Registered number: 05425318

WESTERN GLOBAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Bishop Fleming

COMPANY INFORMATION

DIRECTORS	R Adams (appointed 22 January 2021) C Connor (appointed 22 January 2021) G Cornell (resigned 22 January 2021) R Critchley (resigned 10 February 2021)
REGISTERED NUMBER	05425318
REGISTERED OFFICE	Western House Broad Lane Yate Bristol BS37 7LD
INDEPENDENT AUDITORS	Bishop Fleming Bath Limited Chartered Accountants & Statutory Auditors 10 Temple Back Bristol BS1 6FL
BANKERS	HSBC 3 Temple Quay Bristol BS1 6DZ

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

The principal activity of the Company during the year was the supply of liquid fuel storage solutions and handling equipment.

BUSINESS REVIEW

Western Global is the leading provider of environmentally secure, transportable, self contained tanks and dispensing equipment for the safe storage and handling of fuels, lubricants and other liquids. The group has in house design, engineering and regulatory teams with the engineering capability to develop standardised products for global markets. Western Global has sales and operating facilities in Europe and North America, with an established network of global distribution partners in other countries.

Western Global supplies products to customers across several sectors including power generation, equipment rental, fuel distribution, government & military, online retailers and resources (mining / oil & gas).

The financial Key Performance Indicators (KPIs) used by the Board to monitor progress are revenue growth, gross profit margin, EBITDA, cash flow and environmental impact as they are the best indicators of performance against the Group's strategic objective of delivering profitable growth which in turn will drive shareholder value.

FINANCIAL REVIEW

The results for the period show a 59.5% increase in revenue to £35.0m. Cash balances decreased from £1.7m to £1.4m.

The growth was achieved through sales to our long standing customers and winning new customers in the UK and Europe. There was significant growth in sales to distributors of renewable fuel (HVO and Renewable diesel) that support a reduction in carbon emissions of up to 85% and improve local air quality.

On 22 January 2021, the entire issued share capital of Western Global Holdings Limited, the immediate parent company, was sold, with private equity firm MML Capital Partners acquiring a majority stake

The group strategy continues to focus on penetrating existing core markets with standardised product solutions. Western has long standing relationships with our customers, and the business will further develop these through customer service, regulatory knowledge and product development.

As the business develops further opportunities into 2022, it will continue to focus on the following drivers of its long term sustainable growth:

• Focused sales on core markets

• Product rationalisation and global regulatory approvals

• Development of next generation fuel storage solutions including HVO and Renewable diesel

• Supply chain diversification

• Lean management structure

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's existing and potential customers operate in numerous countries and across numerous sectors, each of which has its own national characteristics relating to how business is regulated and conducted in terms of economic, political, judicial, administrative, taxation or other regulatory matters.

The Company could therefore be affected by any one of these factors. However, the diversification of the Company means that no customers in isolation would have a material adverse effect on the business, operating results or financial condition.

The Company continues to monitor potential risks associated with the impact of Covid-19 through a strategy of ensuring employee safety; developing sales opportunities; maximising operational robustness and creating financial security.

EMPLOYMENT POLICY AND EMPLOYEE COMMUNICATION

The Company recognises that employees are the Company's key asset. The business promotes the desired behaviours through our values and policies (including equality, diversity & inclusiveness, learning & development, modern slavery), supported by our leadership and global HR team.

The Directors would like to thank all employees for their efforts throughout 2021.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments comprise cash and cash equivalents, borrowings and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations.

This report was approved by the board on 27 September 2022 and signed on its behalf.

R Adams
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the manufacture and sale of environmental storage containers.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £799,443 (2020: £498,489).

During the year dividends of £Nil were paid (2020: £Nil).

DIRECTORS

The directors who served during the year were:

R Adams (appointed 22 January 2021)
C Connor (appointed 22 January 2021)
G Cornell (resigned 22 January 2021)
R Critchley (resigned 10 February 2021)

MATTERS COVERED IN THE STRATEGIC REPORT

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance, these have been included within the Strategic Report rather than the Directors' Report.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

After the year end, in January 2022, the group re-financed and entered into additional borrowings totaling £30,000,000 with their bank, at the same time repaying £28,900,000 of loan notes, including those issued to MML Capital Europe VII S.A.R.L.

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

R Adams
Director

Date: 27 September 2022

Western House
Broad Lane
Yate
Bristol
BS37 7LD

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTERN GLOBAL LIMITED

OPINION

We have audited the financial statements of Western Global Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Auditors' 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.

