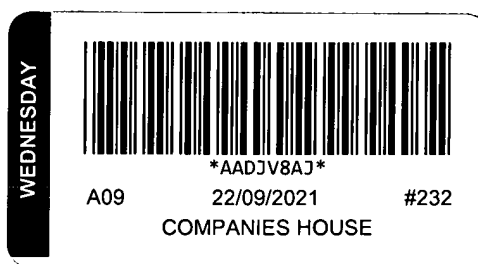


COBACO HOLDINGS LIMITED

Registered number 08317210

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



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Strategic Report

The Directors present their Annual Report and Financial Statements of Cobaco Holdings Limited ('the Company') for the year ended 31 December 2020.

Principal activity and business review

The principal activity of the Company is that of a non-trading, intermediate investment holding company. Its results for the year are set out in the profit and loss account on page 9. The Directors do not anticipate any change in the Company's principal activity of an intermediate holding company.

During the prior period, the accounting reference date was changed from 30 April to 31 December resulting in the prior period being from 1 May 2019 to 31 December 2019. Throughout these financial statements, the period ended 31 December 2019, or the 'prior period' refers to the prior period being 1 May 2019 to 31 December 2019.

The financial performance and position of the Company are in line with the directors' expectations. Hill & Smith Holdings PLC ('the Group') does not monitor risks and uncertainties or KPIs at the company level for intermediate holding companies. These are, instead, monitored at a Group level.

Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006 ("the Act")

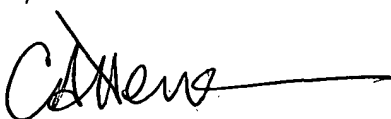
The Company is part of the Hill & Smith Holdings PLC group and is therefore required to produce a Section 172 statement.

The Section 172 statement for Hill & Smith Holdings PLC, which this statement underpins, can be found on page 55 of its 2020 Annual Report.

The Board of the Company considers that it is suitably composed, with an appropriate range of pertinent skills and experience and the directors consider that they have acted, both individually and together, in good faith and in ways which would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to stakeholders and matters set out in s172 (1) (a-f) of the Act.

The Board's policies, systems and procedures mirror those of the ultimate parent company and its values are therefore in support of its ultimate parent company's strategic objectives. Further details on this can be found on page 9 of the 2020 Annual Report of Hill & Smith Holdings PLC.

By order of the Board



C A Henderson
Secretary
7 September 2021

Westhaven House
Arleston Way
Shirley, Solihull
West Midlands
B90 4LH

Directors' Report

The Directors present their Report and audited Financial Statements for the year ended 31 December 2020.

Dividends

Dividends of £nil have been paid in the year (period ended 31 December 2019: £nil). There are no proposed dividends.

Directors

The Directors serving during the year and in the period up to the date of this report were as follows:

C A Henderson
J Whitehouse

Political contributions

The Company made no political donations or incurred any political expenditure during the current year or prior period.

Employees

The Company had no employees during the current year or the prior period.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1.

The Company is a non-trading, intermediate investment holding company in the Group. As at 31 December 2020, the Company had net current assets of £13,044,000 (2019: £12,465,000). The Company is not a party to cross guarantees given for loans and borrowings of the wider Group. The Company may participate in the Group's centralised treasury arrangements. However, given the principal activity of the Company, being that of a non-trading intermediate investment holding company, other than the payment of corporation tax in line with Group tax policy, no other transactions will occur in the 12 months following the approval of the financial statements that will require use of the Group's centralized treasury function. The Directors have considered the transactions that will occur in the 12 months following the approval of the financial statements and note no cash outflows are forecast during this period as, other than the corporation tax liability, the Company do not have any other liabilities due within 12 months following the approval of the financial statements, nor do they have any contingent liabilities. Given the above, the Directors determine it to be highly unlikely that the Company will need any financial support from its ultimate parent company.

Nonetheless, the Directors have assessed the ultimate parent company's ability to provide financial support, should it be needed, through obtaining the latest consolidated financial statements of the Group, discussing the financial position with Group management and assessing the level of funds available to the Group. Consequently, the directors are confident that the Company would have access to sufficient funds to allow it to meet any liabilities that may fall due within 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

Financial risk

The financial risk management objectives and policies are managed by the directors of Hill & Smith Holdings PLC on a Group basis. From the perspective of the Company, the financial risks are integrated within the financial risks of the Group and are not managed separately. Accordingly, the financial risks of the Group, which include those of the Company, are discussed within the financial risk management section of the Group's Annual Report which does not form part of this Annual Report. Details on how to obtain a copy of the Group's Annual Report are included in note 16.

Directors' Report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Other matters

In accordance with section 414C(11) of the Companies Act 2006, certain information, including future business developments, are not presented in the Directors' Report because it is disclosed in the Strategic Report.

