

THOMAS TELFORD LIMITED

Company No 2556636

FINANCIAL STATEMENTS

**For the year ended
31 DECEMBER 2020**

Company registration number: 2556636

Registered office: 1 - 7 Great George Street
London
SW1P 3AA

Directors: A McNaughton (Chair)
S Bailey
N Baveystock
M Fernandez Bertos
C Gibson
S Harden
R M Lowry
L Martini
C Morgan
G Payne
D Tullett

Bankers: HSBC Bank Plc
Commercial Centre
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Auditor: Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

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The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Results

Prior to the payment under gift aid to The Institution of Civil Engineers, the profit for the year on continuing operations was £1,922k (2019: £4,678k). Following the payment under gift aid, the retained profit for the year was £nil (2019: £nil).

The directors do not recommend the payment of a dividend.

Principal activities

The principal activities of the company are the publication of books, journals and contracts, the organisation of courses, the provision of meeting facilities and ancillary services, and the placement of engineers in both permanent and temporary positions.

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This has been achieved through staff meetings and electronic updates.

Directors

The membership of the Board is set out below. All served on the Board throughout the year except as noted:

A McNaughton – Chair
S Bailey
N Baveystock
M Fernandez Bertos (appointed 20 July 2020)
C Gibson
S Harden (appointed 20 July 2020)
H C Iversen (resigned 19 February 2020)
R M Lowry
L Martini
W McCarthy (resigned 19 February 2020)
N Moorhouse (resigned 28 May 2020)
C Morgan
G Payne
D Tullett

None of the directors had a beneficial interest in the share capital of the company during the year.

Financial risk management objectives and policies

Cash balances are held in variable rate accounts.

The company is exposed to credit risk on its trade debtor balances. The company has a credit control facility which monitors exposure to credit risk.

The company has debt in the form of a deferred loan from its parent undertaking. The loan is subject to interest at a variable rate. The company is exposed to cash flow risk on that debt instrument as a result of movements in interest rates.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

Interest rate risk

The company finances its operations through short-term working capital management and the deferred loan from The Institution of Civil Engineers.

The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2020 is shown in the balance sheet. The balance sheet includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). 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 judgments and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

Haysmacintyre LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 2006.

Provision of information to the auditor

Each of the persons who are directors at the time when the Report of the Directors is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD



C Gibson
Director
23 March 2021

The directors present their Strategic Report for the year ended 31 December 2020.

Review of the company's business

The company has continued to serve the construction and engineering professions via a number of channels and supported the objectives of The Institution of Civil Engineers with courses and ancillary services. The directors believe that with continued investment in the company's product range, with particular emphasis on quality and employing people with the relevant expertise, the company will improve its strong market position.

Principal risks and uncertainties

The company is subject to risks from competition and trends in the external economic and business environment, and the principal uncertainty facing the business at the date of signing these financial statements is the continuing impact of the ongoing global Covid-19 outbreak. Whilst the affect this will continue to have on the company's catering and room hire operations cannot be accurately quantified, the directors are of the opinion that the company's diversified activities and established relationships with clients and suppliers across different geographic areas and industries leaves the company as a whole in a strong position to manage the risk successfully.

Each of the principal operating areas is also subject to specific risks. The provision of meeting facilities and ancillary services is exposed to the risks of health and safety incidents. Publishing is exposed to risks of open access publishing and piracy. The provision of engineering contracts and related services are dependent upon continued endorsement from statutory organisations and major customers. Recruitment services are subject to changes in the structure of this market, with an increasing number of positions being filled through social media channels.

All significant risks and their mitigating actions are regularly monitored by the Board. Where mitigating actions require additional resources such as employment of staff or development of systems, products and services, these are approved by the Board as part of the ongoing budgeting and forecasting process.

Performance

The company recorded a good financial performance in 2020, with an operating profit of £1.92 million (2019: £4.68 million). This reflected a strong underlying performance in both the publishing and the recruitment, consultancy and training businesses.

Position of the company's business at the end of the year

The company's business is well placed to benefit from supporting the infrastructure industry and tackle its skills shortages through training, publications and recruitment services. The next generation of our market-leading contract suite, NEC4, continues to enjoy widespread endorsement and our project management accredited training is widely recognised and continues to attract increasing interest from international clients. The Westminster venue was closed to external clients for much of 2020 due to the restrictions to limit the spread of Covid-19. During the hiatus, the building has been made Covid-secure and plans made for commercial offerings compliant with different levels of permitted occupancy. The business has remained very visible in the market and in active contact with clients and has a growing order book of events for the latter part of 2021. The journals program continues to attract more authors and readers to support growth in overseas markets

Key performance indicators

The company monitors its performance on a regular basis. Financial performance is monitored on a monthly basis with analysis of gross and operating margins, and variances against target. Non-financial performance is monitored in a number of ways as appropriate for the different business divisions, including structured customer feedback.

