal quarterly reviews that cover performance and any future investment decisions. The Company holds periodic events for preferred suppliers so that they are able to understand Integral's strategy and how they fit in.

All suppliers are expected to abide by the Integral Vendor Code of Conduct that clearly states the expectations Integral has of its suppliers. The Company will commence in 2020 with training (Webex and e-learning) events for suppliers on subjects including ethics and compliance.

For our key Supply Partners, Integral utilises the Jaggaer platform, which enables consistency with the on-boarding of suppliers and bid management of Suppliers. When there is a need to engage with all suppliers, for example where there is an International incident or crisis, Integral is able to communicate very efficiently to all enrolled suppliers. At an operational level, suppliers are managed on a daily basis by Integral staff. Many suppliers are embedded in our operating model, and their performance is measured and managed locally.

## **Strategic Report** *(continued)*

### **Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006** *(continued)*

#### **Suppliers** *(continued)*

The Sourcing and Procurement team often meet new suppliers to understand their capabilities and to assess their fit for our market. New suppliers are identified from a number of resources including referrals, interaction at trade shows, cold calls and internet searches.

#### **Customers**

The Company communicates on a series of topics and these communications are driven through a variety of channels (Integral's owned channels, such as direct email, third party channels, such as events, paid for advertising, PR, social media and most important via our Integral client-facing people as well as utilising information from the wider JLL Group) and initiatives.

Our communication programmes typically build from client insights. These insights come from our data that we capture through our website, research, preference centre, CRM platforms or from our client-facing employees. Based on this insight we build a view of the client's needs, the stage at which they're at in their relationship with JLL and a view of which message or topic will be most relevant to the client. Once we have this plan our marketing communications tend to be focused on three areas: Brand (how they feel about the company), Insight or Theme (what they should think about a topic that may impact their business or role) or Product or Service (how we can help them). Our messages are then distributed through a variety of channels that range from face-to-face presentations to clients on a particular theme, to digital advertising to clients around our values and our brand positioning. Each message and campaign will have a specific delivery programme and investment level associated to it. We monitor the engagement levels with our communications carefully and based on the feedback we trigger further stages of the campaign, or we update it appropriately. We also seek to provide supplementary information to client facing employees in the form of toolkits that include key messages, proof points, powerpoint decks, case studies and FAQs.

We take our client communications seriously and invest appropriately. We have a team of marketing people supported by external agencies working on the communications programme. They work closely with the JLL global teams on activities such as PR, digital marketing, client segmentation and marketing material development.

#### **The community and the environment**

The Company recognises that the next 20 years will present some of the greatest demographic, technological, environmental and social challenges of our time. These challenges demand a bold response, with the need to embed sustainability into all aspects of Integral's business.

These environmental and social challenges also present an opportunity, and our vision is to make Integral a UK-leading, sustainable Mechanical and Electrical services firm that can help support our Clients in delivering their wider sustainability challenges. This progressive approach leads to responsible investment decisions with healthier, safer, more engaged people, and increased value for all our stakeholders. Integral also contributes to JLL's sustainability programme, Building a Better Tomorrow. This vision is delivered via four focus areas: people, clients, workplaces and communities.

##### **Clients**

We seek to transform the UK maintenance and repair sector by integrating sustainability into all of our advice and by supporting clients with leading sustainability and energy expertise.

##### **Workplaces**

Through exemplary workplace design and operation, we support staff wellbeing and play a leading role in the UK's transition to a low carbon, circular economy.

##### **Communities**

The Company works in partnership with local communities to address the social issues where we can have the most impact. We are committed to leveraging our skills and experience, and to challenging ourselves and the way we do business.

## **Strategic Report** *(continued)*

### **Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006** *(continued)*

#### **People**

The Company seeks to create a work culture that values diversity, recognises and rewards talent, develops skills for tomorrow's challenges and fosters good health, safety and wellbeing. In 2019, JLL UK committed to achieving net zero carbon in our UK workplaces by 2030, Integral are part of that commitment and are working on delivering this ambitious programme.

#### **The reputation for high standards of business conduct**

JLL stands for uncompromising integrity and the highest ethical conduct and has been named this year as one of the World's Most Ethical Companies for the 13th consecutive year. Integral, as part of the JLL Group, works to the same standards. Integral personnel throughout the business and irrespective of seniority follow our core values of teamwork, excellence and ethics.