By order of the Board



C A Henderson

Secretary

7 September 2021

Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

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 Cobaco Holdings Limited

Opinion

We have audited the financial statements of Cobaco Holdings Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, 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 FRS 101 "Reduced Disclosure Framework 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 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 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 through to 30 September 2022.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Cobaco Holdings Limited *(continued)*

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 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 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 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 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, as set out on page 5, 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.

Independent Auditor's Report to the members of Cobaco Holdings Limited (continued)

Explanation as to what extent 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 irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those relating to the United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. The company has minimal transactions, and no employees.
- We understood how the company is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussing with senior finance personnel and those charged with governance as to the rationale behind the specific accounting transactions. Each financial transaction in the year was verified through recalculation or agreement to supporting source documentation. Due to the nature of the company, as a holding company of wholly owned group subsidiaries we have not identified any risk of material misstatement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included reading board meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of transactions to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

Ernst & Young LLP

Stephen Kirk (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
Date: 8th September 2021

Profit and Loss Account
for the period ended 31 December 2020

	Note	Year ended 31 December 2020	Period ended 31 December 2019
		£000	£000
Administrative expenses		-	(20,720)
Operating loss before impairment of investments and re-organisation costs		-	(4)
Impairment of investments	3	-	(20,716)
Operating loss		-	(20,720)
Income from shares in subsidiary undertakings		-	1,435
Loss before interest and taxation		-	(19,285)
Interest receivable	5	181	92
Interest payable and similar charges	6	-	(37)
Profit/(loss) before taxation	3	181	(19,230)
Taxation on profit/(loss)	7	398	-
Profit/(loss) for the financial year/period		579	(19,230)

Statement of Comprehensive Income/(Expense)

Items that will not be classified to profit or loss:

Taxation on other comprehensive expense	-	-
Other comprehensive expense for the year/period, net of tax	-	-
Total comprehensive income/(expense) for the year/period	579	(19,230)

All operations are continuing.

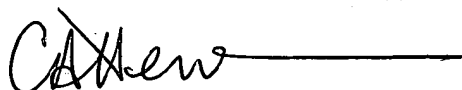
The notes on pages 12 to 20 form part of the Financial Statements.

Balance Sheet
as at 31 December 2020

	Note	2020	2019
		£000	£000
Fixed assets			
Investments	8	6,211	6,211
Current assets			
Debtors	9	13,161	12,465
		<u>13,161</u>	<u>12,465</u>
Creditors: Amounts falling due within one year	10	(117)	-
Net current assets		<u>13,044</u>	<u>12,465</u>
Net assets		<u>19,255</u>	<u>18,676</u>
Capital and reserves			
Called up share capital	12	-	-
Share premium account		-	-
Other reserves		-	26,616
Profit and loss account		19,255	(7,940)
Total Shareholder's funds		<u>19,255</u>	<u>18,676</u>

The notes on pages 12 to 20 form part of the Financial Statements.

These Financial Statements were approved by the Board of Directors and signed on their behalf by:



C A Henderson
Director
7 September 2021

Company No. 08317210

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £000	Share premium account £000	Other Reserves £000	Profit and loss account £000	Total Shareholder's funds £000
At 30 April 2019	-	-	26,616	(10,309)	16,307
Comprehensive expense					
Loss for the period	-	-	-	(19,230)	(19,230)
Other comprehensive expense for the period	-	-	-	-	-
Transactions with owners recognised directly in equity					
Dividends	-	-	-	-	-
Issue of shares	2,000	19,599	-	-	21,599
Share capital and share premium reduction	(2,000)	(19,599)	-	21,599	-
At 31 December 2019	-	-	26,616	(7,940)	18,676
Comprehensive expense					
Profit for the year	-	-	-	579	579
Other comprehensive income for the year	-	-	-	-	-
Transactions with owners recognised directly in equity					
Dividends	-	-	-	-	-
At 31 December 2020	-	-	26,616	(7,361)	19,255

The share premium account represents the amount of proceeds received for shares in excess of their nominal value of £1 per share.

The other reserve arose in the year ending 30 April 2019, following the acquisition of the Company by the Group, the loan notes held by the previous owners of the Company were settled in exchange for new shares being issued. Through the settlement of the loan notes, an intercompany loan was issued with another company in the Group. This was subsequently converted into £23.0m of shares. A special resolution was passed to consolidate all ordinary shares to 1,000 with a value of £1. This entry gave rise to a capital contribution reserve of £26.6m, which represents £23.9m of share capital, £2.6m of share premium and £0.1m of capital redemption which were reduced.

Profit and loss account reserve represents accumulated retained earnings.

