

COBA AUTOMOTIVE (UK) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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COBA AUTOMOTIVE (UK) LIMITED

COMPANY INFORMATION

Directors

M A Cooke
R N Peat
J C Atkinson

Registered number

00885482

Registered office

Marlborough Drive
Fleckney
Leicester
LE8 8UR

Independent auditor

Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Bankers

Barclays Bank Plc
1 Snowhill
Snow Hill Queensway
Birmingham
B3 2WN

HSBC Bank Plc
Pegasus Business Park
Herald Way
Castle Donington
Derby
DE74 2UZ

COBA AUTOMOTIVE (UK) LIMITED

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COBA AUTOMOTIVE (UK) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Business review

The company is a wholly owned subsidiary of Cobra International Limited and manufactures for automotive customers principally based in Europe.

Cobra Automotive (UK) Limited continues – along with the rest of manufacturers in the automotive industry – to face significant challenges.

The shortage of microchips, which has been well documented as having a negative impact on the automotive supply chain has led to car manufacturers not being able to produce expected volumes in demand. In the company's fiscal period, car production in Germany fell from 3.7m to 3m units (a 20% decrease) and in the UK this fall was larger as production levels fell from 1.025m units to 730k units (a 29% decrease). Without doubt, this has fed its way down the supply chain and has resulted in decreased production throughout the industry. COBA Automotive (UK) Ltd turnover in this period has decreased by 22.8% compared to the previous year, which is better than the overall UK market position, and comes within the most difficult trading period for the automotive industry in many years.

At the same time the industry has faced significant increases in raw material prices and energy costs which together have resulted in a reduction in gross margin by 8.4% to 17.3%.

Whilst the previous 12 months have no doubt been challenging, in our final trading quarter, European car production levels have started to rise as the semi-conductor supply shortages have eased. This increase in demand has continued into the autumn of 2022, although some manufacturers are still reporting occasional problems.

During this period the directors have placed a strong emphasis on tight cost controls within the business and we are actively working with our valued clients to pass on costs further up the supply chain. Whilst the future remains undoubtedly challenging, the directors believe that the company is in a strong and efficient position to weather these challenges and benefit from the expected increase in turnover forecast in the automotive industry once all supply chain issues have been resolved.

Principal risks and uncertainties

As previously mentioned, the principal risks facing the company are lack of demand from vehicle OEMs because of component shortages and rising raw material prices. Whilst we cannot control the former risk, the latter risk we are looking to reduce by forward buying at agreed rates and discussing availability of raw material supplies with alternative suppliers.

The company faces continued competitive pressures. Our approach to this has always been and will continue to be working closely with our key customers on product development to maintain relationships and to deliver high quality products at an acceptable price. This holistic approach allows us to service customer needs and uphold our reputation for responsiveness and adaptability.

The company transacts its business in various currencies. A high proportion of sales are denominated in Euros. Whilst this brings uncertainty with fluctuating exchange rates, the company has mitigated these risks by purchasing raw materials in Euro's and hedging a proportion of its net currency requirements for 2022 and beyond.

COBA AUTOMOTIVE (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Analysis of key performance indicators

The main key performance indicator has been identified as gross margin. Other indicators considered are turnover, operating profit, cashflow and OTIF ratings (on time in full). In the last year the directors are satisfied with the performance in these areas, whilst recognising that further improvements are always possible.

Environment

The company integrates health, safety and environmental factors into day to day and strategic business decisions.

The company complies with all relevant legislation and commits to continual improvement activities in accordance with the international standard ISO 14001.

The potential environmental impact of our processes is taken seriously and the company involves management and stakeholders in its planning processes and investment programmes and, where appropriate, takes into account representations from the public.

The company is committed in managing its resources to save energy, reduce waste, promote recycling and avoid damage to the environment.

Employees

Details on the number of people employed can be found on page 18 of the financial statements.

The company has policies for the promotion of equal opportunities and to avoid discrimination.

The company has policies and practices to keep employees informed on matters of relevancy. This is carried out when appropriate by meetings, general notices and newsletters.

Future developments

The directors do not foresee any changes to the principal activities of the company.

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



M A Cooke
Director

Date: 15 November 2022

COBA AUTOMOTIVE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is unacceptable to presume that the company will continue 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,146,624 (2021: profit £1,029,484).

Dividends of £Nil (2021: £1,781,602) were paid during the year. The directors do not recommend any further dividends be paid.

Directors

The directors who served during the year are noted on the company information page.