BY ORDER OF THE BOARD



C Gibson
Director
23 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMAS TELFORD LIMITED

Opinion

We have audited the financial statements of Thomas Telford Limited (the 'Company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- 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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

Inspecting correspondence with regulators and tax authorities;

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the valuation of intangible assets and provisions for bad and/or doubtful debts and stock.

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

Use of our report

This report is made solely to the Company's 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.



Thomas Wilson (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP, statutory auditor
10 Queen Street Place
London, UK
EC4R 1AG

Date: 23 March 2021

Haysmacintyre LLP is a limited liability partnership registered in England and Wales (with registered number OC423459).

THOMAS TELFORD LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	1	14,589	20,001
Cost of sales		<u>(3,138)</u>	<u>(4,821)</u>
Gross profit		11,451	15,180
Other operating charges	2	<u>(9,517)</u>	<u>(10,500)</u>
Operating profit		1,934	4,680
Interest receivable	3	6	16
Interest payable	3	<u>(18)</u>	<u>(18)</u>
Profit on ordinary activities before taxation		1,922	4,678
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		1,922	4,678
Payment under Gift Aid to The Institution of Civil Engineers		<u>(1,922)</u>	<u>(4,678)</u>
Profit for the financial year		-	-
Retained earnings brought forward	16	15	15
Retained earnings carried forward		<u>15</u>	<u>15</u>

All transactions arise from continuing operations.

There was no other comprehensive income in the period (2019: £nil).

THOMAS TELFORD LIMITED
 STATEMENT OF FINANCIAL POSITION
 AT 31 DECEMBER 2020
 Company number 2556636

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	7	1,009	980
Tangible assets	8	<u>274</u>	<u>174</u>
		1,283	1,154
Current assets			
Stocks	9	316	405
Debtors	10	2,350	2,419
Cash at bank and in hand		<u>1,094</u>	<u>1,474</u>
		3,760	4,298
Creditors: amounts falling due within one year	11	<u>(4,459)</u>	<u>(4,963)</u>
Net current liabilities		<u>(699)</u>	<u>(665)</u>
Total assets less current liabilities		<u>584</u>	<u>489</u>
Non-current liabilities	12	<u>(568)</u>	<u>(473)</u>
Total assets less liabilities		<u><u>16</u></u>	<u><u>16</u></u>
Capital and reserves			
Called up share capital	13	1	1
Retained earnings	15	<u>15</u>	<u>15</u>
Equity shareholders' funds	16	<u><u>16</u></u>	<u><u>16</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2021.



C Gibson
 Director

Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’), and with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis.

The accounting policies have remained unchanged from the previous year.

Going Concern

The directors have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The directors have made this assessment in respect to a period of one year from the date of approval of these accounts. After reviewing the company’s forecasts and projections, which are being regularly updated in light of the ongoing Covid-19 pandemic, the directors are of the opinion that the company will have sufficient resources to meet its liabilities as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

Disclosure exemptions

The company has taken advantage of the following disclosure exemptions under available in FRS 102 to subsidiary undertakings:

- Requirement to publish a cash flow statement
- Financial instrument disclosures
- Key management personnel compensation (but company law disclosures for directors’ remuneration still apply)
- Related party transactions entered into between two or more members of the group

Significant judgements and estimates

Preparation of the financial statements requires the directors to make significant judgements and estimates. In the case of the company the areas affected by judgement and estimation are the estimation of the useful lives of intangible and tangible fixed assets and the related calculation of depreciation, the calculation of the provision for bad and/or doubtful debts, and the calculation of any stock provision required.

Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of the intangibles less their residual values over their estimate useful lives, using the straight line method. Only items costing more than £5,000 are capitalised.

Intangible assets comprise software development costs and are amortised over 5-7 years.

Tangible Assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives, using the straight line method. Only items costing more than £5,000 are capitalised.

Tangible assets comprise furniture and computer equipment and are depreciated over 5 years.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Corporation tax

No provision for corporation tax is due on the company's profit in view of the arrangements to pay the whole of each year's assessable profits to The Institution of Civil Engineers under gift aid. Subject to the relevant payments being made in future years no liability for corporation tax arises under present legislation.

