

Registration number: 10609682

First Mile Holdings Limited

(formerly DMWSL 854 Limited)

Annual Report and Consolidated Financial Statements
for the Period from 8 February 2017 to 31 December 2017

Dixon Wilson Chartered Accountants
22 Chancery Lane
London
WC2A 1LS

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First Mile Holdings Limited
(formerly DMWSL 854 Limited)

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First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Company Information

Directors	J M Allen
	B V Bratley
	K McDonald
	J B Greenbury
Registered office	Screenworks Highbury Grove London N5 2ER
Auditors	Dixon Wilson Chartered Accountants 22 Chancery Lane London WC2A 1LS

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Strategic Report for the period from 8 February 2017 to 31 December 2017

The directors present their strategic report for the period from 8 February 2017 to 31 December 2017.

Principal activity

The principal activity of the company is a holding company. The principal activity of the group is collection, recycling and disposal of commercial waste.

Fair review of the business

The company was formed on 8th February 2017. On 12th May the company, via its subsidiary First Mile Group Limited, acquired 100% of the issued share capital of First Mile Limited, a company whose principle activity is the collection, recycling and disposal of commercial waste.

The group measures on a monthly basis the sales and profit against budget. Sales for the full year increased by 22% as a result of winning new business whilst increasing recurring revenues from retained customers. During the year the group increased its investment in sales and marketing. This helped to attract new customers that will add to recurring revenues in future years.

The group generated an operating loss of £697,264 for the period. This includes one off costs of £430,386 in relation to costs of the acquisition of First Mile Limited and amortisation of goodwill of £934,490 of which £908,368 is amortisation of the goodwill recognised on the acquisition in the year. The group generated EBITDA pre-exceptional items of £1,318,765 in the period.

The loss after tax for the period was £1,559,601. The loss after tax includes interest payable of £928,528. Of this £835,466 in relation to loan notes issued to Growth Capital Partners Fund IV LP. The interest is PIK interest which has been added to the principle outstanding on the loan notes.

The company continues to see strong demand for its services. Retention of existing customers is strong, driven by excellent customer service, value for money and customers seeking a sustainable solution to their waste needs. New customer acquisition continues to increase due to the investment in sales and marketing targeted into our core London market. The company has sufficient resources to implement its overall strategy and achieve its budget objectives for the next twelve months.

The company's key financial and other performance indicators during the period were as follows:

	Unit	2017
Turnover	£	11,648,910
Operating loss	£	(697,264)
EBITDA (pre-exceptional items)	£	1,318,765
Net liabilities	£	(702,867)
Capital investment	£	1,666,353
Bank balance	£	2,671,550

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Strategic Report for the period from 8 February 2017 to 31 December 2017

Principal risks and uncertainties

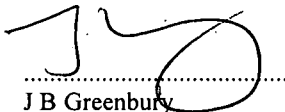
Key business risks remain the operation of a fleet of vehicles to collect and dispose of materials. The group retains insurance against its fleet of vehicles including public liability insurance. The market price of commodities included in the materials collected can have an impact on the cost of disposal. The group monitors the cost of this operation on a monthly basis against budget.

The group's operations expose it to a variety of financial risks that include the effect of changes in credit risk and liquidity risk. The group has debt finance but does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The group has a sales ledger finance facility which helps the company manage its operating cash flows efficiently. The group also uses vehicle leasing finance facilities to acquire vehicles.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The group carries out appropriate credit checks on potential customers before sales are made and actively maintains its cashflow to ensure that funds are available to maintain operations. The group is not exposed to significant foreign currency risks.

18 SEPTEMBER 2018

Approved by the Board on and signed on its behalf by:


.....
JB Greenbury
Director

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Directors' Report for the Period from 8 February 2017 to 31 December 2017

The directors present their report and the for the period from 8 February 2017 to 31 December 2017.

Incorporation

The company was incorporated and commenced trading on 8 February 2017

Directors of the group

The directors who held office during the period were as follows:

J M Allen (appointed 12 May 2017)

B V Bratley (appointed 12 May 2017)

K McDonald (appointed 24 April 2017)

J M McNair (appointed 8 February 2017 and resigned 24 April 2017)

J B Pentland (appointed 24 April 2017 and resigned 24 April 2017)

J B Greenbury (appointed 12 December 2017)

Financial instruments

Objectives and policies

Details of financial instruments are provided in the strategic report on page 2.