At the heart of Integral's quality and business conduct framework is the Code of Ethics and the Ethics Everywhere programme. These touch on numerous aspects of quality and business conduct with respect to different stakeholder groups: employees, clients, marketplace, shareholders and communities.

Integral has existing policies and procedures which reflect the organisation's activities, structure and risks. These policies and procedures are reviewed and maintained. Integral also holds certain accreditations which are independently audited. In some other cases, Integral seeks to apply the standards of other accreditations (even if not formally certified) or runs an internal programme of audits and reviews.

To sustain the framework, Integral employs and develops qualified subject matter experts, engages external professional advisers, appoints champions within the business, and designs or procures technological solutions. Various forms of guidance, training and communications support the framework, and Integral leaders receive regular reports and briefings.

Integral offers various mechanisms for the raising of concerns. Whether to line managers and business leaders, leaders of support functions (including Legal & Compliance), or the externally-managed speak-up service (accessible by phone, email or internet) offers anonymity, Integral encourages the raising of concerns so that they can be addressed.

#### **The need to act fairly as between members of the company**

As a 100% owned subsidiary, all decisions are made in the interests of the Parent Company as a single shareholder.

#### **Corporate governance arrangements statement**

One of Integral's priorities is to promote best-in-class governance, compliance, enterprise risk management and professional standards to operate a sustainable organisation which meets the significant challenges and risks inherent in UK markets and minimises disruptions to, and distractions from, the accomplishment of our corporate mission.

As a part of the JLL global organisation, where the ultimate parent company is a publicly traded company, which is subject to various corporate governance and other requirements established by statute, pursuant to SEC regulations and under the rules of the New York Stock Exchange, we follow globally implemented corporate governance policies.

Integral's Corporate Governance is the framework of policies and processes which determine how Integral is managed and controlled. Our Corporate Governance Policies give guidance on the processes and behaviours that shape our organization. Our corporate governance developments are regularly reviewed and modified to ensure alignment with the wider JLL Group.

## **Strategic Report** *(continued)*

### **Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006** *(continued)*

As a UK incorporated entity, besides the global policies, the directors work with the assistance of its Compliance and Legal Department to review and stay abreast of changes in laws and regulations that affect the way we conduct our corporate governance in the UK. We are committed to the values of effective corporate governance, operating our business to the highest ethical standards and conducting ourselves in an environmentally and socially responsible manner. We believe that these values promote the best long-term performance of Integral for the benefit of our shareholders, clients, staff and other constituencies.

We believe our policies and practices reflect corporate governance initiatives that comply with corporate governance requirements and regulations in the UK.

By order of the Board

A handwritten signature in black ink, appearing to read 'Y Kapila', written over a horizontal line.

**Y Kapila**  
*Managing Director*

13 August 2020

## Directors' Report

The Directors present their report and the audited financial statements for Integral UK Limited, (the "Company") for the year ended 31 December 2019.

### Principal activities

The Company's principal activity is that of facilities services, including mechanical, electrical and fabric maintenance.

### Review of business

Please refer to the Strategic Report on pages 2 to 9 for a review of the business during the year.

### s172 Statement

Please refer to the Strategic Report on pages 2 to 9 for a Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

### Dividend

No interim dividend was paid in respect of the year ended 31 December 2019 (2018: £nil). No final dividend is proposed (2018: £nil).

### Going concern

The Company's assessment of going concern is set out in note 1.3. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the annual report and accounts is prepared on the going concern basis.

### Directors and their interests

The Directors who have served during the year and at the time of signing this report are set out on page 1.

### Employee involvement

The Company seeks to engage all employees in both its short term and long term goals. This is mainly achieved through briefings. Further information is provided in 'Our People' within the Strategic Report on pages 2 to 9.

### Employment of disabled persons

It is the policy of the Company in the United Kingdom that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

### Political contributions

The Company made no political donations or incurred any political expenditure in the year (2018: £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 that he ought to have taken as a director to make himself 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 re-appointed and KPMG LLP will therefore continue in office.

By order of the Board

  
A Osborn  
Director

13 August 2020

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of Integral UK Limited

### Opinion

We have audited the financial statements of Integral UK limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### Strategic report and directors' report

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

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

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

## Independent auditor's report to the members of Integral UK Limited (*Continued*)

### Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 11, 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](http://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.