Turnover

Turnover is measured at fair value of the consideration received or receivable, net of discounts, and value added taxed. Turnover includes revenue earned from publishing, catering, room hire, recruitment, consultancy, and training.

Publishing

Publishing turnover comprises journal subscriptions, book sales and the sale of access to archives. Turnover is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually when the product has been delivered. Journal subscriptions are allocated to the year to which it relates, with payments received in advance being held as deferred income. NEC Copyright licence subscription is recognised on a pro-rata basis.

Catering and Room Hire

Turnover is recognised when the service has been provided. Payments received in advance are held as deferred income.

Recruitment

Recruitment advertising turnover relates to fees charged to clients for placing adverts on a web-based job board. Advert turnover is recognised in the month the advert is placed or in the case of multi-advert contracts pro-rated over the duration of the contract, which is typically 12 months.

Consultancy

Consultancy income is recognised when the service has been provided. Payments received in advance are held as deferred income.

Training

Training income relates to In-House training, Public training and Online Learning. In-House training comprises training services provided directly to customers. Public training is delivered at events that are open to all, and online learning is delivered over the internet. Turnover is recognised when the training has taken place. Payments received in advance are held as deferred income.

Grants

Grant income is recognised when there is evidence of entitlement to the funds. Income is deferred where there are time constraints imposed on the funding or if the funding is performance related. Where entitlement to grants receivable is dependent upon fulfilment of conditions within the company's control, the income is recognised when there is sufficient evidence that conditions will be met.

Operating leases

Payments made under operating leases are charged to the income statement account on a straight line basis over the lease term.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

1 Turnover and profit before tax and payment under gift aid

Class of business:	Turnover		Expenditure		Profit before tax and payment under gift aid	
	2020 £'000	2019 £000	2020 £'000	2019 £000	2020 £'000	2019 £000
Publishing	7,090	6,842	4,211	4,123	2,879	2,719
Catering & room hire	2,749	7,168	5,096	6,980	(2,347)	188
Recruitment, consultancy & training	4,750	5,991	3,360	4,220	1,390	1,771
	<u>14,589</u>	<u>20,001</u>	<u>12,667</u>	<u>15,323</u>	<u>1,922</u>	<u>4,678</u>

Geographical markets supplied	Turnover	
	2020 £'000	2019 £'000
United Kingdom	10,106	15,063
Overseas	4,483	4,938
	<u>14,589</u>	<u>20,001</u>

2 Other operating charges

	2020 £'000	2019 £'000
Distribution costs	424	581
Administration expenses	9,093	9,919
	<u>9,517</u>	<u>10,500</u>

3 Interest income/(expense)

	2020 £'000	2019 £'000
Interest income from parent undertaking	6	16
Interest expense on deferred loan from parent undertaking	(18)	(18)
	<u>(12)</u>	<u>(2)</u>

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2020 £'000	2019 £'000
Depreciation	72	63
Amortisation	202	217
Auditors' remuneration:		
- Audit services	14	16
- Non-audit services	3	10
Operating lease payments	17	8

5 Staff costs and Directors' emoluments

Thomas Telford Limited staff are employed by The Institution of Civil Engineers Group and wages, salaries and pension costs are paid by The Institution of Civil Engineers. Staff time relating to Thomas Telford Limited is recharged to the company.

Included in the contributions to the staff costs are the following payments for directors:

	2020 £'000	2019 £'000
Directors' remuneration	309	350
Company pension contributions	24	24
	<u>333</u>	<u>374</u>

The highest paid director received emoluments of £124k during the year (2019: £168k) and company pension contributions of £13k (2019: £14k).

During the year to 31 December 2020 redundancy payments were made totalling £102k (2019: £nil).

6 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	2020 £'000	2019 £'000
United Kingdom corporation tax on profit for the year	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the year:		
Profit on ordinary activities before taxation	<u>1,922</u>	<u>4,678</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom 19% (2019: 19%)	365	889
Effect of:		
Qualifying charitable donation to parent of taxable profits	<u>(365)</u>	<u>(889)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

7 Intangible assets

	Other intangible assets £'000
Cost	
At 1 January 2020	2,151
Additions	231
Disposals	-
At 31 December 2020	<u>2,382</u>
Amortisation	
At 1 January 2020	1,171
Provided in year	202
Depreciation on disposals	-
At 31 December 2020	<u>1,373</u>
Net book amount at 31 December 2020	<u><u>1,009</u></u>
Net book amount at 31 December 2019	<u><u>980</u></u>