Matters covered in the Strategic Report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

COBA AUTOMOTIVE (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

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



M A Cooke
Director

Date: 15 November 2022

COBA AUTOMOTIVE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COBA AUTOMOTIVE (UK) LIMITED

Opinion

We have audited the financial statements of Coba Automotive (UK) Limited (the 'company') for the year ended 30 June 2022, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the 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 30 June 2022 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The 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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

COBA AUTOMOTIVE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COBA AUTOMOTIVE (UK) LIMITED (CONTINUED)

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.

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 set out on page 3, 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.

COBA AUTOMOTIVE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COBA AUTOMOTIVE (UK) LIMITED (CONTINUED)

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.

Our assessment focused on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and walkthrough testing of controls;
- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates, including stock provisions and bad debt provisions, for bias.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing legal and professional expenses;
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

COBA AUTOMOTIVE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COBA AUTOMOTIVE (UK) LIMITED
(CONTINUED)

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.

Cooper Parry Group Limited

Alison Fovargue (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants & Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: *17 November 2022.*

COBA AUTOMOTIVE (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	2021 £
Turnover	1,3	14,707,407	19,059,011
Cost of sales		(12,150,706)	(14,157,415)
Gross profit		<u>2,556,701</u>	<u>4,901,596</u>
Administrative expenses		(3,937,185)	(4,575,195)
Other operating income	4	<u>122,245</u>	<u>438,941</u>
Operating (loss)/profit	5	(1,258,239)	765,342
Interest receivable and similar income	7	-	420,677
Interest payable and expenses	8	<u>(64,046)</u>	<u>(226)</u>
(Loss)/profit before tax		(1,322,285)	1,185,793
Tax on (loss)/profit	9	<u>175,661</u>	<u>(156,309)</u>
(Loss)/profit for the financial year		<u><u>(1,146,624)</u></u>	<u><u>1,029,484</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 12 to 24 form part of these financial statements.

COBA AUTOMOTIVE (UK) LIMITED
REGISTERED NUMBER: 00885482

BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	1,812,670	2,320,514
Current assets			
Stocks	11	1,708,951	1,676,461
Debtors	12	4,219,345	4,115,426
Cash at bank and in hand		289,470	608,058
		<u>6,217,766</u>	<u>6,399,945</u>
Creditors: amounts falling due within one year	13	<u>(2,166,919)</u>	<u>(1,794,546)</u>
Net current assets		4,050,847	4,605,399
Provisions for liabilities			
Deferred taxation	15	(117,110)	(32,882)
Net assets		<u><u>5,746,407</u></u>	<u><u>6,893,031</u></u>
Capital and reserves			
Called up share capital	16	120,000	120,000
Share premium account	17	27,329	27,329
Capital redemption reserve	17	100	100
Profit and loss account	17	5,598,978	6,745,602
		<u><u>5,746,407</u></u>	<u><u>6,893,031</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M A Cooke
Director

Date: 15 November 2022

The notes on pages 12 to 24 form part of these financial statements.

COBA AUTOMOTIVE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2021	120,000	27,329	100	6,745,602	6,893,031
Loss for the year	-	-	-	(1,146,624)	(1,146,624)
At 30 June 2022	<u>120,000</u>	<u>27,329</u>	<u>100</u>	<u>5,598,978</u>	<u>5,746,407</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2020	120,000	27,329	100	7,497,720	7,645,149
Profit for the year	-	-	-	1,029,484	1,029,484
Dividends paid	-	-	-	(1,781,602)	(1,781,602)
At 30 June 2021	<u>120,000</u>	<u>27,329</u>	<u>100</u>	<u>6,745,602</u>	<u>6,893,031</u>

The notes on pages 12 to 24 form part of these financial statements.

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies

1.1 Basis of preparation of financial statements

Coba Automotive (UK) Limited ('the company') is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is disclosed on the company information page.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 30 June 2022 (2021: year ended 30 June 2021).

The following accounting policies have been applied consistently throughout the year:

1.2 Going concern

The company made a loss for the year but has strong net current assets and net assets. The company meets its day to day working capital requirements through financing arrangements with the company and group's bankers.

The directors have considered the availability of funding using detailed forecasts, these show the company and group has the ability to continue to operate within the facilities available for a period of at least 12 months from the date of signing the financial statements. The directors therefore consider it is appropriate for the financial statements to be prepared on a going concern basis.

1.3 Exemption

Under FRS 102 Section 1.12, the company is exempt from the requirement to prepare a statement of cash flows on the grounds that its ultimate parent company, Coba Holdings Limited, includes the company's cash flows in its own published consolidated financial statements.