**Juliette Lowes (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE  
13 August 2020

**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	2018 £000
<b>Turnover</b>	2	<b>364,138</b>	367,193
Cost of sales		<b>(318,378)</b>	(318,600)
<b>Gross profit</b>		<b>45,760</b>	48,593
Administrative expenses		<b>(50,281)</b>	(47,392)
Other operating income		-	200
<b>Operating (loss)/profit</b>		<b>(4,521)</b>	1,401
Interest receivable and similar income	6	<b>344</b>	529
Interest payable and similar charges	7	<b>(1,192)</b>	(790)
<b>(Loss)/profit before taxation</b>		<b>(5,369)</b>	1,140
Tax on (loss)/profit	8	<b>(227)</b>	4,930
<b>(Loss)/profit and total comprehensive (loss)/income for the financial year</b>		<b>(5,596)</b>	6,070

There was no other comprehensive income for the current or preceding financial year other than as stated in the profit and loss account.

All amounts derive from continuing operations.

The notes on pages 17 to 36 form an integral part of these financial statements.

**Balance Sheet**  
*as at 31 December 2019*

	<i>Note</i>	<b>2019</b>	2018
		<b>£000</b>	£000
<b>Fixed assets</b>			
Intangible assets	<i>9</i>	<b>15,386</b>	12,826
Tangible assets	<i>10</i>	<b>20,175</b>	2,570
		<b>35,561</b>	15,396
<b>Current assets</b>			
Stocks	<i>11</i>	<b>238</b>	358
Debtors	<i>12</i>	<b>109,649</b>	129,410
Cash at bank and in hand		<b>3,657</b>	1,381
		<b>113,544</b>	131,149
<b>Creditors:</b> amounts falling due within one year	<i>13</i>	<b>(82,633)</b>	(130,405)
<b>Net current assets</b>		<b>30,911</b>	744
<b>Total assets less current liabilities</b>		<b>66,742</b>	16,140
<b>Creditors:</b> amounts falling due after more than one year	<i>14</i>	<b>(11,128)</b>	-
<b>Net assets</b>		<b>55,344</b>	16,140
<b>Capital and reserves</b>			
Called up share capital	<i>17</i>	<b>25</b>	13
Share premium account	<i>17</i>	<b>22,995</b>	7
Capital contribution reserve	<i>18</i>	<b>21,800</b>	-
Other reserves		<b>187</b>	187
Profit and loss account		<b>10,337</b>	15,933
<b>Shareholders' funds</b>		<b>55,344</b>	16,140

The notes on pages 17 to 36 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 13 August 2020 and were signed on its behalf by:



**A Osborn**  
*Director*

Company registered number: 5307588

## Statement of Changes in Equity

	Called up share capital	Share premium account	Capital contribution and other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2018	13	7	187	9,863	10,070
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	6,070	6,070
	-----	-----	-----	-----	-----
Total comprehensive loss for the period	-	-	-	6,070	6,070
	-----	-----	-----	-----	-----
<b>Balance at 31 December 2018</b>	<b>13</b>	<b>7</b>	<b>187</b>	<b>15,933</b>	<b>16,140</b>

	Called up share capital	Share premium account	Capital contribution and other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2019	13	7	187	15,933	16,140
<b>Total comprehensive income and changes in equity for the period</b>					
Profit or loss	-	-	-	(5,596)	(5,596)
Issue of share capital (see note 17)	12	22,988	-	-	23,000
Group company capital contribution (see note 18)	-	-	21,800	-	21,800
	-----	-----	-----	-----	-----
Total comprehensive income and changes in equity for the period	12	22,988	21,800	(5,596)	39,204
	-----	-----	-----	-----	-----
<b>Balance at 31 December 2019</b>	<b>25</b>	<b>22,995</b>	<b>21,987</b>	<b>10,337</b>	<b>55,344</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Integral UK Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 5307588 and the registered address is 30 Warwick Street, London, W1B 5NH.

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 Financial Reporting Standards as adopted by the EU (“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.