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 , 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identifying and assessing potential risks related to irregularities

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the industry and sector, control environment and business performance including the design of the Company's bonuses.
- We have considered the results of our enquiries of management, including the Chief Financial Officer, about their own identification and assessment of the risk of irregularities.
- For any matters identified we have obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risk of fraud and whether they have knowledge of actual, suspected, or alleged fraud; and,
  - The internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, and incorrect recognition of revenue was identified as the greatest potential area for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the

financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included:

- Data protection;
- Health and safety;
- Employment legislation;
- Anti-bribery and corruption;
- Quality management systems ISO 9001, 14001, 45001.

Audit response to risks identified

We identified recognition of revenue as a key audit matter related to the potential risk of fraud, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement or fraud; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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 an 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 would become aware of it.

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.

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

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ria Burridge FCCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

28 September 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	**35,001,587**	22,037,913
Cost of sales		**(31,175,285)**	(18,719,412)
Gross profit		**3,826,302**	3,318,501
Administrative expenses		**(2,829,671)**	(2,698,654)
Operating profit	5	**996,631**	619,847
Interest receivable and similar income		**-**	68
Interest payable and similar expenses		**(2,814)**	(10,924)
Profit before tax		**993,817**	608,991
Tax on profit	8	**(194,374)**	(110,502)
Profit for the financial year		**799,443**	498,489

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on form part of these financial statements.

WESTERN GLOBAL LIMITED
REGISTERED NUMBER:05425318

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	9		**340,188**		340,188
Tangible assets	10		**528,801**		391,104
			868,989		731,292
Current assets					
Stocks	11	**1,388,980**		1,252,144	
Debtors: amounts falling due within one year	12	**5,311,871**		4,457,224	
Cash at bank and in hand	13	**1,366,566**		1,740,539	
		8,067,417		7,449,907	
Creditors: amounts falling due within one year	14	**(5,410,985)**		(5,507,008)	
Net current assets			**2,656,432**		1,942,899
Total assets less current liabilities			**3,525,421**		2,674,191
Creditors: amounts falling due after more than one year	15		**(229,959)**		(178,854)
			3,295,462		2,495,337
Provisions for liabilities					
Deferred taxation	17		**(8,547)**		(7,865)
Net assets			**3,286,915**		2,487,472
Capital and reserves					
Called up share capital	18		**1,150**		1,150
Share premium account	19		**49,950**		49,950
Capital redemption reserve	19		**10**		10
Profit and loss account	19		**3,235,805**		2,436,362
			3,286,915		2,487,472

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

R Adams
Director

Date: 27 September 2022

The notes on form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	**1,150**	**49,950**	**10**	**1,937,873**	**1,988,983**
Profit for the year	-	-	-	498,489	498,489
At 1 January 2021	**1,150**	**49,950**	**10**	**2,436,362**	**2,487,472**
Profit for the year	-	-	-	799,443	799,443
At 31 December 2021	**1,150**	**49,950**	**10**	**3,235,805**	**3,286,915**

The notes on form part of these financial statements.

1. GENERAL INFORMATION

Western Global Limited is a limited liability company incorporated in the United Kingdom. The registered office is Western House, Broad Lane, Yate, Bristol, BS37 7LD.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Western Global Group Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the group will continue in existence for the foreseeable future. The Directors have assessed the ability of the group headed by Western Global Group Limited (the Group) and the Company to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

The Group's result for the period is a net loss of £8,660k, primarily as a result of finance charges associated with shareholder debt, which is not due for repayment for more than 5 years from the balance sheet date. The Group has achieved adjusted earnings before interest, tax, depreciation, amortisation (EBITDA) and exceptional items of £14,025k and generated a positive operating cash flow of £5,987k.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group can operate within the level of its current financing, taking into consideration the refinancing that took place after the reporting date.

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2.5 LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.6 GOODWILL

Goodwill under the cost model are stated at historical cost less accumulated amortisation and any accumulated impairments. Historical cost is the excess of consideration over net assets on business combinations, this includes any expenditure directly attributable to the acquisition.

Management carry out annual impairment reviews to assess the value of the asset in use, any impairment required is charged immediately to the statement of comprehensive income.

2. ACCOUNTING POLICIES (continued)

2.7 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 profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

Long-term leasehold property	-	Over the life of the lease
Plant and machinery	-	33% straight line or over the life of the lease
Motor vehicles	-	33% straight line or over the life of the lease
Office Equipment	-	33% straight line or over the life of the lease

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.

2.8 RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Depreciation is provided over the life of the lease or the useful economic life of the assets, whichever is shorter.

