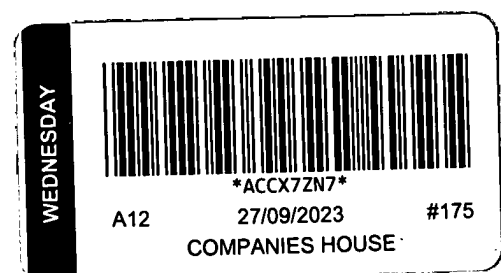


Company registration number 06249283 (England and Wales)

NEW EARTH SOLUTIONS (CANFORD) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2022



NEW EARTH SOLUTIONS (CANFORD) LIMITED

COMPANY INFORMATION

Directors Ms. Colette Bloom (Appointed 21 December 2022)
Mr. Brian McCabe
Mr. Chris Mountain (Appointed 21 December 2022)

Company number 06249283

Registered office The Mrf Station
Caythorpe
Grantham
Lincolnshire
England
NG32 3EW

Auditor FLD Chartered Accountants Limited
Newbridge House
Athlumney
Navan
Meath
Ireland

Bankers NatWest Bank
208 Lower Blanford Road,
Broadstone,
Dorset
England
BH18 8DT

NEW EARTH SOLUTIONS (CANFORD) LIMITED

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NEW EARTH SOLUTIONS (CANFORD) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 DECEMBER 2022

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

Principal activities

The company contracts with local authorities and commercial customers to provide composting, recycling and waste treatment services. The contracted revenue streams from local authorities underpin the mechanical and biological waste treatment facilities to separate materials for recycling, divert waste away from landfill disposal and generate a refuse derived fuel for energy from waste and combined heat and power plants. UK Government policy supports the sector that the company is active in, waste management. The UK faces tough targets for waste recycling and landfill diversion has escalating levels of landfill taxation, which support the approach to waste management.

Results and dividends

The loss for the financial year after providing for depreciation and taxation amounted to £2,355,439 (Dec 21 £1,029,193).

At the end of the financial year, the company has assets of £11,370,063 (Dec 21 - £10,184,362) and liabilities of £14,919,641 (Dec 21 - £11,378,501). The net assets of the company have decreased by £2,355,439.

Going concern

As a result of the loss the company has incurred and the company's overall net liabilities position of £3,549,578, the directors have considered the going concern basis of preparation. The company's fellow group undertaking Pandagreen Ltd has confirmed that it will continue to provide support for the foreseeable future sufficient to enable the company to continue to meet its liabilities as they fall due. For this reason the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms. Colette Bloom (Appointed 21 December 2022)

Mr. Brian McCabe

Mr. Chris Mountain (Appointed 21 December 2022)

Post reporting date events

There have been no significant events affecting the company since the financial year end.

Future developments

The company plans to continue its present activities

Auditor

FLD Chartered Accountants Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic Report

The Director's have taken the small companies exemption under Section 414(B) of the Companies Act 2006, (Strategic Report and Directors' Report) Regulations 2013, not to prepare a strategic report for presentation with these financial statements and the exclusion of certain information in the Directors Report.

Statement of disclosure to auditor

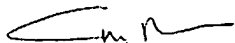
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

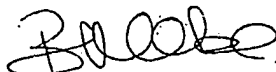
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

On behalf of the board



Ms. Colette Bloom
Director



Mr. Brian McCabe
Director

Registered Office: The MRF, Station Road, Caythorpe, Grantham, Lincolnshire, NG32 3EW, England.
Company registration number 06249283

8 September 2023

NEW EARTH SOLUTIONS (CANFORD) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

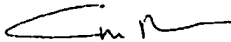
FOR THE YEAR ENDED 30 DECEMBER 2022

The directors are responsible for preparing the annual 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 FRS 101 Reduced Disclosure Framework and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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



On behalf of the board
Ms. Colette Bloom
Director



Mr. Brian McCabe
Director

8 September 2023

NEW EARTH SOLUTIONS (CANFORD) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEW EARTH SOLUTIONS (CANFORD) LIMITED

Opinion

We have audited the financial statements of New Earth Solutions (Canford) Limited (the 'company') for the year ended 30 December 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 30 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework issued by the UK Financial Reporting Councils; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEW EARTH SOLUTIONS (CANFORD) LIMITED

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 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud, we considered the following:

The nature of the industry in which the company operate, its control environment and business performance.

Making enquiries of directors and senior management including obtaining and reviewing supporting documentation concerning the company's policies and procedures relating to:

- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- The internal controls established to mitigate risks related to fraud

Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEW EARTH SOLUTIONS (CANFORD) LIMITED

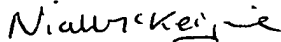
In common with all audits under ISA's (UK) we are required to perform specific procedures to respond to the risk of management override. In addition to this, our procedures to respond to risks identified included the following:

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

We also communicated potential fraud risks to all engagement team members and remained alert to any indications of fraud throughout the audit.