The entity is a 'qualifying entity' and has also taken advantage of the exemption from disclosing key management personnel (other than directors emoluments) under FRS 102 Section 1.12.

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the FRS 102 section 33.1A exemption from disclosing transactions with group undertakings.

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is provided on the following basis:

Long-term leasehold property	- 50 years straight line
Plant and machinery	- 5 years straight line
Motor vehicles	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.6 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

1.8 Financial instruments

Basic financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties and loans to and from related parties.

All basic financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

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 balance sheet date.

Complex financial instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. These financial instruments are initially recorded at fair value on the date on which the contract is entered into and are subsequently measured at fair value through the profit and loss account.

The fair value of forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Forward foreign currency contract assets and liabilities are derecognised when the liability is extinguished, that is when the contract obligation is discharged, cancelled or expired.

1.9 Government grants

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

Grants relating to the Coronavirus Job Retention Scheme are recognised when the requirements are met and recognised within other operating income in the profit and loss account in the period to which it relates to.

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Current and deferred taxation

The tax charge for the year is comprised of current and deferred tax.

Current or deferred tax is recognised in the profit and loss account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current or deferred tax is also recognised in other comprehensive income or directly in equity respectively.

The current and deferred tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The current tax charge is inclusive of a credit in respect of group relief where the company has benefited from losses surrendered to other group companies. This charge is measured at the tax benefit the company would have gained for utilising those losses.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. 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.

1.12 Dividends

Equity dividends are recognised when they become legally payable.

1.13 Research and development

Research and development expenditure is written off in the year in which it is incurred.

R&D tax credits are accounted for under the accruals model, unless the receipt of monies cannot be foreseen with reasonable certainty. R&D tax credits are recognised within the profit and loss account, where receipt can be foreseen with reasonable certainty, in order to match income with related expenditure. The amounts are either recognised within operating costs or as a reduction in the tax charge, dependent upon the nature of the claims made.

1.14 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future. They are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Leases

The directors must determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Impairment of non current assets

The directors assess the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- significant under performance relative to historical or projected future operating results;
- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

Carrying value of stocks

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable.

Directors' make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

COBA AUTOMOTIVE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Judgements in applying accounting policies (continued)

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

Directors estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

3. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	3,160,581	4,322,878
Rest of Europe	10,089,441	12,932,435
Rest of the World	1,457,385	1,803,698
	<u>14,707,407</u>	<u>19,059,011</u>

4. Other operating income

	2022 £	2021 £
Government grants receivable - Coronavirus Job Retention Scheme	67,308	386,409
Sundry income	4,009	1,604
Management fees	50,928	50,928
	<u>122,245</u>	<u>438,941</u>

COBA AUTOMOTIVE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Research and development expenditure	121,363	678,694
Depreciation of tangible fixed assets	931,914	1,095,016
Auditors' remuneration	18,500	17,100
Operating lease rentals		
- plant and machinery	37,483	41,805
- other operating leases	363,515	429,350
Difference on foreign exchange	(272,873)	90,102
	<u> </u>	<u> </u>

6. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	3,310,059	4,412,501
Social security costs	312,979	405,892
Pension costs	139,683	196,772
	<u>3,762,721</u>	<u>5,015,165</u>

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

	2022 No.	2021 No.
Production	106	139
Other	24	27
	<u>130</u>	<u>166</u>

All directors are remunerated through Cobra International Limited.

7. Interest receivable

	2022 £	2021 £
Derivative gain	<u>-</u>	<u>420,677</u>

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

8. Interest payable and similar expenses

	2022 £	2021 £
Foreign exchange translation difference	-	226
Derivative loss	64,046	-
	<u>64,046</u>	<u>226</u>

9. Tax on profit on ordinary activities

	2022 £	2021 £
Corporation tax		
Current tax on (losses)/profits for the year	(15,777)	55,785
Adjustments in respect of previous periods	(55,689)	-
Group taxation relief	(188,423)	-
Total current tax	<u>(259,889)</u>	<u>55,785</u>
Deferred tax		
Origination and reversal of timing differences	84,228	100,524
Total deferred tax	<u>84,228</u>	<u>100,524</u>
Taxation on (loss)/profit on ordinary activities	<u>(175,661)</u>	<u>156,309</u>

COBA AUTOMOTIVE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£	£
(Loss)/profit on ordinary activities before tax	(1,322,285)	1,185,793
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(251,234)	225,301
Effects of:		
Fixed asset differences	(11,111)	(5,425)
Items not deductible for tax purpose	64	7
R&D credit set off	88,413	(88,230)
R&D expenditure credits	2,998	16,764
Remeasurement of deferred tax for changes in tax rates	(4,791)	7,892
Total tax charge for the year	(175,661)	156,309

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 30 June 2022 is 25% and deferred tax has been re-measured at this rate.