The Company’s immediate parent company during the year was Integral UK Holdings Limited, a company incorporated in England and Wales. The Company’s ultimate parent undertaking, Jones Lang LaSalle Incorporated, includes the Company in its consolidated financial statements. The consolidated financial statements of Jones Lang LaSalle Incorporated are prepared under USGAAP and are available to the public and may be obtained from the 200 East Drive, Chicago Illinois 60601, USA. In these financial statements, the Company has applied the exemption 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, tangible fixed assets and intangible assets;
- 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 Jones Lang LaSalle Incorporated include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

#### 1.1 Change in accounting policy

The company has adopted the following IFRSs in these financial statements:

- IFRS 16: Leases. This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17 – see note 19.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.3 Going concern

As at 31 December 2019, the net current asset position was £30,911,000 (2018: £744,000). The net asset position has improved to £55,344,000 (2018: £16,140,000). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides and the anticipated impact of Covid-19 on the operations and its financial resources, the company will have sufficient funds, through from its ultimate parent company, Jones Lang LaSalle Inc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Jones Lang LaSalle Incorporated group ('JLL') providing additional financial support during that period to the Company's immediate parent entity, Integral UK Holdings Limited. JLL has indicated its intention to continue to make available such funds as are needed by the company's immediate parent 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.

#### 1.4 Financial instruments

##### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Classification and subsequent measurement

###### Financial assets

###### (a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.4 Financial instruments** *(continued)*

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.  
Bank overdrafts that are repayable on demand are classified as current liabilities (see note 13).

##### *Discount financing facility*

The Company makes use of an invoice discounting facility. In accordance with IFRS 9, the trade debtors and the advances from the bank have been shown separately as the company continues to hold significant risks and rewards relating to receivables.

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

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

##### **Financial liabilities and equity**

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

(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's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

##### *Intra-group financial instruments*

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

##### *(iii) Impairment*

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Financial instruments (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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 buildings - term of lease
- Plant, machinery and vehicles - 25 – 50%
- Fixtures and fittings - 20 – 33%

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Intangible assets

##### Research and development

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation commences from the point in time that the intangible assets comes into operation.

##### Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software 7 years

Intangible assets comprising of software that is acquired by the company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over the estimated useful life of the assets. The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

#### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, conversion costs and other costs in bringing them to their existing location and condition

#### 1.8 Impairment of non-financial assets excluding stocks, and deferred tax assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

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.

#### 1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### 1.11 Turnover

IFRS 15 Revenue from contracts with customers was adopted by the Company on 1 January 2018. IFRS 15 is a converged standard from the IASB and FASB on revenue recognition. The standard aims to improve the financial reporting of revenue and improve comparability of the top line in the financial statements globally. It introduces a five step model to determine the nature, timing and amount of revenue recognised. These steps are:

1. Identify contracts with customers
2. Identify the separate performance obligations
3. Determine the transaction price of the contract
4. Allocate the transaction price to each of the separate performance obligations; and
5. Recognise the revenue as each performance obligation is satisfied

##### ***Non-project Works:***

Non-project works includes Planned Maintenance and Reactive works. These works are typically consistent in customer base and nature of service provided to the customer. Planned Maintenance being ongoing contracted service work and Reactive works being incremental works not covered by existing contractual arrangements. Consequently, these services are treated as a single service line in note 2. Revenue arising from non-project works may be recognised either “over time” (Planned Maintenance) or “point-in-time” (Reactive works) depending on the contractual terms.

##### *Planned Maintenance (“PPM”):*

Service revenue from such fixed price contracts is recognized on a straight-line basis over the life of the maintenance agreement, i.e. 1/12 monthly for an annual fixed price contract. Any upfront billings should be deferred to balance sheet as contract liability and recognized as revenue in on a straight-line basis over the maintenance agreement. Any billings invoiced in arrears should be accrued to balance sheet as accrued income. All costs are recognised as incurred.

##### *Reactive Works:*

Reactive works represent services provided to the customer base incremental to that covered by the PPM contract. Revenue is recognised at a “point in time”, with work done is based purely on the costs, with no margin added until the work has been invoiced, at which point the margin is recognised as being the difference between the actual costs and actual invoiced amount. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Payments received on account in respect of contracts that exceed the recognised turnover are included in creditors. Provision is made for any losses that are foreseen.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Turnover (continued)

##### **Project Works:**

Project revenue is recognised over time in accordance with the “output” method of recognition. Assessment of stage of completion is made by a Quantity Surveyor and updated by management for further output between date of certification and the financial year-end.

