

## **New Earth Solutions (West) Limited**

Report and Financial Statements

Period ended

31 July 2016

Company Number 06968057

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# **New Earth Solutions (West) Limited**

**Report and financial statements  
for the period ended 31 July 2016**

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## **Directors**

E Waters  
B McCabe

## **Registered office**

Arena Way, Wimborne, Dorset, BH21 3BW

## **Company number**

06968057

## **Auditors**

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

# **New Earth Solutions (West) Limited**

## **Strategic report for the period ended 31 July 2016**

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The directors present their strategic report together with the audited financial statements for the period ended 31 July 2016.

### **Review of Business**

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 and has escalating levels of landfill taxation, which support the approach to waste management.

The statement of comprehensive income is set out on page 10 and shows turnover for the period of £27,019,643 and an operating loss for the period of £7,170,944. Whilst revenues grew strongly the business' performance was adversely affected by high levels of offtake and other costs borne by the site's operator, New Earth Solutions Group Limited ("In Administration") ("NESG"). Also, an exceptional impairment of in-vessel composting facilities of £7,122,910 as disclosed in note 7 was made in the period ended 31 July 2016.

At the time of filing the prior year accounts for the company on 19 May 2016 the directors were hopeful that a third party "Developer" would acquire bank debt held by its parent, New Earth Solutions Facilities Management Limited ("In Administration") ("NESFM"), which would have led to a solvent outcome. However, regrettably, on 25 May 2016 the third party withdrew. This was the only remaining option available to achieve a solvent solution. On 7 June 2016 the company's parent NESFM and the operator of the company's site, New Earth Solutions Group Limited ("In Administration") ("NESG") were placed in administration.

On 9 June 2016 the ordinary share capital of the company was acquired by DM Holdco Limited, a wholly owned subsidiary of DM Topco Limited, from NESFM. At that point amounts owed by the company to NESFM were waived and a loan was provided to the company by The Co-Operative Bank plc ("Co-Op"). These transactions created a capital contribution reserve during the period. On 9 June 2016 DM Opco Limited, a wholly owned subsidiary of DM Topco Limited, acquired the trade of NESG and continued to operate the company's site. DM Topco Limited and its subsidiaries are referred to as "the group" in this report.

On 13 October 2016 the ordinary share capital of the company's previous ultimate parent, DM Topco Limited was acquired by Pandagreen Limited ("Pandagreen") a company incorporated in Ireland. Also on 13 October 2016 the Co-Op bank loan was reassigned to Pandagreen Limited, together with associated security over the company's tangible fixed assets. On 13 October 2016 Pandagreen waived £12,592,061 of the acquired debt, as a capital contribution, reducing loan amounts owed from £14,732,457 to £2,140,397, which was considered to be the fair value of the debt acquired.

Under new ownership the directors are taking actions to enable the company to trade profitably going forward.

As at 31 July 2016 the company had net current liabilities; however the company will be supported by its intermediate parent undertaking, Pandagreen Limited. The accounts have been prepared on a going concern basis, which assumes that the company will have sufficient funds to trade for the foreseeable future.

# New Earth Solutions (West) Limited

Strategic report (continued)  
for the period ended 31 July 2016

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## Principal Risks and Uncertainties

### Facility Processing Capacity Utilisation

The company is ultimately exposed if NESG/ DM Opco Limited as its operator fails to fully utilise all of the processing capacity within its operational facilities. During the current period the company's site has consistently traded at or close to capacity and this is forecast to continue for the foreseeable future and will lead further capacity expansion plans. The company's operations are competitive against alternative disposal routes, especially landfill (including the escalating costs of Landfill Tax), and the Group has a good track record of securing business, demonstrating the ability to secure both long term and top-up contracts as necessary. The directors therefore do not consider this to be high risk.

### Refuse Derived Fuel

One of the company's products from the mechanical process is Refuse Derived Fuel ("RDF") for which the company has contracts with parties all over Europe to dispose of the RDF. The availability of RDF on the market is increasing and the risk is that for additional RDF produced additional third party offtakes will need to be secured. The current market indicates that the prices for offtake of RDF are increasing as capacity to process it is staying stable. Finding new offtakes is important for the company in order to dispose RDF and if no new offtakes, or not enough are found this could result in more cost as RDF would need to be landfilled.

