

Registration number: 12106388

# The Canning Group Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



## **The Canning Group Holdings Limited**

### **Contents**

|  |          |
|--|----------|
| Company Information                      | 1        |
| Directors' Report                        | 2 to 3   |
| Statement of Directors' Responsibilities | 4        |
| Independent Auditor's Report             | 5 to 10  |
| Profit and Loss Account                  | 11       |
| Balance Sheet                            | 12       |
| Statement of Changes in Equity           | 13       |
| Notes to the Financial Statements        | 14 to 20 |

**The Canning Group Holdings Limited**  
**Company Information**

**Directors**

Mr C McMahon  
Mr D R Wardrop  
Mr R J Leach  
Mr R P Leechman  
Mr M Hamilton-Allen  
Mr J Aitken

**Registered number** 12106388

**Registered office**

1 Staniers Way  
Roman Road  
Hereford  
HR1 1JT

**Auditor**

Mazars LLP  
Chartered Accountants & Statutory Auditor  
First Floor  
Two Chamberlain Square  
Birmingham  
B3 3AX

## **The Canning Group Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2020**

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

#### **Principal activity**

The principal activity of the company is that of a holding company holding investments in its subsidiaries. The main trading company is Hereford Contract Canning (HCC) Limited, which has a principal activity of canning services for alcoholic and non-alcoholic drinks, was acquired on 5 August 2019.

#### **Directors of the company**

The directors who held office during the year were as follows:

Mr D R Wardrop

Mr R J Leach

Mr R P Leechman

Mr J Aitken

Mr N D Morrill (ceased 31 December 2020)

The following directors were appointed after the year end:

Mr C McMahon (appointed 1 January 2021)

Mr M Hamilton-Allen (appointed 1 January 2021)

#### **Disclosure of information to the auditor**

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

#### **Brexit and COVID-19 coronavirus**

The impacts of Brexit and COVID-19 coronavirus are as follows:

The Directors recognise the challenges the Group may have due to Brexit and have put in place all the necessary measures to make sure the Group does not incur any major impact due to Brexit. The Directors have reasonable expectation that Brexit will not have any major negative impact on the Business.

The Directors are continually reviewing the ongoing and likely impact of COVID-19 in light of the rapidly changing situation and considers, based on experience to date, that any potential impact can be managed and appropriately mitigated.

#### **Going concern**

The Company has made a loss in the year and has net liabilities at the year end. The Company is dependent upon Group support via intercompany amounts owed.

The Directors have prepared a going concern assessment based on forecasts prepared for the Group, of which the Company is part of, for a period up to December 2023, including realistic downside scenarios. These forecasts which incorporate assumptions about the market in which the Group operates in and key relationships with its customers, and predict the Group will continue to trade in the foreseeable future.

The Directors confirm that sufficient finance will be available to meet obligations as they fall due in line with the Group's forecast for a period of not less than twelve months from the date of signing of these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

**The Canning Group Holdings Limited**  
**Directors' Report for the Year Ended 31 December 2020**

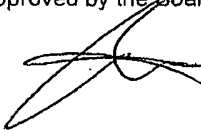
**Reappointment of auditor**

Under section 487(2) of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**Small companies provision statement**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board on 31 August 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J Aitken', written over the text 'Approved by the Board on 31 August 2021 and signed on its behalf by:'.

Mr J Aitken  
Director

## **The Canning Group Holdings Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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). 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 apply them consistently;
- make judgements 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 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.

**The Canning Group Holdings Limited**  
**Independent Auditor's Report to the Members of The Canning Group Holdings Limited**

**Opinion**

We have audited the financial statements of The Canning Group Holdings Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 loss 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, as applied to SME listed entities and 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.

# The Canning Group Holdings Limited

## Independent Auditor's Report to the Members of The Canning Group Holdings Limited

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and key observations arising from those procedures. The matters set out below are in addition to going concern which, as set out in the "Conclusions relating to going concern" section above, was also identified as a key audit matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