#### 1.12 Expenses

##### *Interest receivable and interest payable*

Interest payable and similar charges is interest payable on bank loans and amounts owed to group companies.

Other interest receivable and similar income include interest receivable on amounts owed by group companies and amounts from other services.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Leases (policy applicable from 1 January 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

##### *As a lessee*

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

##### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases (i.e. underlying assets with a value of £4,000 or less when they are new – even if they are material in aggregate).

The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

**1.15 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 3: Definition of a Business (effective date to be confirmed).
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date to be confirmed).

**2 Turnover**

All turnover and profits are derived from the supply of facilities maintenance services within the UK. These services are distinguished between project works and non-project works. The non-project works include the planned maintenance and reactive works. These have been classed as a single service line on the basis of common nature of service and customer base.

	<b>2019</b>	2018
	<b>£000</b>	£000
Project works	<b>96,444</b>	88,155
Non-project works	<b>267,694</b>	279,038
	<b>364,138</b>	367,193

**Contract balances**

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	<b>2019</b>	2018
	<b>£000</b>	£000
Receivables (note 12)	<b>52,061</b>	66,304
Contract assets (note 12)	<b>39,521</b>	30,833
Contract liabilities (note 13)	<b>(6,413)</b>	(5,983)

The contract assets primarily relate to the company's rights to consideration for work completed but not billed at the reporting date on planned maintenance, reactive works and project works. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for planned maintenance, reactive works and project works.

**Notes** *(continued)*

**3 Expenses and auditor's remuneration**

Included in profit/loss are the following:

	<b>2019</b>	2018
	<b>£000</b>	£000
Bad debt expense/(gain)	<b>632</b>	(778)
	<u>          </u>	<u>          </u>

Auditor's remuneration:

	<b>2019</b>	2018
	<b>£000</b>	£000
Audit of these financial statements	<b>202</b>	205
	<u>          </u>	<u>          </u>

**4 Staff numbers and costs**

The average weekly number of persons employed by the Company (including directors) during the year was as follows:

	<b>2019</b>	2018
	<b>No.</b>	No.
Operations	<b>1,781</b>	1,842
Management and administration	<b>1,098</b>	1,055
	<u>          </u>	<u>          </u>
	<b>2,879</b>	2,897
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Wages and salaries	<b>108,568</b>	103,065
Social security costs	<b>11,590</b>	11,126
Contributions to defined contribution plans	<b>2,566</b>	1,896
	<u>          </u>	<u>          </u>
	<b>122,724</b>	116,087
	<u>          </u>	<u>          </u>

**Notes** *(continued)*

**5 Directors' remuneration**

	<b>2019</b>	2018
	<b>£000</b>	£000
Directors' remuneration	<b>689</b>	416
Company contributions to money purchase pension plans	<b>19</b>	43
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>708</b>	459
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

The directors of the company received remuneration in the year from another company in the Jones Lang LaSalle Incorporated group. Costs for their services to the company were recharged to the company and are as disclosed in this note.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £421,000 (2018: £217,000), and company pension contributions of £9,000 (2018: £14,000) were made to a money purchase scheme on his behalf.

	<b>Number of directors</b>	
	<b>2019</b>	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<b>3</b>	3
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

**6 Other interest receivable and similar income**

	<b>2019</b>	2018
	<b>£000</b>	£000
Interest receivable from group companies	<b>344</b>	529
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

**7 Interest payable and similar charges**

	<b>2019</b>	2018
	<b>£000</b>	£000
On bank loans and overdraft	<b>254</b>	239
Interest payable to group companies	<b>483</b>	551
Interest on lease arrangements	<b>455</b>	-
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total interest payable and similar charges	<b>1,192</b>	790
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

**Notes** (continued)

**8 Taxation**

**Total tax expense/(credit) recognised in the profit and loss account, other comprehensive income and equity**

	<b>£000</b>	<b>2019</b> <b>£000</b>	<b>£000</b>	<b>2018</b> <b>£000</b>
Adjustments in respect of prior periods		-		(5,114)
Adjustments in respect of current period		-		-
		<hr/>		<hr/>
Total current tax		-		(5,114)
<i>Deferred tax (see note 14)</i>				
Origination and reversal of timing differences	<b>214</b>		174	
Adjustments in respect of prior periods	-		10	
Adjustments attributed to change in Corporation tax rate	<b>13</b>		-	
	<hr/>		<hr/>	
Total deferred tax		<b>227</b>		184
		<hr/>		<hr/>
Total tax charge/(credit)		<b>227</b>		(4,930)
		<hr/> <hr/>		<hr/> <hr/>

All tax is recognised in the profit and loss account.

