

1st Collection Services Limited

**Annual report and financial statements
Year ended 26 December 2020**

Registered number 03541165



1st Collection Services Limited

Contents

	Page
Directors and advisers.....	1
Directors' report.....	2 – 3
Independent auditor's report.....	4 – 6
Income statement.....	7
Statement of other comprehensive income.....	8
Statement of financial position.....	9
Statement of changes in equity.....	10
Notes to the financial statements.....	11 - 17

1st Collection Services Limited

Directors and advisers

Directors

S. Ashmore
P.D. Quested

Company Secretary

D.J Joll

Registered office

Oakland House
76 Talbot Road
Old Trafford
Manchester
M16 0PQ

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

1st Collection Services Limited

Directors' report

For the year ended 26 December 2020

The directors present their report and the audited financial statements of the Company for the year ended 26 December 2020.

Directors

The directors of the Company who served during the year ended 26 December 2020 are listed below:

S. Ashmore
P.D. Quested

The Company has arranged a qualifying third party indemnity for all of its directors.

Post balance sheet events

On 14 January 2021 the Parent Company, HSS Hire Group Plc's ordinary shares of 1 pence each were admitted to trading on AIM. Simultaneously, the admission of the ordinary shares to trading on the Main Market of London Stock Exchange plc and to the premium listing segment of the Official List were cancelled. This follows the Group's announcement on 16 November 2020 and the General Meeting held on 4 December 2020.

Since the year end a series of national lockdowns have come into force across the UK nations and the Republic of Ireland. These have not had a material impact on the Group's trading performance.

Since the year end the Group has continued to negotiate with landlords and has surrendered or agreed to surrender 95% of leases associated with dark stores.

On 7 April 2021 the Group announced that it had entered into an unconditional agreement to sell Laois Hire Services Limited, the Group's Irish large plant hire business, to Briggs Equipment Ireland Limited ("Briggs"), for a cash consideration of €11.2m. Of this, €10.7m was received on completion with a further €0.5m received in May 2021 upon finalisation of completion accounts. The proceeds will be used to invest in the core Tool Hire business in line with the Group's strategy. As part of this transaction, the Group has entered into a commercial agreement with Briggs for the cross hire of equipment to ensure we continue to provide our Irish customers with their large plant requirements. The sale has been treated as a non-adjusting post balance sheet event.

Going concern

While encouraged by the resilience of the Group during a period of unprecedented disruption, the Directors continue to model via a number of scenarios the potential impact of COVID-19 on results. Even under the reasonable worst case scenario the Group has sufficient liquidity to operate within banking covenants for the next 12 months.

The Directors note the existence of a letter of support provided by the ultimate parent company, HSS Hire Group plc, confirming that it will provide financial assistance as is required, ensuring the Company can meet its liabilities as they fall due, for a period of not less than twelve months from the date of approval of these financial statements.

Taking into account current and future developments and principal risks and uncertainties, the level of dependence on the wider Group, and making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis in preparing these Financial Statements.

Statement of directors' responsibilities

The directors are responsible for preparing 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 Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' 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.

1st Collection Services Limited

Directors' report (continued)

For the year ended 26 December 2020

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' 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.

Directors' statement as to the disclosure of information to auditors

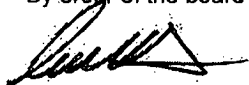
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Dividends

No interim dividends were paid or proposed during the year ended 26 December 2020 (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

In preparing this report advantage has been taken of the small companies' exemption and no strategic report has been prepared.

By order of the board



P.D. Quested

Director

Date: 08/09/2021

1st Collection Services Limited

Independent auditor's report to the members of 1st Collection Services Limited **For the year ended 26 December 2020**

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 December 2020 and of its result 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.

We have audited the financial statements of 1st Collection Services Limited ("the Company") for the year ended 26 December 2020 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

1st Collection Services Limited

Independent auditor's report to the members of 1st Collection Services Limited (continued)

For the year ended 26 December 2020

Other Companies Act 2006 reporting

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.

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 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.

We considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and potential breaches of applicable laws and regulations; and how management monitors those processes and controls. Our audit planning identified fraud risks in relation to management override. Fraud risks were communicated to all members of the audit team during both the planning and execution of the audit.