| Key Audit Matter  | How our scope addressed this matter   |
|---|---|
| <p><b>Intercompany debtor</b></p> <p>The Canning Group Holdings Limited carries a significant intercompany debtor on its balance sheet, £28m, at 31 December 2020. Management are required to assess this balance for recoverability.</p> <p>The recoverability is directly linked to the trading and results of the Group and requires management to exercise their judgement when forming a view of future profitability and cash flows of the Group.</p> | <p>In forming our conclusions over the future profitability and cash flows of the Group, which will ultimately support the recovery of inter-group balances:</p> <ul style="list-style-type: none"> <li>- We reviewed management's forecasts which formed part of the going concern assessment as approved by the board of directors. We made enquiries of management to understand the completeness of the assessment on the group's forecast financial performance with reference to post year end trading actual results and known business changes including the introduction of a new, additional production line;</li> <li>- We evaluated the key assumptions in the forecasts;</li> <li>- We also gave consideration to the overall value of the group with reference to EBITDA multiples used for investment in the group within last 2 years and EBITDA levels arising from the going concern forecasts.</li> </ul> <p><b>Our observations</b></p> <ul style="list-style-type: none"> <li>- Based on the work performed, we are satisfied that the group is expected to generate sufficient profitability to enable the recovery of inter-group balances in full.</li> </ul> |
| <p><b>Listed loan notes</b></p> <p>The company issued 12% Secured Series A Loan Notes 2024 with a nominal value of £25,480,654. On 29 December 2020, the loan notes were listed on The International Stock Exchange.</p> <p>Due to the listed status and significant value of these loan notes recognised within creditors as at 31 December 2020, this is deemed to be a key audit matter.</p>   | <p>We obtained signed copies of the loan note agreements and also externally verified the year end balances.</p> <p>We considered whether management's conclusion that the loan notes are basic financial instruments is appropriate, and assessed whether the accounting treatment is consistent with that conclusion.</p> <p><b>Our observations</b></p> <p>We concur with management's assessment that the loan notes meet the criteria of basic financial instruments under FRS 102 and are appropriately recorded within the financial statements.</p>   |



**The Canning Group Holdings Limited**  
**Independent Auditor's Report to the Members of The Canning Group Holdings Limited**

**Our application of materiality and an overview of the scope of our audit**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

|                                 |   |
|---------------------------------|---|
| Overall materiality             | £109,450  |
| How we determined it            | Materiality has been determined with reference to a benchmark of net assets, of which it represents 2.0%.   |
| Rationale for benchmark applied | We used net assets to calculate our materiality as, in our view, given the company does not trade, this is the most relevant measure of the underlying financial performance of the company.  |
| Performance materiality         | £82,088<br>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was approximately 75% of our financial statement materiality. |
| Reporting threshold             | We agreed with the directors that we would report to them misstatements identified during our audit above £3,284 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.   |

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

**The Canning Group Holdings Limited**  
**Independent Auditor's Report to the Members of The Canning Group Holdings Limited.**

**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.

**Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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 company 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

**The Canning Group Holdings Limited**  
**Independent Auditor's Report to the Members of The Canning Group Holdings Limited**

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements 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 its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect of irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the company, the industry in which the group, of which it is a part of, operates and considered the risk of acts by the company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- During the audit, focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and review of minutes of directors' meetings in the year.

**The Canning Group Holdings Limited**  
**Independent Auditor's Report to the Members of The Canning Group Holdings Limited**

**Auditor's responsibilities for the audit of the financial statements (continued)**

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**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.



Ian Holder (Senior Statutory Auditor)  
For and on behalf of Mazars LLP,  
Chartered Accountants and Statutory Auditor  
First Floor  
Two Chamberlain Square  
Birmingham  
B3 3AX

1 September 2021

**The Canning Group Holdings Limited**  
**Profit and Loss Account for the Year Ended 31 December 2020**

|  |      | (16 July 2019 –<br>31 December 2019) |             |
|--|------|--------------------------------------|-------------|
|  | Note | 2020<br>£                            | 2019<br>£   |
| Administrative expenses                      |      | (10,703)                             | -           |
| Other interest receivable and similar income | 4    | 305,876                              | 119,396     |
| Interest payable and similar charges         | 5    | (3,513,339)                          | (1,367,599) |
|  |      | (3,207,463)                          | (1,248,203) |
| Loss before tax                              |      | (3,218,166)                          | (1,248,203) |
| Loss for the financial year                  |      | (3,218,166)                          | (1,248,203) |

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

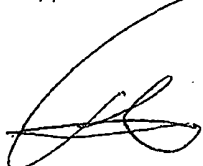
The notes on pages 15 to 21 form an integral part of these financial statements.