Price risk, credit risk, liquidity risk and cash flow risk

The directors aim to maintain the management policies which have resulted in the growth of the company in recent years. They consider that the next year will show a further significant growth in sales from continuing operations, both from new account wins and from retention of existing customers leading to recurring revenues. The group intends to invest more in sales and marketing in order to deliver this increased sales growth. As a result profitability will decrease in 2018. The group has access to an invoice financing facility which helps to manage operating cashflow.

Research and development

The group has developed a bespoke sales and ordering system. Further investment has been made during the year to improve this system and the customer experience.

Going concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

Disclosure of information to the auditor

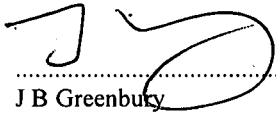
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Directors' Report for the Period from 8 February 2017 to 31 December 2017

18 SEPTEMBER 2018

Approved by the Board on and signed on its behalf by:



.....

J B Greenbury
Director

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 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.

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Independent Auditor's Report to the Members of First Mile Holdings Limited

Opinion

We have audited the financial statements of First Mile Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 8 February 2017 to 31 December 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's 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.

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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Independent Auditor's Report to the Members of First Mile Holdings Limited

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 group's and the parent 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 group or the parent 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.

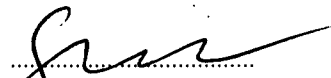
First Mile Holdings Limited
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Independent Auditor's Report to the Members of First Mile Holdings Limited

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gregory Smye-Rumsby (Senior Statutory Auditor)

For and on behalf of Dixon Wilson Chartered Accountants, Statutory Auditor

22 Chancery Lane
London
WC2A 1LS

Date:

2/10/18

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Consolidated Profit and Loss Account for the Period from 8 February 2017 to 31 December 2017

	Note	Total 31 December 2017 £
Turnover	3	11,648,910
Cost of sales		<u>(7,650,324)</u>
Gross profit		3,998,586
Administrative expenses:		
Before exceptional items		(4,265,464)
Professional fees incurred in relation to change of ownership		<u>(430,386)</u>
Operating loss	4	<u>(697,264)</u>
Other interest receivable and similar income	5	1,480
Interest payable and similar expenses	6	<u>(928,528)</u>
		<u>(927,048)</u>
Loss before tax		(1,624,312)
Taxation	10	<u>64,711</u>
Loss for the financial period		<u>(1,559,601)</u>
Profit/(loss) attributable to:		
Owners of the company		<u>(1,559,601)</u>

The above results were derived from continuing operations.

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

**Consolidated Statement of Comprehensive Income for the Period from 8 February 2017
to 31 December 2017**

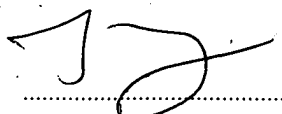
	2017 £
Loss for the period	<u>(1,559,601)</u>
Total comprehensive income for the period	<u><u>(1,559,601)</u></u>
Total comprehensive income attributable to:	
Owners of the company	<u><u>(1,559,601)</u></u>

First Mile Holdings Limited
(formerly DMWSL 854 Limited)
(Registration number: 10609682)
Consolidated Balance Sheet as at 31 December 2017

	Note	2017 £
Fixed assets		
Intangible assets	11	13,630,999
Tangible assets	12	<u>3,101,549</u>
		<u>16,732,548</u>
Current assets		
Stocks	15	195,220
Debtors	16	2,664,406
Cash at bank and in hand		<u>2,671,550</u>
		5,531,176
Creditors: Amounts falling due within one year	18	<u>(4,515,081)</u>
Net current assets		<u>1,016,095</u>
Total assets less current liabilities		17,748,643
Creditors: Amounts falling due after more than one year	18	<u>(18,451,510)</u>
Net liabilities		<u>(702,867)</u>
Capital and reserves		
Called up share capital	20	98,500
Share premium reserve		758,234
Profit and loss account		<u>(1,559,601)</u>
Equity attributable to owners of the company		<u>(702,867)</u>
Total equity		<u>(702,867)</u>