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

10. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 July 2021	234,076	11,701,289	29,836	11,965,201
Additions	-	841,488	33,500	874,988
Transfers intra group	(4,624)	(830,737)	-	(835,361)
Disposals	(8,976)	(745,247)	(38,836)	(793,059)
At 30 June 2022	220,476	10,966,793	24,500	11,211,769
Depreciation				
At 1 July 2021	42,633	9,572,218	29,836	9,644,687
Charge for the year	4,409	926,144	1,361	931,914
Transfers intra group	(4,624)	(830,737)	-	(835,361)
Disposals	-	(312,305)	(29,836)	(342,141)
At 30 June 2022	42,418	9,355,320	1,361	9,399,099
Net book value				
At 30 June 2022	178,058	1,611,473	23,139	1,812,670
At 30 June 2021	191,443	2,129,071	-	2,320,514

11. Stocks

	2022 £	2021 £
Raw materials and consumables	1,050,461	1,013,410
Finished goods and goods for resale	658,490	663,051
	1,708,951	1,676,461

12. Debtors

	2022 £	2021 £
Trade debtors	2,548,253	2,840,441
Amounts owed by group undertakings	588,795	338,472
Other debtors	552,853	318,081
Prepayments and accrued income	529,444	618,432
	4,219,345	4,115,426

COBA AUTOMOTIVE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,411,638	798,708
Amounts owed to group undertakings	150,516	364,000
Other taxation and social security	79,355	98,043
Other creditors	24,022	30,962
Accruals and deferred income	501,388	502,833
	<u>2,166,919</u>	<u>1,794,546</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>290,570</u>	<u>354,616</u>

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2022 were £10,668,465 (2021: £5,771,175). A derivative financial asset of £290,570 (2021: £354,616 asset) was included in prepayments (2021: prepayments).

15. Deferred taxation

	2022 £	2021 £
At beginning of year	32,882	(67,642)
Charged to the profit and loss account	84,228	100,524
At end of year	<u>117,110</u>	<u>32,882</u>

The deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	<u>117,110</u>	<u>32,882</u>
	<u>117,110</u>	<u>32,882</u>

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
53,582 'A' ordinary shares of £1.00 each	53,582	53,582
10,000 'B' ordinary shares of £1.00 each	10,000	10,000
36,418 'C' ordinary shares of £1.00 each	36,418	36,418
20,000 Non-redeemable non-participating preference shares of £1.00 each	20,000	20,000
	<hr/>	<hr/>
	120,000	120,000
	<hr/>	<hr/>

17. Reserves

Share premium account

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve arises upon the buy back of issued share capital by the company.

Profit and loss account

The profit and loss account includes current and prior period retained profits and losses.

18. Contingent liabilities

Contingent liabilities exist in respect of a loan arrangement whereby the bank loan is secured against all assets of the ultimate parent company including its subsidiaries. At 30 June 2022, the total outstanding amount guaranteed across the group amounted to £5,102,000 (2021: £5,162,000).

The company has guaranteed bank overdrafts of certain members of the group, which at 30 June 2022, amounted to £3,061,635 (2021: £2,073,373).

19. Pension commitments

The company operates a defined pension contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost represents contributions payable by the company to the fund and amount to £139,683 (2021: £196,772). At the year end £19,941 (2021: £27,542) is outstanding and is included within other creditors.

COBA AUTOMOTIVE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20. Commitments under operating leases

At 30 June 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	342,795	454,501
Later than 1 year and not later than 5 years	1,206,957	1,599,000
Later than 5 years	-	266,500
Total	1,549,752	2,320,001

21. Related party transactions

During the year the company made purchases from a fellow subsidiary undertaking of £9,000 (2021: £36,000). The balance owed as at the year end was £nil (2021:£nil).

22. Ultimate parent undertaking and controlling party

The company's immediate parent company is Cobra International Limited, a company registered in England and Wales.

The company's ultimate parent company is Cobra Holdings Limited, a company registered in England and Wales.

The largest and smallest group for which consolidated financial statements have been prepared is that headed by Cobra Holdings Limited.

Consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is M A Cooke.