### Inflation

The directors have mitigated any significant risk of exposure to cost inflation by ensuring that revenues are subject to annual price increases based upon the movement in cost inflation indices.

### Financial instruments

The company's financial Instruments comprise borrowings, cash and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise and control the finance for the waste treatment facility.

The group also enters into derivatives transactions (exclusively interest rate swaps and forward foreign currency contracts). The purpose of such transactions is to manage the interest rate and currency risks arising from the group's operations and its sources of finance. Derivative transactions are accounted for within other group companies.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### Liquidity Risk

The group monitors short term cash flows as part of its weekly control procedures. The directors also consider cash flow projections on a quarterly basis as part of a regular reforecast of business performance. The company's intermediate parent company, Pandagreen Limited, supports the company in providing funding as required.

### Credit Risk

The group's credit risk is primarily attributable to its trade debtors. The majority of the revenue is derived from contracts with local authorities and the directors believe that such customers do not present a significant credit risk. Risks against other customers are managed by credit checks on new customers and by monitoring payments against contractual agreements and the group's standard terms and conditions.

# New Earth Solutions (West) Limited

## Strategic report (continued) for the period ended 31 July 2016

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### Foreign Currency Risk

The export of RDF by each of waste treatment facilities to Europe (a cost borne by DM Opco Limited) is often priced in Euros and as a consequence the cost of treatment reflects currency movements between Sterling and Euros.

### Interest Rate Risk

The directors have mitigated interest rate by ensuring that all of the company's borrowings are at fixed interest rates.

### Key Performance Indicators

The directors consider turnover, gross profit and operating profit to be key performance indicators for the company.

Turnover was up from £19,263,523 in the year ended 31 January 2015 to £27,019,643 in the 18 months ended 31 July 2016. This is a 6% decrease in average turnover per month.

Gross profits of £3,718,937 were made in the year ended 31 January 2015, compared to a gross profit of £366,931 in the 18 months ended 31 July 2016. The reduction in gross profits was caused by higher levels of refuse derived fuel costs incurred as well as substantial other costs passed on by the operators (NESG & DM OPCO Limited) to the company.

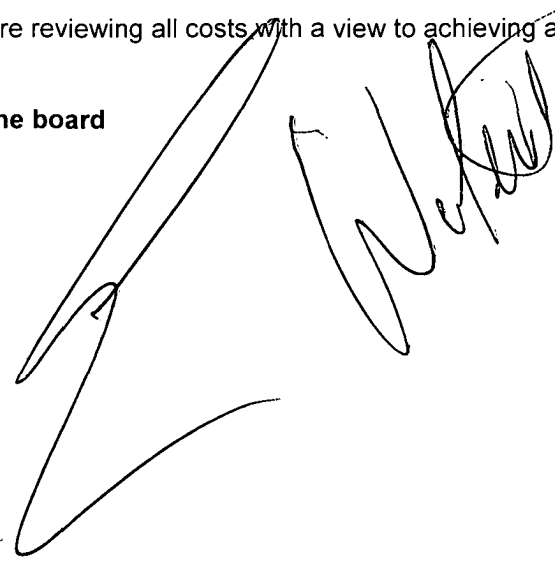
The company reduced operating losses from £7,894,917 for the year ended 31 January 2015 to £7,170,944 in the 18 months ended 31 July 2016. Exceptional costs were incurred in both periods as disclosed in note 7.

The directors are reviewing all costs with a view to achieving a gross profit and an operating profit going forward.

### On behalf of the board

E Waters  
Director  
Date

20/7/2017



# **New Earth Solutions (West) Limited**

## **Directors' report for the period ended 31 July 2016**

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The directors present their report together with the audited financial statements for the period ended 31 July 2016.

### **Results and dividends**

The statement of comprehensive income is set out on page 10 and shows the result for the period.

The directors do not recommend the payment of a dividend for the period under review (2015: £Nil).

### **Directors**

The directors of the company throughout the period were:

E Waters (appointed 13 October 2016)  
B McCabe (appointed 13 October 2016)  
J McKelvey (appointed 9 June 2016, resigned 13 October 2016)  
G Nijland (appointed 16 October 2015, resigned 9 June 2016)  
D Whittaker (resigned 25 November 2015)  
D Stockley (resigned 6 March 2015)

### **Information in the Strategic Report**

The following directors' report requirements have been upgraded to the strategic report; financial risk management, objectives and policies, information on exposure to price risk, credit risk, liquidity risk and cash flow risk, post balance sheet events and likely future developments in the business of the group and company.