1st Collection Services Limited

Independent auditor's report to the members of 1st Collection Services Limited (continued)

For the year ended 26 December 2020

We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge and understanding of the business; enquiries with Group management; and focussed testing on specifically identified audit risks. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice, and tax legislation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Sophie Michael

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Sophia Michael (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 08 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

1st Collection Services Limited

Income statement

For the year ended 26 December 2020

	Note	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Operating loss	2	-	-
Finance income	5	-	112
Finance expense	5	-	(13)
Profit before tax		-	99
Income tax expense	6	-	-
Profit for the financial year		-	99

All activities are from continuing operations.

The notes on pages 11 to 17 form part of these financial statements.

1st Collection Services Limited

Statement of other comprehensive income

For the year ended 26 December 2020

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Result for the financial year	-	99
Total comprehensive result for the year	-	99

The notes on pages 11 to 17 form part of these financial statements.

1st Collection Services Limited

Statement of financial position

At 26 December 2020

Registered number 03541165

	Note	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
ASSETS			
Non-current assets			
Intangibles	7	-	-
Current assets			
Trade and other receivables	8	2,574	2,574
Cash		-	-
		2,574	2,574
Total assets		2,574	2,574
LIABILITIES			
Current liabilities			
Trade and other payables	9	(574)	(574)
		(574)	(574)
Net current assets		2,000	2,000
Total assets less current liabilities		2,000	2,000
Total liabilities		(574)	(574)
Net assets		2,000	2,000
EQUITY			
Share capital	10	-	-
Retained earnings		2,000	2,000
Total equity attributable to owners of the company		2,000	2,000

The notes on pages 11 to 17 form part of these financial statements.

The financial statements on pages 7 to 17 were approved and authorised by the board and were signed on its behalf by:



P.D. Quested

Director

Date: 08/09/2021

1st Collection Services Limited

Statement of changes in equity

At 26 December 2020

At 29 December 2019

Result for the year and total comprehensive result for the year

At 26 December 2020

Share capital £000s	Retained earnings £000s	Total equity £000s
	2,000	2,000
	2,000	2,000

At 30 December 2018

Profit for the year and total comprehensive profit for the year

At 28 December 2019

Share capital £000s	Retained earnings £000s	Total equity £000s
	1,901	1,901
	99	99
	2,000	2,000

The notes on pages 11 to 17 form part of these financial statements.

1st Collection Services Limited

Notes to the financial statements

For the year ended 26 December 2020

1. Accounting policies

a) Reporting entity

1st Collection Services Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom. The Company's registered office is Oakland House, 76 Talbot Road, Old Trafford, Manchester, M16 0PQ.

The Company's principal activity is the administration of group's trade debtors.

b) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements (FRS 100) and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), and the Companies Act 2006.

The directors have taken advantage of the option within section 390 of the Companies Act 2006 to prepare their financial statements up to a date seven days either side of the Company's accounting reference date of 31 December, and these accounts therefore cover the period from 29 December 2019 to 26 December 2020 (2019: 29 December 2018 to 28 December 2019).

c) Functional and presentational currency

These financial statements are presented in pounds Sterling (£), which is the Company's functional and presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Basis of preparation

The financial statements have been prepared on a historical cost basis, and are in accordance with the Companies Act 2006.

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements:

- The following paragraphs of IAS 1 *Presentation of financial statement* (IAS 1):
 - i. 10(d) - statement of cash flows
 - ii. 16 - statement of compliance with all IFRS
 - iii. 111 - cash flow statement information
- IAS 7 *Statement of cash flows* (IAS 7)
- Paragraph 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (IAS 8). The requirement for the disclosure of information when an entity has not applied a new accounting standard that has been issued but is not yet effective.
- Paragraph 17 of IAS 24 *Related party disclosures* (IAS 24). Disclosure of key management compensation.
- The requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group.

e) New accounting standards

IFRS 16 *Leases* is mandatory for periods beginning on or after 1 January 2019 and accordingly the Company has adopted the standard from 29 December 2019 (the date of initial adoption or DIA). The Company worked with third party specialists to develop IFRS 16 policies along with processes and systems to manage their successful implementation. Adoption of IFRS 16 has had no material impact on the financial statements for the year ended 26 December 2020 as the company does not have any assets held under leases.

IFRIC 23 *Uncertainty over Income Tax Treatments* has no significant impact on the financial statements of the Company for the year ended 26 December 2020.

