

COMPANY REGISTRATION NUMBER: 08616461

Cobalt Project Investments (Issuer) Limited
Annual Report and Financial Statements
31 March 2020



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Cobalt Project Investments (Issuer) Limited

Annual Report and Financial Statements

Year Ended 31 March 2020

Contents	Page
Officers and Professional Advisers	1
Directors' Report	2
Directors' Responsibilities Statement	4
Independent Auditors' Report to the Members of Cobalt Project Investments (Issuer) Limited	5
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Annual Report and Financial Statements	14

Cobalt Project Investments (Issuer) Limited

Officers and Professional Advisers

The Board of Directors

J McDonagh
A Ray

Company Secretary

Jennifer McKay & Pinsent Masons Secretarial Limited

Registered Office

1 Park Row
Leeds
England
LS1 5AB

Independent Auditors

PricewaterhouseCoopers LLP
Chartered accountants & statutory auditor
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Cobalt Project Investments (Issuer) Limited

Directors' Report

Year Ended 31 March 2020

The directors present their report and the audited Annual Report and Financial Statements of Cobalt Project Investments (Issuer) Limited ("the Company") for the year ended 31 March 2020.

Principal Activities

The principal activity of the Company is that of issuing debt to enable it to fund its associate, Cobalt Project Investments Limited, so that it can invest in secondary PFI projects. The debt is in the form of unsecured loan notes listed on the Channel Islands Stock Exchange.

Performance Review

The result for the financial year, after taxation, amounted to £nil (2019: £nil).

The result for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

The directors have considered the impact of Coronavirus (COVID-19) taking into account any impact on underlying investments, sources of income and additional expenditure, if any. The Company has no obligation to repay any creditors in the twelve month period from the date of signing of these financial statements. As such, any potential impact of Coronavirus on the performance of the underlying investment and its distributions will not directly impact the Company's ability to continue as a going concern.

Key Performance Indicators

In its role as a holding Company there are no key performance indicators for the directors to monitor. However, from a group point of view the performance of the underlying investments are assessed regularly (at least every six months) by testing the cash resources against the bank lending covenants. The key indicator being the debt service cover ratio. The investments are performing well and have been compliant with the covenants laid out in their respective loan agreements.

Going Concern

Cash flow forecasts are prepared for each of the underlying investments looking over the expected life of the underlying asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the board has made assumptions based upon its view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investments held (both directly and indirectly). After reviewing the performance of these investments, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, in the event that the underlying investments do not perform as expected, the Company has no liabilities that it is contractually required to pay in the twelve month period from the date of signing of these financial statements.

There is a net liability of £637 (2019: £637) at the year end. However, the directors have reviewed the performance of the Company during the year as set out in these financial statements and, after taking account of possible changes that can be envisaged in trading performance, have considered the cash flows forecast and future liquidity requirements of the Company. Having regard to the above and after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report and financial statements.

Cobalt Project Investments (Issuer) Limited

Directors' Report *(continued)*

Year Ended 31 March 2020

Directors

The directors who served the company during the year and up to the date of this report were as follows:

J McDonagh
A Ray

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Indemnity Provision

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

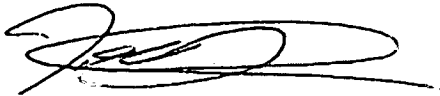
Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 04 March 2021 and signed by order of the board by:



J McDonagh
Director

Cobalt Project Investments (Issuer) Limited

Directors' Responsibilities Statement

Year Ended 31 March 2020

The directors are responsible for preparing the Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and 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.

Cobalt Project Investments (Issuer) Limited

Independent Auditors' Report to the Members of Cobalt Project Investments (Issuer) Limited

Year Ended 31 March 2020

Report on the Audit of the Financial Statements

Opinion

In our opinion, Cobalt Project Investments (Issuer) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

Overall materiality: £337,000 (2019: £330,000), based on 1% of total assets.

Audit scope

The entity is a single stand-alone company with multiple investments. All audit work was performed from one location.

Key audit matters

Impact of Covid-19 pandemic

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Cobalt Project Investments (Issuer) Limited

Independent Auditors' Report to the Members of Cobalt Project Investments (Issuer) Limited *(continued)*

Year Ended 31 March 2020

Key audit matters

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

Key audit matter

Impact of the COVID-19 pandemic

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and the on-going response is having an unprecedented impact on the wider economy and it is necessary to consider the impact on Cobalt Project Investments (Issuer) Limited ('the Company').

The Company does not trade but is an investment holding company, holding investments in secondary Private Finance Initiative projects through its immediate subsidiary. The company itself is funded by Eurobonds issued on The International Stock Exchange which are held by a fellow group entity.

Management and the directors have assessed the impact of COVID-19. They have considered the impact of the pandemic on the company's current and future operations and have concluded that the likely impact is low. In reaching this assessment, and in considering the disclosures to be made within the financial statements management have considered the impact of the pandemic on the expected future distributions from the underlying investment, and the company's ability to meet its liabilities.