### **Statement of directors' responsibilities**

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 period. Under that law the directors have elected to prepare the financial statements in accordance with 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;
- 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.

# New Earth Solutions (West) Limited

## Directors' report for the period ended 31 July 2016

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### Auditors

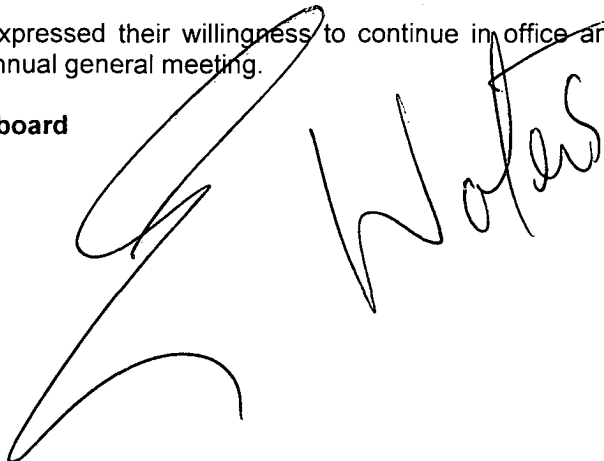
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant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

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the board

E Waters  
Director  
Date

20/7/2017

A large, stylized handwritten signature in black ink, appearing to read 'E Waters', is written over the signature line and extends into the margin.

# **New Earth Solutions (West) Limited**

## **Independent auditor's report**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW EARTH SOLUTIONS (West) LIMITED**

We have audited the financial statements of New Earth Solutions (West) Limited for the period ended 31 July 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its loss for the period 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.

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



# New Earth Solutions (West) Limited

## Independent auditor's report (*continued*)

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### Matters on which we are required to report by exception

In 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 where 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.



Simon Brooker (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Reading  
United Kingdom

21/7/2017

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

# New Earth Solutions (West) Limited

## Statement of comprehensive income for the period ended 31 July 2016

	Note	18 months to 31 July 2016 £	Year to 31 January 2015 £
Turnover	3	27,019,643	19,263,523
Cost of sales		(26,652,712)	(15,544,586)
<b>Gross profit</b>		366,931	3,718,937
Administrative expenses		(414,965)	(3,915)
Exceptional administrative expenses	7	(7,122,910)	(11,609,939)
<b>Operating loss</b>	4	(7,170,944)	(7,894,917)
Interest payable and similar charges	6	(5,438,939)	(3,829,541)
<b>Loss on ordinary activities before taxation</b>		(12,609,883)	(11,724,458)
Taxation on loss on ordinary activities	8	40,000	-
<b>Loss for the period / year</b>		(12,569,883)	(11,724,458)
<b>Total comprehensive loss for the period / year</b>		(12,569,883)	(11,724,458)

The notes on pages 11 to 21 form part of these financial statements.

# New Earth Solutions (West) Limited

## Balance sheet as at 31 July 2016

<i>Company number 06968057</i>	Note	31 July 2016 £	31 July 2016 £	31 January 2015 £	31 January 2015 £
<b>Fixed assets</b>					
Tangible assets	9		6,000,000		14,251,332
			<u>6,000,000</u>		<u>14,251,332</u>
<b>Current assets</b>					
Debtors	10	544,086		1,560,409	
Cash at bank and in hand	11	1,338,695		800,000	
		<u>1,882,781</u>		<u>2,360,409</u>	
Creditors: amounts falling due within one year	12	(34,095,376)		(2,979,129)	
<b>Net current liabilities</b>			<u>(32,212,595)</u>		<u>(618,720)</u>
<b>Total assets less current liabilities</b>			(26,212,595)		13,632,612
Creditors: amounts falling due after more than one year	13		-		(27,235,324)
<b>Provisions for liabilities</b>					
Deferred tax	14		-		(40,000)
<b>Net liabilities</b>			<u>(26,212,595)</u>		<u>(13,642,712)</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Profit and loss account	17		(26,212,596)		(13,642,713)
<b>Shareholders' deficit</b>			<u>(26,212,595)</u>		<u>(13,642,712)</u>

The financial statements were approved by the Board of Directors and authorised for issue on

E Waters  
Director

The notes on pages 11 to 21 form part of these financial statements.

