

Novar Plumbing Limited

Annual Report and Financial Statements For the year ended 31 December 2020

COMPANIES HOUSE

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Novar Plumbing Limited
Registration number: 02536549

Company Information

Officers and professional advisors

Directors

Elizabeth Earle
Michele Hudson
Allan Richards

Auditor

Deloitte LLP
Saltire Court,
20 Castle Terrace,
Edinburgh,
EH1 2DB
United Kingdom

Registered address

200 Berkshire Place,
Winnersh Triangle,
Berkshire,
RG41 5RD
United Kingdom

Director's report

for the financial year ended 31 December 2020

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

Principal activity

The principal activity of the company is to act as a limited purpose entity that serves as a source for providing intercompany financing to Novar Dormant Holdings Company Limited.

Business review and future developments

No strategic report is provided as these financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On 23 January 2020, under section 641(1)(a) of the Companies Act 2006, the board of directors passed a special resolution in order to reduce the share capital of the company by reducing the nominal value of the 10,000,002 ordinary shares from £1 to £0.000000001p. The distributable reserve arising from the share capital reduction has been included within the profit and loss account.

The directors intend that the company will continue to operate as a limited purpose entity, providing intercompany financing for the foreseeable future. They do not expect any change in their operations because of COVID-19 impacts.

Results and dividends

The company's profit for the financial year, after taxation was £1,667,000 (2019: £2,273,000) which will be transferred to reserves. The results for the financial year are shown on page 7.

The directors do not recommend the payment of a dividend (2019: £nil).

Financial risk management, objectives and policies

Interest risks

The company is exposed to interest rate risk arising out of amounts owed from group undertakings respectively. The exposures to interest rate risks have not been hedged as there is no net interest rate risk at group level on account of intra group loan balances.

Credit risks

The company does not have exposure to credit risk as there is no credit risk at the group level on account of intra group loans. Considering that we are receiving a guarantee letter from Resideo Technologies Inc. to support Inter-company balances, we do not foresee any credit risk.

Principal risks and uncertainties

The pandemic situation due to COVID-19 has disrupted the global economy which is likely to affect the demand for Resideo products globally. Considering the principal activity of the company is to finance other group entities fund requirements, the above effects, alone or taken together would not impact the company's operations.

On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). The UK left the EU on 31 January 2020 and will be in a transition period until 31 December 2020, during which time negotiations around a trade deal with the EU will continue. Until the Brexit negotiation process is completed, it is difficult to anticipate the potential impact on the company and the wider Resideo Group's operations. There is no evidence at this time of Brexit having a material adverse effect on the company's activities.

We will continue to monitor the situation.

Directors of the company

The directors of the company who held office during the year and up to the date of signing these financial statements were:

Elizabeth Earle
Michele Hudson
Allan Richards

Director's report

for the financial year ended 31 December 2020

Directors' indemnities

Pursuant to the company's articles of association, the directors were throughout the year ended 31 December 2020 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Going concern

The ultimate parent company, Resideo Technologies Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. While considering the ability of the ultimate parent company to provide financial support, the directors, have reviewed the 2020 and Q2 2021 operating results and financial performance of Resideo Technologies Inc. as well as representations and initiatives of Resideo Executive Leadership. The directors have further relied on forward looking assessments provided by Resideo Technologies Inc. under various possible COVID-19 scenarios, including rollout of the vaccine, and are satisfied that the ultimate parent company can provide the necessary financial support. As part of their consideration, the directors have acknowledged the cost control measures already taken across Resideo Technologies Inc., as well as the group's cash, cash equivalents and short-term investments balance at 3 July 2021 of \$579M.

The directors have a reasonable expectation that the company has adequate resources, including support from Resideo Technologies Inc. to continue in operational existence for the foreseeable future being a period of at least 12 months from the date of these financial statements.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

Disclosure of information to auditor

In the case of each of the persons who is a director at the time this report is approved:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Events since the balance sheet date

There have been no material adjusting or disclosable events since the financial year end.

Independent auditor

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board of directors and signed on its behalf by:

DocuSigned by:

ELIZABETH EARLE

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Elizabeth Earle
Director

30/9/2021

Directors' responsibilities statement

for the financial year ended 31 December 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland".

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business:

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

To assist themselves in discharging these responsibilities, the directors have engaged Resideo Technologies Inc.'s own finance shared service centre located in Brno. Resideo Technologies Inc. operates a country controllership model under which an identified senior finance representative is responsible for all of the UK and Ireland entities, supported by a wider finance team and under the supervision of the Regional Finance Leader for EMEA. The directors have ensured that adequate processes are in place to maintain oversight and supervision over these various providers and processes and to ensure there is clear linkage with the company's activities.