18 SEPTEMBER 2018

Approved and authorised by the Board on and signed on its behalf by:



JB Greenbury
Director

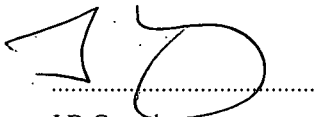
First Mile Holdings Limited
(formerly DMWSL 854 Limited)
(Registration number: 10609682)
Balance Sheet as at 31 December 2017

	Note	2017 £
Fixed assets		
Investments	13	1
Current assets		
Debtors	16	855,180
Creditors: Amounts falling due within one year	18	<u>(10,250)</u>
Net current assets		<u>844,930</u>
Net assets		<u>844,931</u>
Capital and reserves		
Called up share capital		98,500
Share premium reserve		758,234
Profit and loss account		<u>(11,803)</u>
Total equity		<u>844,931</u>

The company made a loss after tax for the financial period of £11,803.

18 SEPTEMBER 2018

Approved and authorised by the Board on and signed on its behalf by:


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J B Greenbury
Director

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Consolidated Statement of Changes in Equity for the Period from 8 February 2017 to 31 December 2017
Equity attributable to the parent company

	Share capital £	Share premium £	Profit and loss account £	Total £	Total equity £
Loss for the period	-	-	(1,559,601)	(1,559,601)	(1,559,601)
Total comprehensive income	-	-	(1,559,601)	(1,559,601)	(1,559,601)
New share capital subscribed	98,500	758,234	-	856,734	856,734
At 31 December 2017	<u>98,500</u>	<u>758,234</u>	<u>(1,559,601)</u>	<u>(702,867)</u>	<u>(702,867)</u>

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Statement of Changes in Equity for the Period from 8 February 2017 to 31 December 2017

	Share capital £	Share premium £	Profit and loss account £	Total £
Loss for the period	-	-	(11,803)	(11,803)
Total comprehensive income	-	-	(11,803)	(11,803)
New share capital subscribed	98,500	758,234	-	856,734
At 31 December 2017	<u>98,500</u>	<u>758,234</u>	<u>(11,803)</u>	<u>844,931</u>

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Consolidated Statement of Cash Flows for the Period from 8 February 2017 to 31 December 2017

	Note	2017 £
Cash flows from operating activities		
Loss for the period		(1,559,601)
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	4	1,604,252
Profit on disposal of tangible assets		(18,609)
Finance income	5	(1,480)
Finance costs	6	928,528
Income tax expense	10	(64,711)
		<u>888,379</u>
Working capital adjustments		
Increase in stocks	15	(16,581)
Increase in trade debtors	16	(167,202)
Increase in trade creditors	18	596,585
Net cash flow from operating activities		<u>1,301,181</u>
Cash flows from investing activities		
Interest received		1,480
Acquisitions of tangible assets		(501,044)
Proceeds from sale of tangible assets		77,938
Acquisition of intangible assets	11	(209,677)
Acquisition of subsidiary	13	(18,409,115)
Cash received on acquisition of subsidiary		4,320,320
Net cash flows from investing activities		<u>(14,720,098)</u>
Cash flows from financing activities		
Sales ledger financing	6	(21,892)
Finance lease interest	6	(44,064)
Proceeds from issue of ordinary shares, net of issue costs		335,225
Proceeds from repayment of Director loan accounts		674,977
Proceeds from other borrowing draw downs		16,098,915
Sales ledger financing net repayment		(693,705)
Payments to finance lease creditors		(364,125)
Net cash flows from financing activities		<u>15,985,331</u>
Net increase in cash and cash equivalents		2,566,414
Cash and cash equivalents at 8 February		<u>-</u>
Cash and cash equivalents at 31 December		<u>2,566,414</u>

The notes on pages 17 to 34 form an integral part of these financial statements.
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First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

1 General information

The company is a private company limited by share capital incorporated in England.

The address of its registered office is:

Screenworks
Highbury Grove
London
N5 2ER
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The financial statements are denominated in Sterling and rounded to the nearest £.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2017.