22/7/2017

# New Earth Solutions (West) Limited

## Statement of changes in equity for the period ended 31 July 2016

	Share capital £	Profit and loss account £	Total equity £
1 February 2014	1	(1,918,255)	(1,918,254)
<b>Comprehensive income for the year:</b>			
Loss for the year	-	(11,724,458)	(11,724,458)
<b>Total comprehensive income for the year</b>	-	(11,724,458)	(11,724,458)
Contributions by and distributions to owners	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-
31 January 2015	1	(13,642,713)	(13,642,712)
<b>Comprehensive income for the period:</b>			
Loss for the period	-	(12,569,883)	(12,569,883)
<b>Total comprehensive income for the period</b>	-	(12,569,883)	(12,569,883)
31 July 2016	1	(26,212,596)	(26,212,595)

The notes on pages 11 to 21 form part of these financial statements.

# **New Earth Solutions (West) Limited**

## **Notes forming part of the financial statements for the period ended 31 July 2016**

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### **1 Accounting policies**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Information on the impact of first-time adoption of FRS 102 is given in note 21.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### **1.2 Cash flow**

The directors have taken advantage of the exemption under Chapter 7 of Financial Reporting Standard 102 from the requirement to produce a cash flow statement on the grounds that it is a qualifying entity that is, a member of a group that prepares publicly available consolidated financial statements which give a true and fair view.

#### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied exclusive of Value Added Tax and trade discounts. Turnover is recognised on the acceptance of the waste materials. This is generally on delivery of the waste to the site.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases.

Plant and machinery	- Straight line basis over 15 years
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

Finance costs associated with the construction of the processing site have been capitalised and are carried forward and charged to the statement of comprehensive income over the life of the relevant asset.

Depreciation is considered a trading cost and is therefore included within cost of sales.

#### **1.5 Going concern**

The company has net current liabilities; however the company is supported by its intermediate parent undertaking, Pandagreen Limited. The financial statements have been prepared on the going concern basis which is supported by forecasts and projections covering the period of not less than 12 months from the date these financial statements are approved.

# **New Earth Solutions (West) Limited**

## **Notes forming part of the financial statements for the period ended 31 July 2016**

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### **1 Accounting policies *(continued)***

#### **1.6 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

#### **1.7 Financial assets**

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### **1.8 Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

# New Earth Solutions (West) Limited

## Notes forming part of the financial statements for the period ended 31 July 2016

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### 1 Accounting policies *(continued)*

#### 1.9 Finance costs

Finance costs that are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets.

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

#### 1.10 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

# **New Earth Solutions (West) Limited**

## **Notes forming part of the financial statements for the period ended 31 July 2016**

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key assumptions include:

#### *Operating cash flows*

The main assumptions, which are derived from past experience and external information, within the forecast operating cash flows include the achievements of future sale prices and volumes, material input costs, changes in sales mix and the level of ongoing capital expenditure.

#### *Discount rates*

The discount rate is a pre-tax adjusted discount rate and reflects management's estimate of the Group's weighted average cost of capital.

#### *Long term growth rates*

The management forecasts are extrapolated using growth assumptions relevant for the business sector and are based on industry research.

- In preparing the financial statements the Directors have considered the ability of the company to continue as a going concern. The company has the support of its intermediate parent company, Pandagreen Limited, and the Directors are of the view that Pandagreen Limited has the ability to provide the required support.



# New Earth Solutions (West) Limited

## Notes forming part of the financial statements for the period ended 31 July 2016 (continued)

### 3 Turnover

The whole of the turnover is attributable to the principle activity of the company.

All turnover has arisen within the United Kingdom.

### 4 Operating loss

	18 months to 31 July 2016 £	Year to 31 January 2015 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	1,128,422	1,375,692
Impairment of in vessel composting facility	7,122,910	11,609,939

Audit and non-audit fees have been borne by another group company, DM Opco Limited for the period ended 31 July 2016. Audit and non-audit remuneration was charged to the previous parent undertaking New Earth Solutions Facilities Management Limited (NESFM) for the year ended 31 January 2015.