2.9 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 profit or loss.

2. ACCOUNTING POLICIES (continued)

2.10 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. ACCOUNTING POLICIES (continued)

2.12 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.13 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. ACCOUNTING POLICIES (continued)

2.14 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.15 FINANCE COSTS

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

2.16 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. ACCOUNTING POLICIES (continued)

2.17 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these significant judgments and estimates have been made include:

Depreciation

Within each fixed asset class, management allocates an appropriate depreciation rate for each asset based on their assessment of the assets useful economic life and expected residual value. These vary due to the differing nature of the assets.

Goodwill impairment review

In confirming the appropriateness of the goodwill carrying value, the directors have performed a full impairment review on a value in use basis. This assessment has included a significant degree of estimation. However, in performing this review the directors have sought to apply a cautious approach when adopting estimates and are confident that no impairment is required.

Stock and debtor provisioning

The directors continuously monitor the requirement to provide against specific stock items and debtors.

In establishing the requirement for a stock provision, thereby ensuring the the stock is valued at the lower of cost and net realisable value, the directors consider the age of the stock, the condition of the stock and the current market for the stock.

In establishing the requirement for a debtor provision the directors consider the age of the outstanding balance, the historic payment approach of the customer and any other market conditions that may impact of the Company's ability to recover the fall outstanding balance.

4. TURNOVER

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	**23,440,914**	15,540,723
Rest of Europe	**10,119,477**	6,281,523
Rest of the world	**1,441,196**	215,667
	35,001,587	22,037,913

5. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	**260,746**	252,606
Exchange differences	**32,768**	(36,800)
Defined contribution pension cost	**45,460**	36,699

6. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**11,500**	10,000
	11,500	10,000

7. EMPLOYEES

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	**1,275,673**	1,108,069
Social security costs	**125,015**	107,486
Cost of defined contribution scheme	**45,460**	36,699
	1,446,148	1,252,254

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

	2021 No.	2020 No.
	54	40

8. TAXATION

	2021 £	2020 £
CORPORATION TAX		
Current tax on profits for the year	**195,038**	123,255
Adjustments in respect of previous periods	**(1,346)**	(12,608)
	193,692	110,647
TOTAL CURRENT TAX	**193,692**	110,647
DEFERRED TAX		
Origination and reversal of timing differences	**(1,561)**	(4,084)
Changes to tax rates	**(240)**	1,258
Prior year adjustment	**2,483**	2,681
TOTAL DEFERRED TAX	**682**	(145)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	**194,374**	110,502

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£	£
Profit on ordinary activities before tax	**993,817**	608,991
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**188,825**	115,708
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**5,331**	2,143
Adjustments to tax charge in respect of prior periods	**1,136**	(9,927)
Other differences leading to an increase (decrease) in the tax charge	**(678)**	1,320
Changes in tax rates	**(240)**	1,258
TOTAL TAX CHARGE FOR THE YEAR	**194,374**	110,502

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There are no known factors expected to materially impact future tax charges.

9. INTANGIBLE ASSETS

	Goodwill
	£
COST	
At 1 January 2021	**492,010**
At 31 December 2021	**492,010**
AMORTISATION	
At 1 January 2021	**151,822**
At 31 December 2021	**151,822**
NET BOOK VALUE	
At 31 December 2021	**340,188**
At 31 December 2020	340,188

TANGIBLE FIXED ASSETS

	Long-term leasehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£	£
COST OR VALUATION						
At 1 January 2021	341,516	408,294	96,709	428,386	41,179	1,316,084
Additions	380,315	5,491	2,608	-	10,029	398,443
Disposals	-	-	(35,842)	-	-	(35,842)
At 31 December 2021	721,831	413,785	63,475	428,386	51,208	1,678,685
DEPRECIATION						
At 1 January 2021	314,012	356,740	49,359	189,272	15,597	924,980
Charge for the year	7,531	26,707	217	2,111	15,106	51,672
Charge for the year on right-of-use assets	116,914	-	28,556	63,604	-	209,074
Disposals	-	-	(35,842)	-	-	(35,842)
At 31 December 2021	438,457	383,447	42,290	254,987	30,703	1,149,884
NET BOOK VALUE						
At 31 December 2021	283,374	30,338	21,185	173,399	20,505	528,801
At 31 December 2020	27,504	51,554	47,350	239,114	25,582	391,104

10. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Long leasehold	**283,374**	27,504
	283,374	27,504