1st Collection Services Limited

Notes to the financial statements (continued)

For the year ended 26 December 2020

1. Accounting policies (continued)

f) Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income, expenses and other disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new or further information. Such changes are recognised in the period in which the estimate is revised.

Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next year are set out below.

Intercompany receivables

Judgements are required in assessing the recoverability and timing of intercompany receivables and determining whether impairments of those receivables are required. Judgements are based on the historical performance as well as forecasts. The Company monitors the recoverability of such receivables and recognises impairments for amounts that may not be recoverable.

g) Going concern

The Company is managed as part of a Group. The Company is funded through group loans and party to the cross-guaranteed bank loan secured across the assets of the Group as a whole. On 8 December 2020, the Group completed a Capital Raise from existing and new shareholders resulting in gross proceeds of £52.6m in aggregate. The directors of HSS Hire Group Plc, the ultimate parent of the Group, have reviewed the financial forecasts across a range of scenarios and have concluded that it is reasonable to adopt the going concern basis in preparing its financial statements.

The Company has received written confirmation from its ultimate parent company, HSS Hire Group plc, confirming that it will provide financial assistance as is required, ensuring the Company can meet its liabilities as they fall due, for a period of not less than twelve months from the date of approval of these financial statements.

Taking into account current and future developments and principal risks and uncertainties, the level of dependence on the wider Group, and making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis in preparing these Financial Statements.

The Company is a wholly owned subsidiary of HSS Hire Group plc.

h) Intangible assets

Software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

1st Collection Services Limited

Notes to the financial statements (continued)

For the year ended 26 December 2020

1. Accounting policies (continued)

i) Debtors

Debtors consist of amounts due from Group undertakings. Amounts due from Group undertakings are initially stated at fair value and are subsequently stated at amortised cost.

j) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Retained earnings/accumulated deficit

Cumulative net gains and losses recognised in the profit and loss account.

Dividends

Dividends on ordinary share capital are recognised as a liability in the Company's financial statements in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid and in the case of final dividends these are declared when authorised by the shareholders.

k) Creditors

Creditors consist of amounts due to Group undertakings and accrued interest. Amounts due to Group undertakings are initially stated at fair value and then subsequently stated at amortised cost. Accrued interest represents the interest due on amounts due to Group undertakings.

l) Administrative expenses

In the prior year administrative expenses principally comprise staff and staff related costs and overheads. In the current year the company has remained dormant and has not incurred any costs or overheads.

m) Interest receivable and payable

Interest receivable comprises interest received on amounts due from Group undertakings. Interest payable comprises interest payable on amounts due to Group undertakings. Interest is recognised in profit or loss as it accrues, using the effective interest rate.

n) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

1st Collection Services Limited

Notes to the financial statements (continued)

For the year ended 26 December 2020

2. Auditors remuneration

The audit fee expense for the Company of £3,000 (2019: £3,000) was borne on its behalf by HSS Hire Service Group Limited (the Company's immediate parent).

3. Employees

The Company has no employees (2019: no employees).

4. Directors' remuneration

The directors of the Company were also directors of other companies in the HSS Hire Group plc. The directors do not believe it is practical to apportion this amount between their services as directors of the Company and their services as directors of other companies within the HSS Hire Group plc. The full salary cost is therefore borne by HSS Hire Service Group Limited and, as such, their emoluments are disclosed as a whole below:

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Aggregate emoluments	517	670
Bonus	-	227
Pension costs	55	55
Directors' emoluments	572	952
Share-based payment expense	217	185
Total emoluments	789	1,137

The remuneration of the highest paid director was:

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Aggregate emoluments	297	388
Bonus	-	132
Pension costs	31	31
Directors' emoluments	328	551
Share-based payment expense	132	114
Total emoluments	460	665

5. Finance income and expense

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Finance income		
Interest receivable from group companies	-	112
Finance expense		
Interest payable to group companies	-	(13)
Net finance income		99

More information is given in note 8 and 9 regarding the interest charge applied.