**The Canning Group Holdings Limited**  
**(Registration number: 12106388)**  
**Balance Sheet as at 31 December 2020**

|  | Note | 2020<br>£           | 2019<br>£           |
|--|------|---------------------|---------------------|
| <b>Fixed assets</b>  |      |                     |                     |
| Investments  | 8    | 1                   | 1                   |
| <b>Current assets</b>  |      |                     |                     |
| Debtors  | 9    | 28,648,925          | 28,363,775          |
| Cash at bank and in hand                                       | 10   | 10                  | -                   |
|  |      | <u>28,648,935</u>   | <u>28,363,775</u>   |
| <b>Creditors: Amounts falling due within one year</b>          | 11   | <u>(44,712)</u>     | <u>(54,725)</u>     |
| <b>Net current assets</b>                                      |      | <u>28,604,223</u>   | <u>28,309,050</u>   |
| <b>Total assets less current liabilities</b>                   |      | <u>28,604,224</u>   | <u>28,309,051</u>   |
| <b>Creditors: Amounts falling due after more than one year</b> | 11   | <u>(33,070,592)</u> | <u>(29,557,253)</u> |
| <b>Net liabilities</b>   |      | <u>(4,466,368)</u>  | <u>(1,248,202)</u>  |
| <b>Capital and reserves</b>                                    |      |                     |                     |
| Called up share capital  | 12   | 1                   | 1                   |
| Profit and loss account  |      | <u>(4,466,369)</u>  | <u>(1,248,203)</u>  |
| <b>Shareholders' deficit</b>                                   |      | <u>(4,466,368)</u>  | <u>(1,248,202)</u>  |

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved and authorised by the Board on 31 August 2021 and signed on its behalf by:



Mr J Aitken  
Director

The notes on pages 15 to 21 form an integral part of these financial statements.

**The Canning Group Holdings Limited**  
**Statement of Changes in Equity for the Year Ended 31 December 2020**

|                            | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£  |
|----------------------------|--------------------|---------------------------------|-------------|
| At 1 January 2020          | 1                  | (1,248,203)                     | (1,248,202) |
| Loss for the year          | -                  | (3,218,166)                     | (3,218,166) |
| Total comprehensive income | -                  | (3,218,166)                     | (3,218,166) |
| At 31 December 2020        | 1                  | (4,466,369)                     | (4,466,368) |

|                            | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£  |
|----------------------------|--------------------|---------------------------------|-------------|
| At 16 July 2019            | 1                  | -                               | 1           |
| Loss for the period        | -                  | (1,248,203)                     | (1,248,203) |
| Total comprehensive income | -                  | (1,248,203)                     | (1,248,203) |
| At 31 December 2019        | 1                  | (1,248,203)                     | (1,248,202) |

The notes on pages 15 to 21 form an integral part of these financial statements.

**The Canning Group Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2020**

**1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

1 Staniers Way  
Roman Road  
Hereford  
HR1 1JT

**2 Accounting policies**

**Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements; as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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 11 Financial Instruments paragraphs 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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Canning Group International Limited as at 31 December 2020 and these financial statements may be obtained from the registered office.

**Name of parent of group**

These financial statements are consolidated in the financial statements of The Canning Group International Ltd.

The financial statements of The Canning Group International Ltd may be obtained from 1 Staniers Way, Roman Road, Hereford, HR1 1JT, United Kingdom.



**The Canning Group Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2020**

**Going concern**

The Company has made a loss in the year and has net liabilities at the year end. The Company is dependent upon Group support via intercompany amounts owed.

The Directors have prepared a going concern assessment based on forecasts prepared for the Group, of which the Company is part of, for a period up to December 2023, including realistic downside scenarios. These forecasts which incorporate assumptions about the market in which the Group operates in and key relationships with its customers, and predict the Group will continue to trade in the foreseeable future.

The Directors confirm that sufficient finance will be available to meet obligations as they fall due in line with the Group's forecast for a period of not less than twelve months from the date of signing of these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

**Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Exemption from preparing group accounts**

The financial statements contain information about The Canning Group Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, The Canning Group International Ltd, a company incorporated in England & Wales.

**Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**Intercompany debtors**

Intercompany debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**The Canning Group Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2020**

**Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Share capital**

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

**3 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Directors believe that there are no critical accounting policies or key sources of estimation uncertainty where judgements or estimations are necessarily applied in the financial statements.

**4 Other interest receivable and similar income**

|  | (16 July 2019 –<br>31 December 2019) |         |
|--|--------------------------------------|---------|
|  | 2020                                 | 2019    |
|  | £                                    | £       |
| Interest receivable on loan notes due from group undertaking | 305,876                              | 119,396 |

**5 Interest payable and similar expenses**

|                                | (16 July 2019 –<br>31 December 2019) |           |
|--------------------------------|--------------------------------------|-----------|
|                                | 2020                                 | 2019      |
|                                | £                                    | £         |
| Interest payable on loan notes | 3,513,339                            | 1,367,599 |

**The Canning Group Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2020**

**6 Employees**

The Company has no employees other than the directors, who did not receive any remuneration.