The actual tax credit for the year differs from that based on the standard tax rate as set out below:

**Reconciliation of effective tax rate**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
(Loss)/profit before tax for the year	<b>(5,369)</b>	1,140
Tax using the UK corporation tax rate of 19%	<b>(1,020)</b>	217
Fixed asset differences	<b>227</b>	174
Non-deductible expenses	<b>56</b>	33
Group relief (claimed)/surrendered	<b>964</b>	(250)
Group relief compensation in respect of 2017	-	(5,114)
Under provided in prior years	-	10
	<hr/>	<hr/>
Total tax (credit) included in profit or loss	<b>227</b>	(4,930)
	<hr/> <hr/>	<hr/> <hr/>

The main rate of UK corporation tax for the year ended 31 December 2019 is 19% (2018:19%).

The deferred tax liability at 31 December 2019 has been calculated based on this rate. There was no unprovided deferred tax as at the end of the current or prior year.

A settlement was made by the Jones Lang LaSalle Group in the prior year as compensation for surrender of tax losses arising in 2017. This resulted in a tax credit recognised in 2018 of £5,114,000.

**Notes** (*continued*)

**9 Intangible assets**

<b>Cost</b>	<b>Software license £000</b>	<b>Total £000</b>
Balance at 1 January 2019	13,735	13,735
Additions	4,147	4,147
	<hr/>	<hr/>
At 31 December 2019	17,882	17,882
	<hr/> <hr/>	<hr/> <hr/>
<b>Amortisation and impairment</b>		
Balance at 1 January 2019	909	909
Charge for year	1,587	1,587
	<hr/>	<hr/>
At 31 December 2019	2,496	2,496
	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>15,386</b>	<b>15,386</b>
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	12,826	12,826
	<hr/> <hr/>	<hr/> <hr/>

**10 Tangible fixed assets**

<b>Cost</b>	<b>Short leasehold buildings £000</b>	<b>Plant machinery and vehicles £000</b>	<b>Fixtures and fittings £000</b>	<b>Total £000</b>
Balance at 1 January 2019	660	4,721	571	5,952
Recognition of right-of-use assets on initial application of IFRS 16 (see note 19)	4,762	8,209	-	12,971
	<hr/>	<hr/>	<hr/>	<hr/>
Adjusted balance at 1 January 2019	5,422	12,930	571	18,923
Additions	4,278	7,042	-	11,320
Disposals	-	(10)	-	(10)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	9,700	19,962	571	30,233
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation and impairment</b>				
Balance at 1 January 2019	299	2,599	484	3,382
Recognition of right-of-use assets on initial application of IFRS 16 (see note 19)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Adjusted balance at 1 January 2019	299	2,599	484	3,382
Disposals	-	(10)	-	(10)
Charge for year	1,382	5,270	34	6,686
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	1,681	7,859	518	10,058
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>8,019</b>	<b>12,103</b>	<b>53</b>	<b>20,175</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	361	2,122	87	2,570
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes** (*continued*)

**11 Stocks**

	<b>2019</b>	2018
	<b>£000</b>	£000
Raw materials and consumables	<b>238</b>	358
	<u>          </u>	<u>          </u>

Raw materials and consumables recognised as cost of sales in the year amounted to £36,554,000 (2018: £49,771,000). The write-down of stocks to net realisable value amounted to £nil (2018: £nil).

**12 Debtors**

	<b>2019</b>	2018
	<b>£000</b>	£000
Trade debtors	<b>52,061</b>	66,304
Contract assets	<b>39,521</b>	30,833
Amounts owed by group undertakings		
- current	<b>142</b>	934
- loan	<b>13,583</b>	28,807
Corporation tax	-	353
Deferred tax assets (see note 15)	-	-
Other debtors	<b>1,600</b>	241
Prepayments and accrued income	<b>2,742</b>	1,938
	<u>          </u>	<u>          </u>
	<b>109,649</b>	129,410
	<u>          </u>	<u>          </u>

The loans due from group undertakings are repayable on demand. Interest of around 2% has been charged in the year on the intercompany loans. The current account intercompany balances are repayable on demand.