### 5 Employees

The company has no employees other than the directors, who did not receive any remuneration in the period (2015 - £Nil).

### 6 Interest payable and similar charges

	18 months to 31 July 2016 £	Year to 31 January 2015 £
Bank loan interest	82,851	-
Other finance costs	47,511	-
On loans from group undertakings	5,308,577	3,829,541
	<u>5,438,939</u>	<u>3,829,541</u>

### 7 Exceptional items

	18 months to 31 July 2016 £	Year to 31 January 2015 £
Impairment – in vessel composting	7,122,910	11,609,939
	<u>7,122,910</u>	<u>11,609,939</u>

# New Earth Solutions (West) Limited

Notes forming part of the financial statements  
for the period ended 31 July 2016 (*continued*)

## 8 Taxation on profit on ordinary activities

	18 months to 31 July 2016 £	18 months to 31 July 2016 £	Year to 31 January 2015 £	Year to 31 January 2015 £
<i>UK corporation tax</i>				
Current tax on profits of the year	-		-	
Group relief				
Adjustment in respect of previous periods	-		-	
	<u>-</u>		<u>-</u>	
	-		-	
		<u>-</u>		<u>-</u>
Total current tax		-		
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		(112,392)	
Adjustment in respect of previous periods	(40,000)		112,392	
Changes to tax rates	-		-	
	<u>-</u>	(40,000)	<u>-</u>	-
		<u>(40,000)</u>		<u>-</u>
Taxation on profit on ordinary activities		(40,000)		
		<u>(40,000)</u>		<u>-</u>

# New Earth Solutions (West) Limited

## Notes forming part of the financial statements for the period ended 31 July 2016 (continued)

### 8 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is higher than (2015 – higher than) the standard rate of corporation tax in the UK of 20.11% (2015 – 21.32%). The differences are explained below:

	18 months to 31 July 2016 £	Year to 31 January 2015 £
Loss on ordinary activities before tax	(12,609,883)	(11,724,458)
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.11% (2015 – 21.32%)	(2,535,578)	(2,500,040))
Effects of:		
Expenses not deductible for tax purposes	1,145,518	-
Fixed asset differences	5,364	(58,396)
Adjustments to tax charge in respect of previous periods – deferred tax	(40,000)	112,392
Deferred tax not recognised	1,010,814	2,287,272
Rate differences	373,882	158,772
Total tax credit for the period / year	(40,000)	-

For further information on deferred tax balances see note 14.

The Finance Act 2013 reduced the main rate of Corporation Tax from 23% to 21% with effect from 1 April 2014. In addition the Government announced that from 1 April 2015 the Corporation Tax main rate would be further reduced and unified with the small profits rate of 20%. We have used a blended rate of 20.11% for the purpose of preparing the tax disclosure.

# New Earth Solutions (West) Limited

Notes forming part of the financial statements  
for the period ended 31 July 2016 (*continued*)

## 9 Tangible fixed assets

	Land	Plant & Machinery £	In Vessel composting facilities £	Total £
<i>Cost or valuation</i>				
At 1 February 2015	3,642,041	534,472	25,942,932	30,119,445
At 31 July 2016	3,642,041	534,472	25,942,932	30,119,445
<i>Depreciation and impairment</i>				
At 1 February 2015	-	83,140	15,784,973	15,868,113
Provided for the period	-	53,447	1,074,975	1,128,422
Impairment	-	-	7,122,910	7,122,910
At 31 July 2016	-	136,587	23,982,858	24,119,445
<i>Net book value</i>				
At 31 July 2016	3,642,041	397,885	1,960,074	6,000,000
At 31 January 2015	3,642,041	451,332	10,157,959	14,251,332

At 31 July 2016 the assets above were secured by a bank loan from The Co-Operative Bank Plc.

# New Earth Solutions (West) Limited

## Notes forming part of the financial statements for the period ended 31 July 2016 (*continued*)

### 10 Debtors

	31 July 2016 £	31 January 2015 £
Amounts receivable within one year		
Trade debtors	544,086	1,560,409
	<u>544,086</u>	<u>1,560,409</u>

### 11 Cash at bank

Included within the company's cash is £800,000 (2015 – £800,000) of restricted cash held as a bond for a period of 8 years.