8 Tangible fixed assets

	Total £'000
Cost	
At 1 January 2020	623
Additions	172
Disposals	(10)
At 31 December 2020	<u>785</u>
Depreciation	
At 1 January 2020	449
Provided in year	72
Depreciation on disposals	(10)
At 31 December 2020	<u>511</u>
Net book amount at 31 December 2020	<u><u>274</u></u>
Net book amount at 31 December 2019	<u><u>174</u></u>

9 Stocks

	2020 £'000	2019 £'000
Catering	23	32
Publications:		
- Books	288	365
- Paper	5	8
	<u>316</u>	<u>405</u>

10 Debtors

	2020 £'000	2019 £'000
Trade debtors	2,154	2,193
Prepayments and accrued income	123	193
Other debtors	73	33
	<u>2,350</u>	<u>2,419</u>

11 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	469	671
Other creditors	56	58
Amount owed to group undertakings	734	826
Accruals	512	543
Deferred income	2,688	2,865
	<u>4,459</u>	<u>4,963</u>

12 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Deferred income	268	173
Deferred loan from parent undertaking repayable after one years' notice	300	300
	<u>568</u>	<u>473</u>

The deferred loan from the parent undertaking is required to fund the company's working capital requirement. The interest payable to the parent undertaking is calculated quarterly at the bank base rates ruling during the quarter or 6%, whichever is the greater.

13 Share capital

	2020	2019
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
502 ordinary shares of £1 each	<u>502</u>	<u>502</u>

The whole of the issued share capital of the company is owned by The Institution of Civil Engineers which operates from 1 - 7 Great George Street, Westminster, London SW1P 3AA.

The retained earnings brought forward reserve of £15k represents cumulative profits, net of qualifying charitable donations to the Institution of Civil Engineers and other adjustments.

14 Capital commitments and contingent assets and liabilities

Due to the existence of a group VAT election the company would be jointly and severally liable for any VAT liabilities of the members of the VAT group, along with the other companies in that group. At 31 December 2020 the total due to HMRC was £nil (2019: payable £164k).

The company entered into an agreement with a customer to provide an online journal subscription for the period from 1 July 2018 to 30 June 2021. To facilitate this agreement, the company's banker, HSBC UK Bank Plc, issued a performance guarantee to the customer on 24 August 2018. In the event that the company is unable to fulfil its obligations under the agreement the customer can make a demand to the bank for payment of the performance bond at any point until the guarantee expires on 30 November 2021. The maximum liability under this guarantee at 31 December 2020 was £18k (2019: £19k).

The company was committed to spending a further £157k on capital work at 31 December 2020 (2019: £45k).

15 Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£'000	£'000
Within one year	<u>2</u>	<u>4</u>

16 Related party transactions

All intra-group transactions have taken place in the normal course of business.

Carolyn Morgan, a Non-Executive Director, is the sole Director of Special Media Limited. During the previous year Special Media Limited was paid £nil (2019: £400) in relation to the provision of consultancy services.

17 Ultimate parent undertaking and controlling party

The Institution of Civil Engineers, a charity incorporated by Royal Charter and registered in England and Wales (charity no. 210252) and Scotland (charity no. SC038629), is the company's ultimate parent undertaking and controlling related party by virtue of its 100% ownership of the share capital of this company.

No disclosure has been made of transactions with the parent company in accordance with the exemptions allowed by Financial Reporting Standard 102.

The smallest and largest group of undertaking for which group accounts have been drawn up is that headed by The Institution of Civil Engineers. The financial statements of the company and The Institution of Civil Engineers are available from The Secretary at 1 - 7 Great George Street, Westminster, London SW1P 3AA.

18 Post balance sheet events

The ongoing Covid-19 pandemic significantly impacted revenues from catering and room hire within One Great George Street throughout the year ended 31 December 2020, and this impact has continued since the year end. Government restrictions introduced in January 2021, and which were ongoing at the date of signing these financial statements, mean that the venue is currently unable to open to the public. Although the Government has published plans to relax, and eventually remove all restrictions, it is likely that client confidence will take longer to recover, and revenues will continue to be impacted throughout 2021.

However, significant costs have, and will continue to be, saved from the curtailment of activities mentioned above. Whilst the future impact cannot be accurately quantified, the directors are of the opinion that the company's diversified activities and established relationships with clients and suppliers across different geographic areas and industries leaves the company as a whole in a strong position to manage the risk successfully.