Notes to the financial statements

1 General Information

The Company is a private company limited by shares and incorporated and domiciled in England, United Kingdom. The registered office is Westhaven House, Arlestone Way, Shirley, Solihull, B90 4LH.

2 Accounting policies

The following accounting policies have been applied in the current year in dealing with items which are considered material in relation to the Company's Financial Statements, except as noted below.

Basis of preparation

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 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 ultimate parent undertaking, Hill & Smith Holdings PLC includes the Company in its Consolidated Financial Statements. The Consolidated Financial Statements of Hill & Smith Holdings PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Group Headquarters (see note 16).

Significant accounting estimates or judgements

In the application of the Company's accounting policies outlined below, the directors are required to make estimates, assumptions and judgements about the carrying value of assets and liabilities that are not readily apparent.

The key accounting estimates or judgements made were:

Investment recoverability – The determination of whether investments should be impaired requires, amongst other factors, the estimation of future cash flows and growth factors adopted for each investment to which the Company holds. Furthermore, discount rates applied to these cash flows are determined by reference to the markets in which they operate and are risk adjusted to reflect risks and opportunities existing for each investment. No impairment was identified in the current year.

New IFRS standards and interpretations adopted during 2020

In 2020 the following amendments had been endorsed by the EU, became effective and therefore were adopted by the Company:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018

The amendments noted above have not had a material impact on the financial statements.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Exemptions

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of Hill & Smith Holdings PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Measurement convention

The Financial Statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale, investment property and liabilities for cash-settled share-based payments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1.

The Company is a non-trading, intermediate investment holding company in the Group. As at 31 December 2020, the Company had net current assets of £13,044,000 (2019: £12,465,000). The Company is not a party to cross guarantees given for loans and borrowings of the wider Group. The Company may participate in the Group's centralised treasury arrangements. However, given the principal activity of the Company, being that of a non-trading intermediate investment holding company, other than the payment of corporation tax in line with Group tax policy, no other transactions will occur in the 12 months following the approval of the financial statements that will require use of the Group's centralized treasury function. The Directors have considered the transactions that will occur in the 12 months following the approval of the financial statements and note no cash outflows are forecast during this period as, other than the corporation tax liability, the Company do not have any other liabilities due within 12 months following the approval of the financial statements, nor do they have any contingent liabilities. Given the above, the Directors determine it to be highly unlikely that the Company will need any financial support from its ultimate parent company.

Nonetheless, the Directors have assessed the ultimate parent company's ability to provide financial support, should it be needed, through obtaining the latest consolidated financial statements of the Group, discussing the financial position with Group management and assessing the level of funds available to the Group. Consequently, the directors are confident that the Company would have access to sufficient funds to allow it to meet any liabilities that may fall due within 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Consolidation

In accordance with Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company incorporated in England, which has prepared Consolidated Financial Statements to include the results of the Company.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying value may not be recoverable.

Dividends

Dividends are recognised in the Financial Statements in the period in which they are approved by the Company's shareholders. Dividend income is recognised in the Profit and Loss account on the date the entity's right to receive payment is established.

Financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities, interest expense on lease liabilities, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Profit and Loss Account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the Profit and Loss Account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the period 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 period, 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements *(continued)*

3 Profit/(loss) before taxation

The audit fees attributable to the Company for the year ended 31 December 2020 and the period ended 31 December 2019 are incidental to the Company and were borne by Hill & Smith Holdings PLC.

During the prior period, the Group undertook an internal corporate restructuring project impacting the Company. As a result, an investment impairment charge of £20,716,000 was recognised in the Company.

4 Directors and employees

The Company had no employees during the current year and prior period and, as such, the aggregate payroll costs in both periods were £nil. The remuneration of the Directors are paid by another Hill & Smith Holdings PLC group company as their services to the Company are incidental to their services provided to other Hill & Smith Holdings PLC group companies.

5 Interest receivable

	Year ended 31 December 2020 £000	Period ended 31 December 2019 £000
On loans to group undertakings	181	92
	<u>181</u>	<u>92</u>

6 Interest payable and similar charges

	Year ended 31 December 2020 £000	Period ended 31 December 2019 £000
On loans from group undertakings	-	37
	<u>-</u>	<u>37</u>

Notes to the financial statements (continued)

7 Taxation on profit/(loss)

Analysis of (credit)/charge in the year/period

	Year ended 31 December 2020 £000	Period ended 31 December 2019 £000
<i>UK corporation tax</i>		
Relating to the prior period	115	-
	<hr/>	<hr/>
Current tax charge	115	-
	<hr/>	<hr/>
<i>Deferred tax (note 11)</i>		
Current year credit (relates to prior period losses)	(513)	-
	<hr/>	<hr/>
Deferred tax credit	(513)	-
	<hr/>	<hr/>
Total tax credit	(398)	-
	<hr/>	<hr/>