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2021 £	2020 £
Tangible fixed assets owned	**81,486**	86,206
Right-of-use tangible fixed assets	**447,315**	304,898
	528,801	391,104

Information about right-of-use assets is summarised below:

Net book value

	2021 £	2020 £
Property	**251,970**	20,001
Motor vehicles	**21,402**	47,350
Office and computer equipment	**173,943**	237,547
	447,315	304,898

Depreciation charge for the year ended

	2021 £	2020 £
Property	**116,914**	120,010
Motor vehicles	**28,556**	21,231
Office and computer equipment	**63,604**	63,604

Additions to right-of-use assets

	2021 £	2020 £
Additions to right-of-use assets	**348,883**	52,329

11. STOCKS

	2021 £	2020 £
Raw materials and consumables	**1,402,761**	1,252,144
Stock provision	**(13,781)**	-
	1,388,980	1,252,144

12. DEBTORS

	2021 £	2020 £
Trade debtors	**4,202,298**	4,068,373
Amounts owed by group undertakings	**807,000**	191,135
Other debtors	**248,905**	137,812
Prepayments and accrued income	**53,668**	59,904
	5,311,871	4,457,224

The amounts due from group undertakings are unsecured, due on demand and interest free.

13. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	**1,366,566**	1,740,539
	1,366,566	1,740,539

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	**965,041**	1,010,681
Amounts owed to group undertakings	**3,801,482**	3,126,480
Corporation tax	**-**	55,536
Other taxation and social security	**178,002**	644,786
Lease liabilities	**211,460**	136,779
Other creditors	**14,599**	10,334
Accruals and deferred income	**240,401**	522,412
	5,410,985	5,507,008

The amounts owed to group undertakings are unsecured, due on demand and interest free.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Lease liabilities	**229,959**	178,854
	229,959	178,854

16. LEASES

Company as a lessee

Contractual undiscounted cash flows are due as follows:

	2021 £	2020 £
Not later than one year	**211,460**	87,316
Between one year and five years	**229,959**	259,499
	441,419	346,815

17. DEFERRED TAXATION

	2021 £	2020 £
At beginning of year	**(7,865)**	(8,011)
Charged to the profit or loss	**(682)**	146
AT END OF YEAR	**(8,547)**	(7,865)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	**-**	(7,865)
Acquired in business combinations	**(7,864)**	-
Prior year adjustments	**(2,484)**	-
Current year	**1,801**	-
	(8,547)	(7,865)

18. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
1,150 (2020: 1,150) Ordinary A shares of £1.00 each	**1,150**	1,150

19. RESERVES

Share premium account

The share premium account records the amount above the nominal value received for shares issued, less transaction costs.

Capital redemption reserve

The capital redemption reserve records the nominal value of the shares repurchased by the company.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses. All are considered distributable.

20. CONTINGENT LIABILITIES

The assets of the company are covered by a debenture and cross-guarantee in relation to bank loans entered into by group undertakings in favour of HSBC Corporate Trustee Company (UK) Limited as security agent.

The assets of the company are covered by a debenture and cross-guarantee in relation to other loans entered into by group undertakings in favour of MML UK Advisor LLP as security agent.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 101 from the requirement to disclose transactions with group companies. Related party balances are as follows:

	2021	2020
	£	£
Amounts owed by group companies	**807,000**	191,135
Amounts owed to group companies	**3,801,482**	3,126,480
Amounts owed by shareholders	**-**	137,092

22. POST BALANCE SHEET EVENTS

After the year end, in January 2022, the group re-financed and entered into additional borrowings totaling £30,000,000 with their bank, at the same time repaying £28,900,000 of loan notes, including those issued to MML Capital Europe VII S.A.R.L.

23. CONTROLLING PARTY

The immediate parent company is Western Global Holdings Limited, a company incorporated in the United Kingdom and registered in England in Wales.

The company that prepares the smallest consolidated financial statements that include the results and balances of Western Global Limited is Western Global Solutions Limited. The consolidated financial statements are available to the public and may be obtained from Western House, Broad Lane, Yate, Bristol, BS37 7LD.

The ultimate parent company is Western Global Group Limited, a company incorporated in the United Kingdom and registered in England and Wales. Western Global Group Limited prepares the largest consolidated financial statements that include the results and balances of Western Global Holdings Limited. The consolidated financial statements are available to the public and may be obtained from Western House, Broad Lane, Yate, Bristol, BS37 7LD.

The majority of Western Global Group Limited's share capital is owned by MML Capital Europe VII Equity III S.A.; a private equity fund based in Luxembourg. There is no ultimate controlling party.