All debtors are due within one year.

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	<b>2019</b>	2018
	<b>£000</b>	£000
Bank loans and overdrafts*	<b>11,801</b>	7,430
Trade creditors	<b>15,734</b>	33,112
Contract liabilities	<b>6,413</b>	5,983
Lease liabilities	<b>5,297</b>	-
Amounts owed to group undertakings		
- current	<b>1,276</b>	3,177
- loan	<b>6,137</b>	46,083
Corporation tax liabilities	<b>12</b>	-
Deferred tax liabilities (see note 15)	<b>339</b>	122
Taxation and social security	<b>9,924</b>	9,907
Accruals and deferred income	<b>25,700</b>	24,591
	<b>82,633</b>	130,405

\* The Company makes use of an invoice discounting facility. In accordance with IFRS 9, the trade debtors and the advances from the bank have been shown separately as the company continues to hold significant risks and rewards relating to receivables. The overdraft balance, relates to the advances from the bank under this facility.

The discounting facility is subject to compliance with specified conditions concerning debt turn and credit note dilution.

The current account balances, owed to group companies are repayable on demand.

The loan balance owed to group companies is a parent company loan facility. The balance is repayable on demand and interest is charged in accordance with the terms of the group Intercreditor Agreement. An interest rate of approximately 1.0% has been applied in the year.

All creditors are due within one year.

### 14 Creditors: amounts falling due after more than one year

	<b>2019</b>	2018
	<b>£000</b>	£000
Lease liabilities	<b>11,128</b>	-
	<b>11,128</b>	-

## Notes (continued)

### 15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2019</b>	2018	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000
Accelerated capital allowances	-	-	<b>(339)</b>	(122)	<b>(339)</b>	(122)
Short term timing differences	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax assets/(liabilities)	-	-	<b>(339)</b>	(122)	<b>(339)</b>	(122)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 16 Employee benefits

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £2,566,000 (2018: £1,896,000).

### 17 Share capital

	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Number</b>	Number	<b>£</b>	£
<i>Allotted, called up and fully paid</i>				
20,000 (2018: 10,000) ordinary shares of £1 each	<b>20,000</b>	10,000	<b>20,000</b>	10,000
5,000 (2018: 2,500) 'A' ordinary shares of £1 each	<b>5,000</b>	2,500	<b>5,000</b>	2,500
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>25,000</b>	12,500	<b>25,000</b>	12,500
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All shares are classified in shareholders' funds.

The ordinary shares have one voting right attached per share, and the owner will be entitled to a distribution at the discretion of the directors of the company.

The holder of the 'A' ordinary shares will be entitled to attend an annual general meeting and vote at that meeting, and will be entitled to attend an extraordinary meeting and vote at that meeting. The 'A' ordinary shares will only be entitled to participate in the proceeds on a sale of the Company, or on winding up of the Company, if the Company value has exceeded a certain hurdle amount. If the hurdle amount has not been exceeded then the 'A' ordinary shares will not be entitled to any proceeds. If the hurdle amount has been exceeded then the 'A' ordinary shares will be entitled to a share in the proceeds above the hurdle amount *pari passu* with the ordinary shares. The directors may declare that a dividend is payable in respect of the 'A' ordinary shares.

If the holder of the 'A' ordinary shares leaves employment with the Company or a Company associated with the Company, the Company can require the holder of the 'A' ordinary shares to sell some or all of their 'A' ordinary shares to the Company or to another party designated by the Company. The value paid for these shares will be determined dependent on whether the holder is classified as a good leaver or a bad leaver.

The holder of the 'A' ordinary shares will only be able to sell their shares on a sale or listing of the Parent Company (Integral UK Holdings Limited), or a sale of the Company. Such an event occurred on 31 July 2016, when Jones Lang LaSalle Incorporated purchased the shares in the company.

**Notes** (continued)

**17 Share capital** (continued)

During the year end the Company was recapitalised through the allotment of an additional 10,000 ordinary shares (with nominal value of £1) and an additional 2,500 'A' ordinary shares (with nominal value of £1). The allotment was satisfied by total consideration of £23,000,000. The premium on issue of the share capital of £22,988,000 has been recognised in the share premium account.