Independent auditor's report

To the members of Novar Plumbing Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Novar Plumbing Limited (the 'company'):

- 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 including, Financial Reporting Standard 102 "The financial reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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.

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.

Independent auditor's report

To the members of Novar Plumbing Limited

Responsibilities of the directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

Independent auditor's report

To the members of Novar Plumbing Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

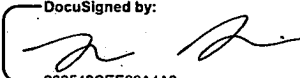
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

DocuSigned by:

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James Boyle CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
2021

30/9/2021

Profit and loss account*for the financial year ended 31 December 2020*

		2020	2019
	Notes	£000s	£000s
Interest receivable	6	1,669	2,273
Profit before taxation		1,669	2,273
Tax on profit	7	(2)	-
Profit for the financial year		1,667	2,273

All amounts are derived from continuing operations.

No separate statement of comprehensive income has been presented because the company has no other comprehensive income other than the profit for the financial year.

The notes on pages 10 to 15 form an integral part of the financial statements.

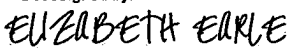
Balance sheet

as at 31 December 2020

	Notes	2020 £000s	2019 £000s
Current assets			
Debtors: amounts falling due within one year	8	132,988	131,319
Net current assets		132,988	131,319
Creditors: amounts falling due within one year	9	(2)	-
Total assets less current liabilities		132,986	131,319
Net assets		132,986	131,319
Capital and reserves			
Called-up share capital	10	-	10,000
Share premium account	11	238,000	238,000
Profit and loss account		(105,014)	(116,681)
Total shareholders' funds		132,986	131,319

The financial statements on pages 7 to 15 were approved by the board of directors on its behalf by:

and signed on

DocuSigned by:

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Elizabeth Earle
 Director
 30/9/2021

Statement of changes in equity
for the financial year ended 31 December 2020

	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>
At 1 January 2019	10,000	238,000	(118,954)	129,046
Profit for the financial year	-	-	2,273	2,273
At 31 December 2019	10,000	238,000	(116,681)	131,319
Profit for the financial year	-	-	1,667	1,667
Share capital reduced (note 10)	(10,000)	-	10,000	-
At 31 December 2020	-	238,000	(105,014)	132,986

Notes to the financial statements

for the financial year ended 31 December 2020

1. General information

Novar Plumbing Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The nature of the company's operations and its principal activity are set out in the directors' report on page 1.

The immediate parent undertaking of the company is Novar Dormant Holdings Company Limited, a company incorporated in the United Kingdom. The registered address of the parent is 200 Berkshire Place, Winnersh Triangle, Berkshire, RG41 5RD.

The company's results are included in the consolidated financial statements of Resideo Technologies Inc., a company registered in the USA. Resideo Technologies Inc. is the company's ultimate parent company and controlling party, heading up the smallest and largest group to consolidate these financial statements. The registered office of the ultimate parent company is located at 251 Little Falls Drive, Wilmington DE 19808, USA. The financial statements of Resideo Technologies Inc. are publicly available and can be obtained from Internet at www.resideo.com.

2. Significant accounting policies

The accounting policies that have been applied consistently throughout the financial year and in the preceding year are set out below:

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 102 "The financial reporting standard applicable in the UK and Republic of Ireland".

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and FRS 102. The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds except when otherwise indicated. The company has taken advantage of the following disclosure exemptions under FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

Going concern

The ultimate parent company, Resideo Technologies Inc. has indicated that it will provide financial support to the company for at least one year from the date of signing these financial statements. While considering the ability of the ultimate parent company to provide financial support, the directors, have reviewed the 2020 and Q2 2021 operating results and financial performance of Resideo Technologies Inc. as well as representations and initiatives of Resideo Executive Leadership. The directors have further relied on forward looking assessments provided by Resideo Technologies Inc. under various possible COVID-19 scenarios, including rollout of the vaccine, and are satisfied that the ultimate parent company can provide the necessary financial support. As part of their consideration, the directors have acknowledged the cost control measures already taken across Resideo Technologies Inc., as well as the group's cash, cash equivalents and short-term investments balance at 3 July 2021 of \$579M.