### 12 Creditors: amounts falling due within one year

	31 July 2016 £	31 January 2015 £
Bank loan	14,538,773	-
Trade creditors	162,740	185,096
Other taxation and social security	414,965	1,882,587
Accruals and deferred income	383,154	911,446
Amounts owed to group undertakings	<u>18,595,744</u>	<u>-</u>
	<u>34,095,376</u>	<u>2,979,129</u>

The bank loan is repayable in 364 days from the date of inception on the 9 June 2016. Interest is charged on the loan balance at the base rate plus 3.5% per annum.

### 13 Creditors: amounts falling due after more than one year

	31 July 2016 £	31 January 2015 £
Amounts owed to group undertakings	-	27,235,324
	<u>-</u>	<u>27,235,324</u>

# New Earth Solutions (West) Limited

## Notes forming part of the financial statements for the period ended 31 July 2016 (*continued*)

### 14 Deferred taxation

	31 July 2016 £	31 January 2015 £
At 1 February 2015	40,000	40,000
Credited to profit and loss account	(40,000)	-
At 31 July 2016	-	40,000

### 15 Financial instruments

The Company's financial instruments may be analysed as follows:

	31 July 2016 £	31 January 2015 £
Financial assets that are debt instruments measured at amortised cost	1,882,781	2,360,409
Financial liabilities measured at amortised cost	(34,095,376)	(30,214,453)
	(32,212,595)	(27,854,044)

Financial assets measured at amortised cost comprise cash at bank and in hand and trade debtors

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, bank loans and amounts owed to group undertakings.

### 16 Share capital

	31 July 2016 £	31 January 2015 £
<i>Allotted, called up and fully paid</i>		
1 ordinary shares of £1 each	1	1

### 17 Reserves

#### Profit and loss account

No dividends have been paid or proposed in relation to the period.

# **New Earth Solutions (West) Limited**

## **Notes forming part of the financial statements for the period ended 31 July 2016 (continued)**

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### **18 Related party disclosures**

The company has taken advantage of the exemption conferred by FRS 102 "Related Party Disclosures" not to disclose transactions with members of the group headed by DM Topco Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

During the period the company was invoiced by New Earth Solutions Group Limited for monthly operating and management recharges totalling £20,394,198 (2015 - £13,474,000).

At 31 July 2016 £389,049 (31 January 2015 : £Nil) was owed from NESG, however this has been fully provided for at the 31 July 2016.

### **19 Post balance sheet events**

On 13 October 2016 the ordinary share capital of company's previous ultimate parent, DM Topco Limited was acquired by Pandagreen Limited ("Pandagreen"). Also on 13 October 2016 the Co-Op bank loan was assigned to Pandagreen, together with associated security over the company's tangible fixed assets.

On 13 October 2016 Pandagreen waived intercompany balances with New Earth Solutions (West) Limited totalling £12,592,061, giving rise to a capital contribution.

### **20 Ultimate parent undertaking and controlling party**

Up to 9 June 2016 the company was a subsidiary of New Earth Solutions Facilities Management Limited ("NESFM"), a company incorporated in England and Wales. The largest and smallest group in which the results were consolidated was that headed by NESFM. The ultimate parent undertaking was New Earth Recycling & Renewables (Infrastructure) plc ("In Liquidation"), a company registered in the Isle of Man.

Since 9 June 2016 the company has been a subsidiary of DM Holdco Limited, a company incorporated in England and Wales. Between 9 June 2016 and 13 October 2016 the ultimate parent undertaking was DM Topco Limited, a company incorporated in England and Wales. The largest and smallest group in which the results of the company will be consolidated is that headed by DM Topco Limited. The consolidated accounts of this company will be available to the public from Companies House.

Since 13 October 2016 the intermediate parent company is Pandagreen Limited, a company registered in Ireland. The largest and smallest group in which the results of the company will be consolidated is that headed by Pandagreen Limited, a company incorporated in Ireland. The consolidated accounts of this company will be available to the public from Companies House.

The ultimate controlling party is Eamon Waters, by virtue of their majority shareholding in the group.

Key management personnel include all directors across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided is borne by DM Opco Limited.

### **21 First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or the profit and loss account.