**18 Capital contribution**

During the year the company received relief of £21,800,000 from intercompany loan arrangements with the Jones Lang LaSalle Incorporated group. The Company has recognised the transaction as a capital contribution.

**19 Leases**

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 10):

	Short leasehold buildings £000	Plant machinery and vehicles £000	Fixtures and fittings £000	Total £000
Balance at 1 January 2019	4,762	8,209	-	12,971
Additions to right-of-use assets	2,776	6,179	-	8,955
Depreciation charge for the year	(1,218)	(4,528)	-	(5,746)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	6,320	9,860	-	16,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Amounts recognised in profit or loss*

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

	<b>£000</b>
<b>2019 - Leases under IFRS 16</b>	
Interest expense on lease liabilities	455
Expenses relating to short-term leases	97
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	298
Income from subleasing right-of-use assets presented in 'other revenue'	-
	<hr/>
	850
	<hr/> <hr/>
	<b>£000</b>
<b>2018 - Operating leases under IAS 17</b>	
Lease expense	7,324
	<hr/> <hr/>

## Notes (continued)

### 19 Leases (continued)

#### Adoption of IFRS 16

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below.

##### 20 (a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

##### 20 (b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

##### Leases classified as operating leases under IAS 17

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

During our adoption of IFRS 16, the Company has collected a population of all material Real Estate and equipment leases and performed various validation exercises to ensure the completeness and accuracy of the database. This information was tested and uploaded to CoStar, our system for calculating the IFRS 16 lease asset and liability.

The Company has used its assessment of whether leases are onerous applying IAS 37 at 31 December 2018 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (i.e. underlying assets with a value of £4,000 or less when they are new – even if they are material in aggregate);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

## Notes (continued)

### 20 Related parties

#### *Identity of related parties with which the Company has transacted*

The company has taken advantage of the exemption available under FRS 101 section 8k not to disclose transactions with wholly owned subsidiaries which form part of the Group.

During the year, the Company carried out transactions with entities which form part of the Jones Lang LaSalle Incorporated group, in the normal course of business. The year end balances held with group companies are:

	Receivables outstanding		Payables outstanding	
	2019 £000	2018 £000	2019 £000	2018 £000
Group companies	<u>13,725</u>	<u>29,741</u>	<u>(7,413)</u>	<u>(49,260)</u>

### 21 Ultimate parent undertaking

The Company is a subsidiary undertaking of Integral UK Holdings Limited. The registered office of Integral UK Holdings Limited is 30 Warwick Street, London, W1B 5NH. The ultimate controlling party is Jones Lang LaSalle Incorporated.

The group in which the results of the Company are consolidated is that headed by Jones Lang LaSalle Incorporated, incorporated in the USA. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained, from 200 East Drive, Chicago Illinois 60601, USA.

### 22 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Revenue recognition*

When margin on contracts is probable, an estimate is made of the expected financial impact of this margin. The estimate is based upon historical data for the performance of either individual customer contracts, or those in similar sectors or business type. The company recognises a conservative policy for future costs of completing the contract, but realises there is some uncertainty.

#### *WIP and debtor recoverability*

There is a level of uncertainty around the recoverability of work in progress and trade debtors and the company uses a conservative provision approach to account for this uncertainty. The company uses historical data and customer knowledge to estimate the amount of provision that is needed in the accounts, to ensure the uncertainty of recoverability is addressed. Recoverability of work in progress is considered on a monthly basis. The estimate of expected credit losses was calculated in accordance with IFRS 9, and the company provides for debtor recoverability on the basis of expected credit loss.

#### *Income taxes*

The determination of the company's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the company's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

**Notes** *(continued)*

**23 Non-adjusting post balance sheet event**

Consideration around the effects of Covid-19 have been described in the Strategic Report and the going concern basis of preparation has been applied (as described in note 1.3). The Directors have considered the impact of Covid-19 on areas of significant estimation uncertainty, primarily the percentage of completion on contracts. Covid-19 has not had a significant impact on the assumptions underlying this estimate and therefore the amounts stated throughout these financial statements have not been amended. As such, the effect of Covid-19 is treated as a non-adjusting post balance sheet event in these financial statements.