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

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



Niall Mc Keigue (Senior Statutory Auditor)

For and on behalf of FLD Chartered Accountants Limited

8 September 2023

Chartered Accountants
Statutory Auditor

Newbridge House
Athlumney
Navan
Meath
Ireland

NEW EARTH SOLUTIONS (CANFORD) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	15,115,071	10,099,362
Cost of sales		(15,103,868)	(10,952,600)
Gross profit/(loss)		11,203	(853,238)
Administrative expenses		(842,281)	(888,178)
Exceptional Items	4	(2,291,179)	213,298
Operating loss	5	(3,122,257)	(1,528,118)
Interest payable and similar expenses	7	(206,742)	(121,870)
Loss before taxation		(3,328,999)	(1,649,988)
Tax on loss	8	973,560	620,795
Loss for the financial year		(2,355,439)	(1,029,193)

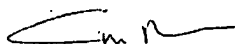
NEW EARTH SOLUTIONS (CANFORD) LIMITED

BALANCE SHEET


AS AT 30 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	9		2,025		2,443
Tangible fixed assets	10		7,304,733		6,290,206
			<u>7,306,758</u>		<u>6,292,649</u>
Current assets					
Debtors	11	3,311,740		3,396,375	
Cash at bank and in hand		751,565		495,338	
		<u>4,063,305</u>		<u>3,891,713</u>	
Creditors: amounts falling due within one year	12	(13,033,605)		(9,533,190)	
Net current liabilities			<u>(8,970,300)</u>		<u>(5,641,477)</u>
Total assets less current liabilities			<u>(1,663,542)</u>		<u>651,172</u>
Creditors: amounts falling due after more than one year	12		(1,886,036)		(1,845,311)
Net liabilities			<u><u>(3,549,578)</u></u>		<u><u>(1,194,139)</u></u>
Capital and reserves					
Called up share capital	17		1		1
Profit and loss reserves			<u>(3,549,579)</u>		<u>(1,194,140)</u>
Total equity			<u><u>(3,549,578)</u></u>		<u><u>(1,194,139)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 8 September 2023 and are signed on its behalf by:



Ms. Colette Bloom
Director



Mr. Brian McCabe
Director

Company registration number 06249283

NEW EARTH SOLUTIONS (CANFORD) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 DECEMBER 2022

	Share capital	Profit and loss account	Total
	£	£	£
Balance at 31 December 2020	1	(164,947)	(164,946)
Year ended 30 December 2021:			
Loss for the financial year	-	(1,029,193)	(1,029,193)
Balance at 30 December 2021	1	(1,194,140)	(1,194,139)
Year ended 30 December 2022:			
Loss for the financial year	-	(2,355,439)	(2,355,439)
Balance at 30 December 2022	1	(3,549,579)	(3,549,578)

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

Company information

New Earth Solutions (Canford) Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Mrf Station, Caythorpe, Grantham, Lincolnshire, England, NG32 3EW. The company's registration number is 06249283. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

FRS 101 sets out the reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of adopted IFRS.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

The company is a qualifying entity for the purpose of FRS 101. The company's holding undertaking, Broom Holdings Bidco Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Broom Holdings BidCo Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Panda Waste Management Solutions, Ballymount Road Upper, Dublin 24.

1.2 Going concern

As a result of the loss the company has incurred and the company's overall net liabilities position of £3,714,244, the directors have considered the going concern basis of preparation. The company's fellow group undertaking Pandagreen Ltd has confirmed that it will continue to provide support for the foreseeable future sufficient to enable the company to continue to meet its liabilities as they fall due. For this reason the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer, falling within the company's ordinary activities.

1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Waste management license over 20 years
- Development costs 5 years

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

In vessel composting facilities	Straight line basis over the term of the contract (or 20 years, if shorter) from the date the plant becomes fully operational
Fixtures and fittings	5 years
Plant and equipment	5 to 15 years
Office Equipment	3 Years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial assets

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, 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 included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.14 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Profit and Loss Account,

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

1.15 Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

1.16 Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

1.17 Exceptional Items

With respect to exceptional items, the company has applied a profit and loss format which seeks to highlight significant items within company results for the period. Such items may include acquisition costs, restructuring costs and other integration costs. The company exercise judgement in assessing the particular items which, by virtue of their scale and nature, should be disclosed in the profit and loss account and related notes as exceptional items. The company believes that such a presentation provides a more helpful analysis as it highlights material items of a non recurring nature.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Depreciation of tangible fixed assets

The annual depreciation charge depends primarily on the estimated useful economic lives of each type of assets and estimates of residual value. The directors regularly review these assets useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

Amortisation of intangible fixed assets

The annual amortisation charge depends primarily on the estimated useful economic lives of each type of asset. The directors regularly review these and change them as necessary if events or changes in circumstances indicate that the carrying value may not be recoverable. Changes in asset useful lives can have a significant impact on amortisation charges for the period. Details of the useful economic lives is included in the accounting policies.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

3 Turnover

The whole of turnover is attributable to the principal activity of the company. All turnover has arisen within the UK.