**7 Auditor's remuneration**

|   | (16 July 2019 –<br>31 December 2019) |       |
|---|--------------------------------------|-------|
|   | 2020                                 | 2019  |
|   | £                                    | £     |
| Audit of these financial statements (paid by group company) | 2,000                                | 2,000 |

**8 Investments**

|                          | 2020 | 2019 |
|--------------------------|------|------|
|                          | £    | £    |
| Investment in Subsidiary | 1    | 1    |

**Details of subsidiary undertakings**

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking                             | Registered office                             | Holding  | Proportion of voting rights and shares held |      |
|---|---|----------|---|------|
|   |   |          | 2020  | 2019 |
| The Canning Group UK Limited            | 1 Staniers Way, Roman Road, Hereford, HR1 1JT | Ordinary | 100%  | 100% |
| Hereford Contract Canning (HCC) Limited | 1 Staniers Way, Roman Road, Hereford, HR1 1JT | Ordinary | 100%  | 100% |

Shares in Hereford Contract Canning (HCC) Limited are held by The Canning Group UK Limited.

**The Canning Group Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2020**

**9 Debtors**

|                                     | 2020<br>£         | 2019<br>£         |
|-------------------------------------|-------------------|-------------------|
| <b>Due after more than one year</b> |                   |                   |
| Amounts owed by group undertakings  | <u>28,648,925</u> | <u>28,363,775</u> |
|                                     | <u>28,648,925</u> | <u>28,363,775</u> |

**Details of non-current trade and other debtors**

Included within Amounts owed by group undertakings are Loan notes comprising of the following:

Unsecured Bidco DC Loan Notes £2,000,000 - these are unsecured, accrue interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur.

Unsecured Bidco Loan Notes £652,000 - these are unsecured, accrue interest at 7% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur.

Unsecured Bidco E Loan Notes £57,000 - these are unsecured, accrue interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur.

The remaining balance of Amounts owed by group undertakings are unsecured and do not bear any interest.

Included in amounts owed by group undertakings is Accrued Interest on loan notes of £425,272 (2019 - £119,396).

**10 Cash and cash equivalents**

|              | 2020<br>£ | 2019<br>£ |
|--------------|-----------|-----------|
| Cash at bank | <u>10</u> | <u>-</u>  |

**The Canning Group Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2020**

**11 Creditors**

|                                   | 2020<br>£         | 2019<br>£         |
|-----------------------------------|-------------------|-------------------|
| <b>Due within one year</b>        |                   |                   |
| Amounts due to group undertakings | 36,032            | 34,999            |
| Other payables                    | 8,680             | 19,726            |
|                                   | <u>44,712</u>     | <u>54,725</u>     |
| <b>Due after one year</b>         |                   |                   |
| Loan notes                        | 28,189,654        | 28,189,654        |
| Accrued interest on loan notes    | 4,880,938         | 1,367,599         |
|                                   | <u>33,070,592</u> | <u>29,557,253</u> |

Loan notes comprise of the following:

Secured Series A Loan Notes £25,480,654 - these are secured under fixed and floating charges over all the assets of the group to the effect that the assets are not mortgaged, charged or assigned, pay interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group. On 31 December 2020 the loan notes were listed on The International Stock Exchange.

Secured Deferred Consideration Loan Note £2,000,000 - these are secured under fixed and floating charges over all the assets of the group to the effect that the assets are not mortgaged, charged or assigned, pay interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group.

Unsecured Subordinated Loan Note £652,000 - these are unsecured, pay interest at 7% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group.

Unsecured Exchange Loan Note £57,000 - these are unsecured, pay interest at 12% pa and are repayable at the earlier of 31 August 2024 or the date on which a sale or listing should occur of the group.

**12 Share capital**

**Allotted, called up and fully paid shares**

|                             | 2020 |   | 2019 |   |
|-----------------------------|------|---|------|---|
|                             | No.  | £ | No.  | £ |
| 1 Ordinary share of £1 each | 1    | 1 | 1    | 1 |

**The Canning Group Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2020**

**13 Contingent liabilities**

The Company is part of a Senior Facilities Agreement, within The Canning Group International Limited group, which has provided a guarantee to the Bank. Under the terms of the agreement and the guarantees the Bank has fixed and floating charges over all the assets of the Company. No liability is expected to arise under the above arrangement.

**14 Related party transactions**

**7% Unsecured subordinated loan notes 2024**

Certain directors and their associates of the company have a beneficial interest in the 7% Unsecured subordinated loan notes 2024. During the year the company accrued interest of £43,814 (2019: £18,256) to these directors and their associates. At 31 December 2020 accrued interest due these directors and their associates was £62,070 (2019: £18,256).

**15 Parent and ultimate parent undertaking**

The company's immediate parent is The Canning Group International Ltd, incorporated in England & Wales.

The parent of the largest group in which these financial statements are consolidated is The Canning Group International Ltd, incorporated in England & Wales.

The address of The Canning Group International Ltd is 1 Staniers Way, Roman Road, Hereford, HR1 1JT, United Kingdom.

The ultimate parent and controlling party is Rutland Partners LLP, incorporated in England & Wales.