The directors have a reasonable expectation that the company has adequate resources, including support from Resideo Technologies Inc. to continue in operational existence for the foreseeable future being a period of at least 12 months from the date of these financial statements.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

Notes to the financial statements*for the financial year ended 31 December 2020**Interest receivable*

Interest receivable is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Taxation

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

*Financial asset – recognition and measurement**Initial recognition and measurement*

Basic financial assets, including amounts owed by group undertakings, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

All recognised financial assets are subsequently measured in their entirety at amortised cost using effective interest rate (EIR) method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The contractual rights to the cash flows from the asset expire or are settled, or
- Substantially all the risks and rewards of the ownership of the asset are transferred to another party, or
- Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Impairment of financial assets

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

*Financial liabilities - recognition and measurement**Initial recognition and measurement*

Basic financial liabilities, including bank loans, amounts owed to group undertakings that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. The company's financial liabilities comprise of loans and borrowings.

Subsequent measurement

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest payable in the profit and loss account.

Notes to the financial statements*for the financial year ended 31 December 2020***De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss account.

3. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Judgements

There are no judgements that have a significant effect on amounts recognised in the financial statements.

Estimates and assumptions

In the process of applying the company's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

(i) Impairment of financial assets

A letter of guarantee has been provided by the ultimate parent company, Resideo Technologies Inc. over financial assets at amortised cost receivable from fellow group companies, indicating that support will be given in order to settle these amounts should it be necessary. Accordingly, the company has not recognised a provision for expected credit loss on those balances.

4. Auditor's remuneration

Fees payable to the auditor, Deloitte LLP, amounted to £5,300 (2019: £4,000) for the audit of the financial statements. This cost was incurred by Ademco 1 Limited, a fellow UK subsidiary of Resideo Technologies Inc., and it is not recharged to the company.

There are no non-audit services fees payable to the auditor (2019: £nil).

5. Employees and directors

In 2020, all directors (2019: all directors) were remunerated by other group companies for their services to the group as a whole.

The company has no other employees (2019: no other employees).

6. Interest receivable

	2020	2019
	£000s	£000s
Interest receivable from group undertakings	1,669	2,273
Total interest receivable	1,669	2,273

Notes to the financial statements
for the financial year ended 31 December 2020**7. Taxation***(a) Tax charged in the profit and loss account*

	2020	2019
	£000s	£000s
<i>Current tax:</i>		
UK corporation tax on profit for financial year	-	-
Adjustments in respect of prior periods	2	-
<i>Total tax expense in the profit and loss account</i>	<u>2</u>	<u>-</u>

(b) Reconciliation of the total tax charge

The tax expense in the profit and loss account for the financial year is lower than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020	2019
	£000s	£000s
Profit before tax	1,669	2,273
Profit multiplied by the effective rate of corporation tax in the UK of 19% (2019: 19%)	<u>317</u>	<u>432</u>
<i>Effects of:</i>		
Group relief not paid for	(317)	(432)
Adjustments in respect of prior periods	2	-
<i>Total tax expense reported in the profit and loss account</i>	<u>2</u>	<u>-</u>

(c) Factors affecting tax charge for the financial year

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

There are no unprovided amounts relating to deferred tax.

Notes to the financial statements*for the financial year ended 31 December 2020***8. Debtors: amounts falling due within one year**

	2020	2019
	£000s	£000s
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	132,988	131,319
Total amounts falling due within one year	132,988	131,319

Amounts owed by group undertakings include the following interest-bearing loans and other borrowings:

<i>Receivable</i>	<i>Currency</i>	<i>Interest terms</i>	2020	2019
			£000s	£000s
On demand	GBP	UK Base rate plus 1%	132,988	131,319

All amounts owed by group undertakings are payable on demand and unsecured.

9. Creditors: amounts falling due within one year

	2020	2019
	£000s	£000s
Corporation tax payable	2	-
Total amount owed to creditors falling due within one year	2	-

10. Called-up share capital

	2020	2019
	£000s	£000s
<i>Authorised and allotted, called-up and fully paid</i>		
10,000,002 (2019: 10,000,002) ordinary shares of £1 each as at 1 January	10,000	10,000
Reduction in nominal value of 10,000,002 ordinary shares from £1 to £0.000000001p	(10,000)	-
10,000,002 (2019: 10,000,002) ordinary shares of £0.000000001p (2019: £1) each as at 31 December	-	10,000

On 23 January 2020, under section 641(1)(a) of the Companies Act 2006, the board of directors passed a special resolution in order to reduce the share capital of the company by reducing the nominal value of the 10,000,002 ordinary shares from £1 to £0.000000001p. The distributable reserve arising from the share capital reduction has been included within the profit and loss account.

Notes to the financial statements*for the financial year ended 31 December 2020***11. Share premium account**

	2020	2019
	£000s	£000s
<i>Balance as at 1 January and 31 December</i>		
Premium arising on issue of equity shares	238,000	238,000
	<u>238,000</u>	<u>238,000</u>

12. Events after balance sheet date

There have been no material adjusting or disclosable events since the financial year end.