Because of its significance to the financial statements and to our audit, we concluded that the uncertainty created by the COVID-19 pandemic on the operations of the company was a key audit matter.

How our audit addressed the key audit matter

Our audit addressed the impact of the COVID-19 pandemic on the company as follows:

- We obtained and reviewed management's assessment that the likely impact of the pandemic on the Company was expected to be low on the basis that no issues were anticipated in relation to the ability of subsidiary undertaking to continue to repay the amounts due to the Company. This was based on the ability of the underlying investment to be able to continue to operate during the COVID-19 pandemic. This was consistent with our understanding of the Company and our audit work.
- Through review of loan documentation, we obtained an understanding of the liabilities of the company, the most significant of which is the Eurobond, none of which is due for repayment within the next 12 months from the date of approval of these financial statements. We also verified to loan documentation that while interest is accrued on the Eurobond, the timing of the settlement of that interest is within the control of the Company. We also compared the performance of the company and its investments since year end to ensure that actual results through the pandemic were consistent with management's assessment.
- We obtained copies of correspondence received by the Company from the Cabinet Office and the Infrastructure and Projects Authority which confirm that Private Finance Initiative work is essential, and that relevant employees and subcontractors are considered key workers during the pandemic. This correspondence also confirmed that COVID-19 was not expected to be a Force Majeure event for concession agreements and that public sector organisations, are expected to continue making unitary payments.
- We read the disclosures made by management in the financial statements, specifically within the Directors' Report, the accounting policies note (note 3) and ensured these were in line with our understanding and management's assessment.

Based on the procedures performed, we agreed with management's assessment that the impact of the pandemic on the company has been appropriately disclosed within the financial statements.

Our conclusions in relation to going concern are set out later in this report.

Cobalt Project Investments (Issuer) Limited

Independent Auditors' Report to the Members of Cobalt Project Investments (Issuer) Limited *(continued)*

Year Ended 31 March 2020

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality £337,000 (2019: £330,000).

How we determined it 1% of total assets.

Rationale for benchmark applied As the company is a non-profit orientated intermediate investment holding company, we deemed total assets to be the most appropriate benchmark.

We agreed with the directors that we would report to them misstatements identified during our audit above £17,000 (2019: £16,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Cobalt Project Investments (Issuer) Limited

Independent Auditors' Report to the Members of Cobalt Project Investments (Issuer) Limited *(continued)*

Year Ended 31 March 2020

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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Cobalt Project Investments (Issuer) Limited

Independent Auditors' Report to the Members of Cobalt Project Investments (Issuer) Limited *(continued)*

Year Ended 31 March 2020

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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 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.

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

Use of This Report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Required Reporting

Companies Act 2006 Exception Reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Cobalt Project Investments (Issuer) Limited

Independent Auditors' Report to the Members of Cobalt Project Investments (Issuer) Limited *(continued)*

Year Ended 31 March 2020

Entitlement to Exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered accountants & statutory auditor
Edinburgh
4 March 2021

Cobalt Project Investments (Issuer) Limited

Statement of Comprehensive Income

Year Ended 31 March 2020

	Note	2020 £	2019 £
Interest receivable and similar income	6	2,520,711	2,520,711
Interest payable and similar expenses	7	(2,520,711)	(2,520,711)
Profit before taxation		-	-
Tax on profit		-	-
Result for the financial year and total comprehensive income		-	-

All the activities of the company are from continuing operations.

The notes on pages 14 to 21 form part of these Financial Statements.

Cobalt Project Investments (Issuer) Limited

Statement of Financial Position

As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	8	29,482,025	29,482,025
Current assets			
Debtors	9	4,247,614	3,470,471
Creditors: amounts falling due within one year	10	<u>4,248,276</u>	<u>3,471,133</u>
Net current liabilities		<u>662</u>	<u>662</u>
Total assets less current liabilities		29,481,363	29,481,363
Creditors: amounts falling due after more than one year	11	<u>29,482,000</u>	<u>29,482,000</u>
Net liabilities		<u>(637)</u>	<u>(637)</u>
Capital and reserves			
Called up share capital	12	2	2
Retained earnings	13	<u>(639)</u>	<u>(639)</u>
Total shareholders' funds		<u>(637)</u>	<u>(637)</u>

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

The Financial Statements were approved by the board of directors and authorised for issue on 04 March 2021, and are signed on behalf of the board by:



J McDonagh
Director

Company registration number: 08616461

The notes on pages 14 to 21 form part of these Financial Statements.

Cobalt Project Investments (Issuer) Limited

Statement of Changes in Equity

Year Ended 31 March 2020

	Called up share capital £	Retained earnings £	Total £
At 1 April 2018	2	(639)	(637)
Result for the financial year		-	-
At 31 March 2019	2	(639)	(637)
Result for the financial year		-	-
At 31 March 2020	<u>2</u>	<u>(639)</u>	<u>(637)</u>

The notes on pages 14 to 21 form part of these Financial Statements.

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 March 2020

1. General Information

Cobalt Project Investments (Issuer) Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 1 Park Row, Leeds, LS1 5AB.

