
SMITH BONDS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

SMITH BONDS PLC

COMPANY INFORMATION

Directors	J A C Lohan E G Orr
Company secretary	N S Shafi
Registered number	07968550
Registered office	2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA
Independent auditors	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

SMITH BONDS PLC

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SMITH BONDS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report for the year ended 31 December 2020.

Business review

The company exists for the sole purpose of issuing retail bonds. During the year ended 31 December 2020 a total amount of £Nil (2019 - £Nil) of bonds were subscribed for by investors.

During the year ended 31 December 2020 a total amount of £203,000 (2019 - £188,000) bonds were redeemed by investors.

The amount and redemption dates were as follows:

£203,000 - July 2020

The results of the company are set out on page 8.

Principal risks and uncertainties

The bond repayments are guaranteed by the parent company Smith Global Limited and therefore the company is entirely dependent on the financial performance of Smith Global Limited.

A proportion of the bond investors have opted for interest payment via Mr & Mrs Smith loyalty money instead of the cash alternative. The loyalty money can be redeemed against accommodation and travel arrangements booked with the parent company, Smith Global Limited. Again redemption of this loyalty related interest is dependent on the ongoing financial viability of Smith Global Limited. A more detailed assessment of this, particularly in relation to the COVID-19 outbreak, the impact of which started to take effect in early 2020, is included in the financial statements of Smith Global Limited.

This report was approved by the board on 24 September 2021 and signed on its behalf.

E G Orr
Director

**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.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company in the year under review was that of a finance company.

Results and dividends

The profit for the year, after taxation, amounted to £232,643 (2019 - loss £4,740).

No dividends will be distributed for the year ended 31 December 2020.

Directors

The directors who served during the year were:

J A C Lohan
E G Orr

Future developments

The company received bond redemption notices amounting to £97,000 by the requisite date of 1 January 2021 and these bonds were repaid in July 2021.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end except for the on-going impact of the COVID-19 pandemic, which continues to have a significant impact on the industry in which the parent company, Smith Global Limited, operates, as described in note 2.3.

Auditors

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2021 and signed on its behalf.

E G Orr
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BONDS PLC

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

The impact of uncertainties due to the COVID-19 pandemic on our audit

Uncertainties related to the effects of the COVID-19 pandemic are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and company's future prospects and performance.

The COVID-19 pandemic has had an unprecedented impact upon the worldwide economy. At the date of this report, its effects are still subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit is able, or should be expected, to predict the unknowable factors or all possible future implications for a group or company and this is particularly the case in relation to the COVID-19 pandemic.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BONDS PLC (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Auditors' 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 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BONDS PLC (CONTINUED)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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 on page 2, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BONDS PLC (CONTINUED)

Auditors' 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 Auditors' 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:

- We exercise professional judgment and maintain professional skepticism throughout the audit;
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the deliberate override of internal control;
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- We assess the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- We request and review the minutes of management meetings, and assess any matters identified not already provided for or disclosed that may materially impact the financial statements;
- We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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 Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH BONDS PLC (CONTINUED)

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

M S Caldicott ACA FCCA CTA (Senior Statutory Auditor)

for and on behalf of

White Hart Associates (London) Limited

Chartered Accountants and Statutory Auditors

2nd Floor, Nucleus House

2 Lower Mortlake Road

Richmond

TW9 2JA

24 September 2021

SMITH BONDS PLC

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	428,811	182,364
Cost of sales		(165,705)	(182,364)
Gross profit		263,106	-
Administrative expenses		(4,740)	(4,740)
Operating profit/(loss)		258,366	(4,740)
Interest payable and similar expenses		(25,723)	-
Profit/(loss) before tax		232,643	(4,740)
Profit/(loss) for the financial year		232,643	(4,740)

The notes on pages 14 to 20 form part of these financial statements.

SMITH BONDS PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Profit/(loss) for the financial year		232,643	(4,740)
Other comprehensive income			
Total comprehensive income for the year		232,643	(4,740)

The notes on pages 14 to 20 form part of these financial statements.

SMITH BONDS PLC
REGISTERED NUMBER: 07968550

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	9	2,008,034	1,945,382
		<u>2,008,034</u>	<u>1,945,382</u>
Creditors: amounts falling due within one year	10	(152,034)	(221,025)
Net current assets		<u>1,856,000</u>	<u>1,724,357</u>
Total assets less current liabilities		<u>1,856,000</u>	<u>1,724,357</u>
Creditors: amounts falling due after more than one year	11	(1,843,500)	(1,944,500)
Net assets/(liabilities)		<u><u>12,500</u></u>	<u><u>(220,143)</u></u>
Capital and reserves			
Called up share capital	13	12,500	12,500
Profit and loss account	14	-	(232,643)
		<u><u>12,500</u></u>	<u><u>(220,143)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2021.