Factors affecting tax charge for the year/period

The effective current tax rate for the year is lower (period ended 31 December 2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2020 £000	Period ended 31 December 2019 £000
<i>Total tax reconciliation</i>		
Profit/(loss) before taxation	181	(19,230)
	<hr/>	<hr/>
Profit/(loss) multiplied by the effective rate of corporation tax in the UK of 19% (2019: 19%)	34	(3,654)
	<hr/>	<hr/>
<i>Effects of:</i>		
Impairment of investments	-	3,936
Non-taxable dividend income	-	(273)
Utilisation of brought forward tax losses not recognised	-	(9)
Increase on deferred tax on prior period losses recognised	(547)	-
Relating to the prior period	115	-
	<hr/>	<hr/>
Total tax (credit)/charge	(398)	-
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

8 Investments

	Shares in subsidiary undertakings £000
Cost	
At 31 December 2019	26,927
Additions	-
	<hr/>
At 31 December 2020	26,927
	<hr/>
Provisions	
At 31 December 2019	20,716
Impairment in year	-
	<hr/>
At 31 December 2020	20,716
	<hr/>
Net realisable value	
At 31 December 2020	6,211
	<hr/>
At 31 December 2019	6,211
	<hr/>

Investments in subsidiary undertakings as at 31 December 2020 include:

- A 100% holding in the issued share capital of Cobaco Limited, a holding company incorporated in Great Britain, at a cost of £20,716,000 (2019: £20,716,000). This was fully provided for during the prior period;
- A 100% holding in the issued share capital of ATG Access Limited, a trading company incorporated in Great Britain, at a cost of £6,211,000 (2019: £6,211,000).

Refer to note 15 for a full list of the Company's subsidiary undertakings.

9 Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	12,646	12,465
Deferred tax (note 11)	513	-
Other debtors	2	-
	<hr/>	<hr/>
	13,161	12,465
	<hr/>	<hr/>

Intercompany loans are unsecured with no fixed repayment date and therefore may not be settled within the next 12 months. Interest is charged at a rate equivalent to the Group's average borrowing rate for the period.

Notes to the financial statements *(continued)*

10 Creditors

Creditors: amounts falling due within one year

	2020 £000	2019 £000
Corporation tax	117	-
	<u>117</u>	<u>-</u>

11 Deferred tax asset

	Deferred Tax £000
At 1 January 2020	-
Profit and loss account	513
At 31 December 2020	<u>513</u>

Details of amounts recognised for deferred taxation follow:

	2020 £000	2019 £000
Losses carried forward	513	-
Deferred tax asset	<u>513</u>	<u>-</u>

12 Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1 (2019: 1) ordinary shares of £1 each	-	-
	<u>-</u>	<u>-</u>

13 Dividends

	Year ended 31 December 2020 £000	Period ended 31 December 2019 £000
Aggregate amount of dividends paid in the financial year/period: £nil per share (2019: £nil per share)	-	-
	<u>-</u>	<u>-</u>

Notes to the financial statements *(continued)*

14 Related party transactions

As an ultimately wholly owned subsidiary of Hill & Smith Holdings PLC, the Company has taken advantage of the exemption available under FRS 101 not to disclose transactions that have been made between the Company and other fellow subsidiaries of Hill & Smith Holdings PLC.

15 Subsidiaries

Incorporated in the UK

Cobaco Limited* (D)

ATG Access Limited

Technocover Limited

Barkers Engineering Limited

Parking Facilities Limited

(D) – Dormant Company

* *Directly held by Cobaco Holdings Limited*

The listed subsidiaries have a year-end date of 31 December. The results of all of the listed subsidiaries are included in the consolidated results of Hill & Smith Holdings PLC, the Company's ultimate parent undertaking. The Company holds 100% of the share capital of the businesses, either directly or indirectly.

The registered office address of all of the UK subsidiaries is the same as the ultimate parent detailed in note 16.

Vehicle Protection Security Posts Limited, ATG Access (Holdings) Limited and Cobaco Barrier Company Limited were dissolved on 1 December 2020.

16 Ultimate parent company and controlling party

The immediate parent of the Company is Hill & Smith Limited, a company registered and domiciled in England.

The ultimate parent and controlling party of the Company is Hill & Smith Holdings PLC, a company registered in England. Copies of the Group Financial Statements may be obtained from Group headquarters:

Westhaven House
Arleston Way
Shirley
Solihull
B90 4LH

17 Post Balance Sheet events

On 15 June 2021, the Group disposed of 100% of the issued share capital of Technocover Limited, meaning the Company no longer holds an indirect investment in Technocover Limited.

There were no other significant post balance sheet events.