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The directors believe that the company will be able to meet its financial obligations for at least 12 months from the date these accounts are signed. The financial statements have therefore been prepared on a going concern basis.

Revenue recognition

Turnover represents revenue from the sale of goods and services stated at fair value of the consideration received net of VAT. Revenue from services provided is recognised when revenue can be measured reliably and the costs required to complete the transaction have been recognised.

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Tax

Tax is recognised in the profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold	20% on cost
Plant and machinery	33% on cost
Fixtures and fittings	25% on cost
Motor vehicles	20% on cost
Factory	10% on cost

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	straight line basis over 10 years
Sales and order system	straight line basis over 10 years
Website cost	straight line basis over 3 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

First Mile Holdings Limited
(formerly DMWSL 854 Limited)

Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

3 Revenue

The analysis of the group's revenue for the period from continuing operations is as follows:

	2017 £
Rendering of services	<u>11,648,910</u>

4 Operating loss

Arrived at after charging/(crediting)

	2017 £
Depreciation expense	578,418
Amortisation expense	1,025,834
Profit on disposal of property, plant and equipment	(18,609)
Auditor's remuneration - The audit of the group's annual accounts	<u>27,250</u>

5 Other interest receivable and similar income

	2017 £
Interest income on bank deposits	<u>1,480</u>

6 Interest payable and similar expenses

	2017 £
Sales ledger financing	21,892
Finance lease interest	44,064
Interest expense on other finance liabilities	<u>862,572</u>
	<u>928,528</u>

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017
	£
Wages and salaries	3,878,221
Social security costs	407,683
Pension costs, defined contribution scheme	33,504
Other employee expense	40,276
	<u>4,359,684</u>

The average number of persons employed by the group (including directors) during the period, analysed by category was as follows:

	2017
	No.
Head office	53
Operations	108
	<u>161</u>

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	2017
	£
Remuneration	320,175
Contributions paid to money purchase schemes	966
	<u>321,141</u>

In respect of the highest paid director:

	2017
	£
Remuneration	<u>211,193</u>

9 Auditors' remuneration

	2017
	£
Audit of these financial statements	<u>27,250</u>
Other fees to auditors	
All other non-audit services	<u>25,516</u>

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

10 Taxation

Tax charged/(credited) in the income statement

2017
£

Deferred taxation

Arising from origination and reversal of timing differences

(64,711)

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK of 19.25%.

The differences are reconciled below:

2017
£

Loss before tax

(1,624,312)

Corporation tax at standard rate

(312,680)

Effect of expense not deductible in determining taxable profit (tax loss)

80,590

Deferred tax expense relating to changes in tax rates or laws

1,955

Tax decrease from effect of capital allowances and depreciation

(9,437)

Other tax effects for reconciliation between accounting profit and tax expense (income)

174,861

Total tax credit

(64,711)

Deferred tax

Group

Deferred tax assets and liabilities

Asset
£

2017

Accelerated depreciation

39,934

Tax losses carry-forwards

148,579

188,513

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Movement

	Deferred tax £	Total £
At 8 February 2017	-	-
Increase (decrease) through business combinations	123,803	123,803
Increase (decrease) in period	64,710	64,710
At 31 December 2017	<u>188,513</u>	<u>188,513</u>

The calculation of deferred tax balances at the year-end takes into account the reduction, substantially enacted on 26 October 2015 in the UK main corporation tax rate to 19% effective from 1 April 2017 and a further reduction to 17% that will be effective from 1 April 2020, substantially enacted on 6 September 2016. Deferred tax has been calculated using the tax rates that are expected to apply in the periods in which timing differences reverse.