1st Collection Services Limited

Notes to the financial statements (continued)

For the year ended 26 December 2020

6. Income tax expense

(a) Analysis of expense in the year

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Income tax expense	-	-

(b) Factors affecting the tax expense in the year

The tax assessed on the loss for the year differs from the standard UK corporation rate of tax. The differences are explained below:

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Profit before tax	-	99
Profit before tax multiplied by the standard rate of corporation tax of 19.00% (2019: 19.00%)	-	19
Effects of:		
Transfer pricing adjustment	16	
Group relief claimed	(16)	(19)
Income tax expense	-	-

c) Factors that may affect future tax charge

The standard rate of corporation tax in the UK is 19% and it is the rate applied to the Company's result for the year ended 26 December 2020. As announced in the March 2021 Budget the 2021 Finance Act contains provisions for the standard rate of UK corporation tax to increase to 25% from 1 April 2023.

1st Collection Services Limited

Notes to the financial statements (continued)

For the year ended 26 December 2020

7. Intangibles

	Software £000s
Cost	
At 29 December 2019	38
Disposals	(38)
At 26 December 2020	
Accumulated depreciation	
At 29 December 2019	38
Disposals	(38)
At 26 December 2020	
Net book value	
At 26 December 2020	
	Software £000s
Cost	
At 30 December 2018 and 28 December 2019	38
Accumulated depreciation	
At 30 December 2018 and 28 December 2019	38
Net book value	
At 30 December 2018 and 28 December 2019	

8. Trade and other receivables

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Amounts owed by Group undertakings	2,574	2,574

Amounts receivable from group entities are unsecured and due on demand and have therefore been classified as current. The loans are interest free (2019: interest charged at LIBOR plus an agreed rate). Since 8 February 2020 interest rates on existing and new loans have been reduced to £nil.

The carrying value of debtors are not materially different to the fair value of the debtors.

1st Collection Services Limited

Notes to the financial statements (continued)

For the year ended 26 December 2020

9. Trade and other payables

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Current		
Amounts owed to Group undertakings	<u>574</u>	<u>574</u>

Amounts owed to Group undertakings are unsecured and due on demand and have therefore been classified as current. The loans are interest free (2019: interest charged at LIBOR plus an agreed rate). Since 8 February 2020 interest rates on existing and new loans have been reduced to £nil.

The carrying value of creditors is not materially different to the fair value of creditors.

10. Share capital

	Year ended 26 December 2020 Number	Year ended 28 December 2019 Number
Issued, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

	Year ended 26 December 2020 £000s	Year ended 28 December 2019 £000s
Issued, called up and fully paid 2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

11. Related party transactions

As disclosed in Note 1d) and in accordance with the exemptions in FRS 101 the Company is not required to disclose related party transactions with key management personnel or between members of the Group. The Company has not completed any related party transactions with any other entities or parties.

12. Ultimate and immediate parent company

The Company's immediate parent company is HSS Hire Service Group Limited.

HSS Hire Group plc is the ultimate parent in which 1st Collection Services Limited is consolidated.

Until December 2020, by virtue of its majority shareholding, the Group's immediate and ultimate parent entity was Exponent Private Equity LLP. Following the capital raise in December 2020, whilst continuing to be a significant shareholder, Exponent Private Equity LLP ceased to have a majority shareholding.

13. Post balance sheet events

On 14 January 2021 the Parent Company, HSS Hire Group Plc's ordinary shares of 1 pence each were admitted to trading on AIM. Simultaneously, the admission of the ordinary shares to trading on the Main Market of London Stock Exchange plc and to the premium listing segment of the Official List were cancelled. This follows the Group's announcement on 16 November 2020 and the General Meeting held on 4 December 2020.

Since the year end a series of national lockdowns have come into force across the UK nations and the Republic of Ireland. These have not had a material impact on the Group's trading performance.

Since the year end the Group has continued to negotiate with landlords and has surrendered or agreed to surrender 95% of leases associated with dark stores.

On 7 April 2021 the Group announced that it had entered into an unconditional agreement to sell Laois Hire Services Limited, the Group's Irish large plant hire business, to Briggs Equipment Ireland Limited ("Briggs"), for a cash consideration of €11.2m. Of this, €10.7m was received on completion with a further €0.5m received in May 2021 upon finalisation of completion accounts. The proceeds will be used to invest in the core Tool Hire business in line with the Group's strategy. As part of this transaction, the Group has entered into a commercial agreement with Briggs for the cross hire of equipment to ensure we continue to provide our Irish customers with their large plant requirements. The sale has been treated as a non-adjusting post balance sheet event.