The principal activity of the Company is that of issuing debt to enable it to fund its associate, Cobalt Project Investments Limited, so that it can invest in secondary PFI projects. The debt is in the form of unsecured loan notes listed on the Channel Islands Stock Exchange.

The Company's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Cobalt Project Investments (Issuer) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006 as applicable to companies subject to the small companies regime.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2020

3. Accounting Policies *(continued)*

(b) Going concern

Cash flow forecasts are prepared for each of the underlying investments looking over the expected life of the underlying asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the board has made assumptions based upon its view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investments held (both directly and indirectly). After reviewing the performance of these investments, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, in the event that the underlying investments do not perform as expected, the company has no liabilities that it is contractually required to pay in the twelve month period from the date of signing of these financial statements.

There is a net liability of £637 (2019: £637) at the year end. However, the directors have reviewed the performance of the Company during the year as set out in these financial statements and, after taking account of possible changes that can be envisaged in trading performance, have considered the cash flows forecast and future liquidity requirements of the Company. Having regard to the above and after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report and financial statements.

(c) Disclosure exemptions

The Company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2020

3. Accounting Policies *(continued)*

(d) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

(e) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate 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.

(f) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2020

3. Accounting Policies *(continued)*

(g) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(h) Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2020

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4. Auditors' Remuneration

Audit fees of £3,675 (2019: £3,500) for the year ended 31 March 2020 were borne by Cobalt Project Investments LP.

5. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2019: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2019: £nil).

6. Interest Receivable and Similar Income

	2020	2019
	£	£
Interest from Group undertakings	<u>2,520,711</u>	<u>2,520,711</u>

7. Interest Payable and Similar Expenses

	2020	2019
	£	£
Interest due to Group undertakings	<u>2,520,711</u>	<u>2,520,711</u>

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2020

8. Investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 April 2019 and 31 March 2020	<u>25</u>	<u>29,482,000</u>	<u>29,482,025</u>
Impairment			
At 1 April 2019 and 31 March 2020	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At 31 March 2020	<u>25</u>	<u>29,482,000</u>	<u>29,482,025</u>
At 31 March 2019	<u>25</u>	<u>29,482,000</u>	<u>29,482,025</u>

Subsidiaries, associates and other investments

Investments in Group undertakings are recorded at their fair value.

The company owns the following % of the companies listed below:-

	Registered office key £	Investment Holding %	Class of share
Cobalt Project Investments Limited*	1	25	Ordinary
Cobalt CPI Limited**	1	-	Ordinary
Cobalt Project Investments (Taycare) Limited**	1	25	Ordinary
Taycare Health (Holdings) Limited**	2	25	Ordinary
Taycare Health Limited**	2	25	Ordinary
Cobalt Project Investments (Hull BSF) Limited**	1	25	Ordinary

* denotes direct ownership

** denotes indirect ownership

Registered Office Addresses

1 1 Park Row, Leeds, LS1 5AB

2 13 Queen's Road, Aberdeen, AB15 4YL

The above list is a complete list of the Company's related undertakings.

The Company makes loans to its associate, Cobalt Project Investments Limited, in order for it to make investments. At the year end, the Company had a loan balance due to Cobalt Project Investments Limited of £29,482,000 (2019: £29,482,000). Interest is charged on the loans at a rate of 8.55% which are due for repayment in 2044.

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2020

9. Debtors

	2020	2019
	£	£
Amounts owed by Group undertakings	<u>4,247,614</u>	<u>3,470,471</u>

Amounts owed by Group undertakings in which the entity has a participating interest are interest free, unsecured and are repayable on demand.

10. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to Group undertakings	<u>4,248,276</u>	<u>3,471,133</u>

Amounts owed to Group undertakings include accrued interest on the loans of £4,248,276 (2019: £3,471,133). It is at the Company's discretion to defer the payment of interest.

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

	2020	2019
	£	£
Amounts owed to Group undertakings	<u>29,482,000</u>	<u>29,482,000</u>

Amounts due to Group undertakings relate to bonds which have been raised on the Channel Island Stock Exchange in the form of Eurobonds and bear an interest rate of 8.55%. The maturity date of these loans is 31 March 2044.

12. Called Up Share Capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

13. Reserves

Retained earnings records retained earnings and accumulated losses.

Cobalt Project Investments (Issuer) Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 March 2020

14. Related Party Transactions

The following disclosures are with entities in the Group that are not wholly owned. The Company has taken advantage of the exemption contained in section 33 of FRS 102, not to disclose transactions or balances with entities which form part of a group.

During the year, the Company received interest of £1,743,568 (2019: £1,839,204) from Cobalt Project Investments Limited, an associate. At the year end, amounts receivable from Cobalt Project Investments Limited totalled £4,248,276 (2019: £3,470,469). The loan balance outstanding at the year end is £29,482,000 (2019: £29,482,000).

15. Controlling Party

The immediate parent undertaking is Cobalt Project Investments LP.

The ultimate controlling party is Cobalt Project Investments LP. Cobalt Project Investments LP is owned by a number of investors with no one investor having individual control.