11 Intangible assets

Group

	Goodwill £	Software development £	Total £
Cost or valuation			
At 8 February 2017	-	-	-
Additions internally developed	-	176,474	176,474
Acquired through business combinations	13,918,338	1,210,361	15,128,699
At 31 December 2017	<u>13,918,338</u>	<u>1,386,835</u>	<u>15,305,173</u>
Amortisation			
At 8 February 2017	-	-	-
Amortisation charge	934,490	91,139	1,025,629
Acquired through business combinations	155,167	493,378	648,545
At 31 December 2017	<u>1,089,657</u>	<u>584,517</u>	<u>1,674,174</u>
Carrying amount			
At 31 December 2017	<u>12,828,681</u>	<u>802,318</u>	<u>13,630,999</u>

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

12 Tangible assets

Group

	Short Leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 8 February 2017	-	-	-	-	-
Additions	20,907	521,130	119,012	828,830	1,489,879
Acquired through business combinations	180,518	601,932	338,626	3,072,228	4,193,304
Disposals	-	(49,210)	-	(235,631)	(284,841)
At 31 December 2017	<u>201,425</u>	<u>1,073,852</u>	<u>457,638</u>	<u>3,665,427</u>	<u>5,398,342</u>
Depreciation					
At 8 February 2017	-	-	-	-	-
Charge for the period	23,485	112,101	39,769	405,785	581,140
Eliminated on disposal	-	(1,688)	-	(223,824)	(225,512)
Acquired through business combinations	55,465	200,248	158,609	1,526,843	1,941,165
At 31 December 2017	<u>78,950</u>	<u>310,661</u>	<u>198,378</u>	<u>1,708,804</u>	<u>2,296,793</u>
Carrying amount					
At 31 December 2017	<u>122,475</u>	<u>763,191</u>	<u>259,260</u>	<u>1,956,623</u>	<u>3,101,549</u>

First Mile Holdings Limited
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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £
Motor vehicles	1,676,287
Computer equipment	19,675
Factory	188,507
	<u>1,884,469</u>

13 Investments

Group

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2017
Subsidiary undertakings			
First Mile Group Limited	Screenworks, 22 Highbury Road, London, N5 2ER UK	Ordinary	100%
First Mile Limited	Screenworks, Highbury Grove, London, N5 2ER UK	Ordinary	100%

Subsidiary undertakings

The principal activity of First Mile Group Limited is provision of management services

The principal activity of First Mile Limited is collection, recycling and disposal of commercial waste.

Company

Investments in subsidiaries

2017
£

1

First Mile Holdings Limited
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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Subsidiaries	£
Cost or valuation	
Additions	<u>1</u>
Carrying amount	
At 31 December 2017	<u><u>1</u></u>

14 Business combinations

On 12 May 2017, First Mile Group Limited acquired 100% of the issued share capital of First Mile Limited, obtaining control.

First Mile Limited contributed £11,648,910 revenue and £479,584 to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2017 £	Fair value 2017 £
Assets and liabilities acquired		
Financial assets	6,204,448	6,204,448
Stocks	178,639	178,639
Tangible assets	2,252,139	2,252,139
Identifiable intangible assets	853,630	853,630
Financial liabilities	<u>(4,183,569)</u>	<u>(4,183,569)</u>
Total identifiable assets	<u>5,305,287</u>	<u>5,305,287</u>
Goodwill	<u>13,625,336</u>	<u>13,625,336</u>
Total consideration	<u><u>18,930,623</u></u>	<u><u>18,930,623</u></u>
Satisfied by:		
Cash	18,409,115	18,409,115
Debt instruments	<u>521,507</u>	<u>521,507</u>
Total consideration transferred	<u><u>18,930,622</u></u>	<u><u>18,930,622</u></u>

The useful life of goodwill is 10 years.

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

15 Stocks

	Group 2017 £	Company 2017 £
Bins, sacks, tape and stickers	<u>195,220</u>	<u>-</u>

The cost of stocks recognised as an expense in the period amounted to £793,701.