E G Orr
Director

The notes on pages 14 to 20 form part of these financial statements.

SMITH BONDS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	12,500	(227,903)	(215,403)
Comprehensive income for the year			
Loss for the year	-	(4,740)	(4,740)
At 1 January 2020	12,500	(232,643)	(220,143)
Comprehensive income for the year			
Profit for the year	-	232,643	232,643
At 31 December 2020	12,500	-	12,500

The notes on pages 14 to 20 form part of these financial statements.

SMITH BONDS PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the financial year	232,643	(4,740)
Adjustments for:		
Interest paid	25,723	-
(Increase)/decrease in amounts owed by groups	(63,463)	432,701
(Decrease) in creditors	(169,180)	(427,961)
Net cash generated from operating activities	<u>25,723</u>	<u>-</u>
Cash flows from financing activities		
Interest paid	(25,723)	-
Net cash used in financing activities	<u>(25,723)</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of year	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of year comprise:		
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Smith Bonds Plc is a public company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the company information page.

2. Accounting policies

2.1 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 (see note 3).

The following principal accounting policies have been applied:

2.2 Related party exemptions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the parent company, Smith Global Limited, and the Company will have sufficient liquid funds to overcome the consequences of the COVID-19 outbreak and the related restrictions on the group's activities.

Given the continuing uncertainty regarding the further development of the COVID-19 pandemic, management is monitoring closely the situation to ensure that, at all times, the parent company has access to sufficient liquidity to overcome the situation.

Management has already taken measures within the parent company, including establishing cost contingency plans and utilising all appropriate government support measures, and believes they possess, and will be able to secure, additional resources if needed, to ensure business continuity for the foreseeable future. Management also believes the parent company has sufficient liquidity to absorb the operating losses that are expected to result from the COVID-19 outbreak and related restrictions.

For this reason, with the Company continuing to receive the full support of the parent company, the directors continue to adopt the going concern basis in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Revenue

Turnover represents the gross value of interest received on loans provided to its group members recognised on an accrual basis.

2.6 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.

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable 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.

2.9 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.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgements in applying accounting policies 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 estimates are recognised in the period in which the estimates are 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.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Interest receivable	165,705	182,364
Management charges receivable	263,106	-
	<u>428,811</u>	<u>182,364</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	428,811	182,364
	<u>428,811</u>	<u>182,364</u>

5. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>4,740</u>	<u>4,740</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Directors	<u>2</u>	<u>2</u>

7. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable	25,723	-
	<u>25,723</u>	<u>-</u>

8. Taxation

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	<u>232,643</u>	<u>(4,740)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	44,202	(901)
Effects of:		
Unrelieved tax losses carried forward	-	901
Utilised tax losses brought forward	(36,792)	-
Group relief	(7,410)	-
Total tax charge for the year	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Taxation (continued)**Factors that may affect future tax charges**

A change to the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 May 2021, whereby the tax rate applicable for periods from 1 April 2023 increases to 25% from the current tax rate of 19%.

9. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	2,008,034	1,945,382
	<u>2,008,034</u>	<u>1,945,382</u>

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	50,294	17,285
Other creditors	97,000	199,000
Accruals and deferred income	4,740	4,740
	<u>152,034</u>	<u>221,025</u>

Included in other creditors above are 'Bonds 2017' that were issued at various dates between July 2012 and December 2017 at par and carry interest at a rate of 7.5% or 9.5% depending on whether the subscriber opted for cash payment or Mr & Mrs Smith loyalty money respectively. The loyalty money can be redeemed against travel packages booked with the parent company, Smith Global Limited. The bonds are non-transferable, non-convertible and unsecured, to be repaid in July 2020 if the appropriate redemption notice was provided, or rolled forward for a further 12 months on the same terms if not. The repayment is guaranteed by Smith Global Limited.

11. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Other creditors	1,843,500	1,944,500
	<u>1,843,500</u>	<u>1,944,500</u>

SMITH BONDS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Post balance sheet events

The company received bond redemption notices amounting to £97,000 by the requisite date of 1 January 2021 and these bonds were repaid in July 2021.

The company will not be issuing new bonds in 2021.

13. Share capital

	2020	2019
	£	£
Allotted, called up and partly paid		
50,000 (2019 - 50,000) Ordinary shares of £1.00 each	<u>12,500</u>	<u>12,500</u>

14. Reserves

Profit and loss account

The profit and loss account represents the net distributable reserves of the company at the date of the statement of financial position.

15. Controlling party

In the opinion of the directors there is no ultimate controlling party.

16. Ultimate parent company

The immediate and ultimate holding company is Smith Global Limited, a company registered in England and Wales whose registered office is situated at 2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA, who beneficially owns the entire issued share capital of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.