	2022	2021
	£	£
Turnover analysed by class of business		
Waste Services provided	15,115,071	10,099,362

4 Exceptional items

	2022	2021
	£	£
Income		
Restructuring and other integration credit	-	213,298
Expenditure		
Additional costs for disposal and processing due to delayed start of contract	2,291,179	-
Net exceptional (expenditure)/income	(2,291,179)	213,298

5 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Depreciation of tangible fixed assets and right of use assets	785,974	849,888
Amortisation of intangible assets (included within administrative expenses)	418	418

Audit fees have been borne by a fellow group undertaking in both the current and preceding financial year.
Directors remuneration has been borne by a fellow group undertaking in both the current and preceding financial year.

6 Employees

The average number of persons employed by our fellow group company DM Opco Ltd but recharged to New Earth Solutions (Canford) Ltd was (including executive directors) during the financial year as follows:

	2022	2021
	Number	Number
Administration	1	1
Production	17	18
Total	18	19

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

6 Employees

(Continued)

The staff costs recharged by our fellow group undertaking (inclusive of director' salaries) comprise of the following:

	2022 £	2021 £
Wages and salaries	789,337	538,909
Pension costs	19,524	13,429
	<u>808,861</u>	<u>552,338</u>

In 2021 a sum of £187,198 for wages and salaries costs was capitalised as part of a project.

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Other finance costs	42,165	13,800
Interest on related party balances	97,767	34,597
Interest on right of use assets	66,810	73,473
	<u>206,742</u>	<u>121,870</u>

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	(658,948)	(356,317)
Adjustments in respect of prior periods	(248,931)	-
Total UK current tax	<u>(907,879)</u>	<u>(356,317)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(65,681)</u>	<u>(264,478)</u>
Total tax (credit)	<u>(973,560)</u>	<u>(620,795)</u>

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

8 Taxation (Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2022 £	2021 £
Loss before taxation	(3,328,999)	(1,649,988)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(632,510)	(313,498)
Effect of expenses not deductible in determining taxable profit	-	462
Adjustment in respect of prior years	(248,931)	(520)
Group relief	658,948	355,797
Depreciation on assets not qualifying for tax allowances	(101,968)	(1,033)
Deferred tax adjustments in respect of prior years	33,701	(585)
Receipt for group relief	(658,948)	(355,797)
Remeasurement in deferred tax for changes in tax rates	(23,852)	(145,494)
Movement in deferred tax not recognised	-	(160,127)
Taxation credit for the year	(973,560)	(620,795)

9 Intangible fixed assets

	Development costs £	Waste management license £	Total £
Cost			
At 30 December 2021	347	8,363	8,710
At 30 December 2022	347	8,363	8,710
Amortisation and impairment			
At 30 December 2021	347	5,920	6,267
Charge for the year	-	418	418
At 30 December 2022	347	6,338	6,685
Carrying amount			
At 30 December 2022	-	2,025	2,025
At 30 December 2021	-	2,443	2,443

The amortisation charge is recognised within administrative expenses in the profit and loss account

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

10 Tangible fixed assets (including right of use assets)

	In vessel composting facilities	ROU Assets	Plant and equipment	Fixtures and fittings	Office equipment	Total
	£	£	£	£	£	£
Cost						
At 31 December 2021	9,579,001	2,469,218	4,556,336	214,798	2,810	16,822,163
Additions	170,685	-	1,592,110	37,706	-	1,800,501
At 30 December 2022	9,749,686	2,469,218	6,148,446	252,504	2,810	18,622,664
Accumulated depreciation and impairment						
At 31 December 2021	6,825,584	585,743	2,964,556	153,310	2,764	10,531,957
Charge for the year	451,714	174,986	126,627	32,601	46	785,974
At 30 December 2022	7,277,298	760,729	3,091,183	185,911	2,810	11,317,931
Carrying amount						
At 30 December 2022	2,472,388	1,708,489	3,057,263	66,593	-	7,304,733
At 30 December 2021	2,753,417	1,883,475	1,591,780	61,488	46	6,290,206

Tangible fixed assets includes right-of-use assets, as follows:

	Property	Plant and equipment	Total
	£	£	£
Net carrying value at 31 December 2020	1,842,752	339,993	2,182,745
Disposals	-	(209,914)	(209,914)
Depreciation charge	(124,231)	(98,698)	(222,929)
Depreciation on disposals	-	133,573	133,573
Net carrying value at 30 December 2021	1,718,521	164,954	1,883,475
Depreciation charge	(124,231)	(50,755)	(174,986)
Net carrying value at 30 December 2022	1,594,290	114,199	1,708,489