16 Debtors

	Note	Group 2017 £	Company 2017 £
Trade debtors		1,832,172	-
Amounts owed by related parties	23	-	852,412
Other debtors		177,345	-
Prepayments		411,431	-
Accrued income		54,945	-
Deferred tax assets	10	<u>188,513</u>	<u>2,768</u>
Total current trade and other debtors		<u>2,664,406</u>	<u>855,180</u>

17 Cash and cash equivalents

	Group 2017 £	Company 2017 £
Cash on hand	285	-
Cash at bank	<u>2,671,265</u>	<u>-</u>
	2,671,550	-
Bank overdrafts	<u>(105,136)</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>2,566,414</u>	<u>-</u>

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

18 Creditors

	Note	Group 2017 £	Company 2017 £
Due within one year			
Loans and borrowings	21	743,722	-
Trade creditors		1,269,585	-
Social security and other taxes		682,742	-
Other payables		55,051	-
Accrued expenses		621,130	10,250
Deferred income		1,142,851	-
		<u>4,515,081</u>	<u>10,250</u>
Due after one year			
Loans and borrowings	21	<u>18,451,510</u>	-

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £33,504.

20 Share capital

Allotted, called up and fully paid shares

	No.	2017 £
A Ordinary Shares of £0.10 each	550,000	55,000.00
B Ordinary Shares of £0.10 each	365,000	36,500.00
C Ordinary Shares of £0.10 each	70,000	7,000.00
	<u>985,000</u>	<u>98,500</u>

First Mile Holdings Limited
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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

New shares allotted

During the period 550,000 A Ordinary Shares having an aggregate nominal value of £55,000 were allotted for an aggregate consideration of £235,649.

During the period 365,000 B Ordinary Shares having an aggregate nominal value of £36,500 were allotted for an aggregate consideration of £156,385.

During the period 70,000 C Ordinary Shares having an aggregate nominal value of £7,000 were allotted for an aggregate consideration of £464,702.

21 Loans and borrowings

	Group 2017 £	Company 2017 £
Non-current loans and borrowings		
Finance lease liabilities	1,490,023	-
Other borrowings	16,961,487	-
	<u>18,451,510</u>	<u>-</u>

	Group 2017 £	Company 2017 £
Current loans and borrowings		
Bank overdrafts	105,136	-
Finance lease liabilities	638,586	-
	<u>743,722</u>	<u>-</u>

Group

Other borrowings

Other borrowings are loan notes issued to Growth Capital Partners Fund IV LP with a carrying amount of £16,961,487 and are denominated in Sterling with a nominal interest rate of 8%. The final instalment is due on 12 May 2023.

The principal on the loan notes is £16,359,718 and at 31 December 2017 interest accrued was £835,466. The carrying value includes amortised deal costs of £233,697.

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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

22 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2017 £
Not later than one year	638,586
Later than one year and not later than five years	1,490,023
	<u>2,128,609</u>

Operating leases

The total of future minimum lease payments is as follows:

	2017 £
Not later than one year	374,897
Later than one year and not later than five years	642,569
	<u>1,017,466</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £291,460.

23 Related party transactions

Group

Key management personnel

Key management personnel subscribed for B ordinary and C ordinary shares as detailed in note 20 of the accounts.

Key management compensation

	2017 £
Salaries and other short term employee benefits	<u>498,342</u>

Summary of transactions with parent

Loan notes were issued to Growth Capital Partners Fund IV LP. They carry interest at 8%.

Summary of transactions with entities with joint control or significant interest

Growth Capital Partners LLP

During the year, the ultimate parent Growth Capital Partners LLP provided services to the group of £31,720.

First Mile Holdings Limited
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Notes to the Financial Statements for the Period from 8 February 2017 to 31 December 2017

Loans from related parties

	Parent
2017	£
Advanced	16,359,718
Interest transactions	<u>835,466</u>
At end of period	<u><u>17,195,184</u></u>

24 Financial instruments

Group

Categorisation of financial instruments

	2017
	£
Financial assets that are debt instruments measured at amortised cost	<u>2,009,517</u>
	<u>2,009,517</u>
Financial liabilities measured at amortised cost	<u>22,753,613</u>
	<u><u>22,753,613</u></u>

Company

Categorisation of financial instruments

	2017
	£
Financial assets that are debt instruments measured at amortised cost	852,412
Financial assets that are equity instruments measured at cost less impairment	<u>1</u>
	<u>852,413</u>
Financial liabilities measured at amortised cost	<u>10,250</u>
	<u><u>10,250</u></u>

The total amount of impairment loss during the period is £-

25 Ultimate controlling party

The ultimate controlling party is Growth Capital Partners LLP.