The net book value of assets held under finance leases in £Nil at 30 December 2022 (2021: £Nil). The directors do not consider the remaining useful lives of the property, plant and equipment to be materially different from the periods over which the assets are being depreciated. The depreciation charge is recognised within administrative expenses in the profit and loss account.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

11 Debtors

	2022 £	2021 £
Trade debtors	1,427,325	1,631,380
VAT recoverable	65,082	-
Amounts owed by fellow group undertakings	1,086,272	1,135,669
Prepayments and accrued income	261,711	223,657
	<u>2,840,390</u>	<u>2,990,706</u>
Deferred tax asset	471,350	405,669
	<u>3,311,740</u>	<u>3,396,375</u>

Amounts owed from group companies are unsecured, interest free and repayable on demand.

12 Creditors

	Notes	Due within one year		Due after one year	
		2022 £	2021 £	2022 £	2021 £
Creditors	14	12,873,700	9,193,401	200,630	-
Other taxation and social security		-	184,695	-	-
Right of use liabilities	15	159,905	155,094	1,685,406	1,845,311
		<u>13,033,605</u>	<u>9,533,190</u>	<u>1,886,036</u>	<u>1,845,311</u>

13 Loans and overdrafts

	Due after one year	
	2022 £	2021 £
Borrowings held at amortised cost:		
Loans from parent undertaking	<u>200,630</u>	<u>-</u>

Amounts owed to parent undertaking are interest bearing at a rate of 6.3%.

14 Creditors

	2022 £	2021 £
Trade creditors	3,167,878	2,746,512
Amounts owed to fellow group undertakings	8,595,934	5,664,339
Accruals and deferred income	727,728	395,480
Other creditors	382,160	387,070
	<u>12,873,700</u>	<u>9,193,401</u>

£6,286,776 owed to group companies are unsecured, interest free and repayable on demand. The remaining amounted owed to group undertaking of £2,309,158 are interest bearing at interest rates of 4.4%.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

15 Right of use liabilities

	2022	2021
	£	£
Maturity analysis		
Within one year	159,905	155,094
In two to five years	668,735	701,339
In over five years	1,016,671	1,143,972
Total undiscounted liabilities	1,845,311	2,000,405

Right of use liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£	£
Current liabilities	159,905	155,094
Non-current liabilities	1,685,406	1,845,311
	1,845,311	2,000,405

	2022	2021
	£	£
Amounts recognised in profit or loss include the following:		
Interest on right of use assets	66,810	73,473

The incremental borrowing rates used for the right of use assets are 3% -3.5% (2021: 3% - 3.50%).

16 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	19,524	13,429

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

17 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Authorised				
Ordinary Shares of £1 each	1	1	1	1
Issued and fully paid				
Ordinary Shares of £1 each	1	1	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

NEW EARTH SOLUTIONS (CANFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

17 Share capital

(Continued)

18 Capital commitments and contingent liabilities

At 30 December 2022 the company had no material capital commitments or contingent liabilities.

19 Events after the reporting date

There have been no significant events affecting the company since the financial year end.

20 Related party transactions

The company has availed of the exemption outlined in paragraph 8(k) of FRS 101 from disclosing transactions entered into between members of the group, where the company as a party of the transaction in a wholly owned member.

21 Controlling party

The company regards DM HoldCo Limited as its immediate parent company. The registered office of DM HoldCo Limited is The MRF, Station Road, Caythorpe, Grantham, Lincolnshire, N32 3EW, DM HoldCo Limited is owned by DM TopCo Limited who has the same registered office as DM HoldCo Limited. DM TopCo Limited is owned by Pandagreen Limited. Pandagreen Limited is owned by Beauparc Utilities Limited, which is owned by Beauparc Utilities Holdings Limited. All of which are incorporated in the Republic of Ireland. Beauparc Utilities Holdings Limited is owned by Broom Holdings Bidco Limited, an Irish registered company, who in turn is owned by Broom Investments Limited, also an Irish registered company.

Broom Holdings Bidco Limited and its immediate parent Broom Investments were incorporated to facilitate the indirect acquisition of Beauparc Utilities Holdings Limited by Macquarie European Infrastructure Fund 6 SCSp ("MEIF 6") and MEIF 6 Co-Invest SCSp ("MEIF 6 Co-Invest"). 97% of the ordinary share capital of Broom Investments Limited is directly held by Broom Ventures S.r.l, a company incorporated and tax resident in Luxembourg. The remaining 3% of the ordinary share capital of Broom Investments Limited is beneficially owned by Management of Beauparc Utilities Holdings Limited.