

Company Number: 13116325

**Western Global Group Limited**  
**Annual Report and Financial Statements**  
**For the period 6 January 2021 to 31 December 2021**



**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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**Corporate data**

<b>Directors</b>	R Adams (appointed 22 January 2021) C Connor (appointed 22 January 2021) R Jones (appointed 22 January 2021) A Shanghavi (appointed 6 January 2021) I Wallis (appointed 6 January 2021) R Critchley (appointed 22 January 2021, resigned 10 February 2021)
<b>Registered office</b>	Western House Broad Lane Yate Bristol Avon BS37 7LD
<b>Independent Auditors</b>	Bishop Fleming Bath Limited Chartered Accountants & Statutory Auditors 10 Temple Back Bristol BS1 6FL
<b>Group Bankers</b>	HSBC 3 Temple Quay Bristol BS1 6DZ

## Western Global Group Limited

### Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

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#### Strategic Report

##### Business Review

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

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

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

##### Financial Review

The results for the period 22<sup>nd</sup> January 2021 to 31<sup>st</sup> December 2021 show revenue of £67.4m. a significant growth on the revenue of Western Global Holdings (the previous holding company) which generated £48.7m in 2020. On a full 12-month basis, revenue in 2021 for the group was £70.3m compared to £48.7m in 2020.

For the period 22<sup>nd</sup> January 2021 to 31 December 2021, the business generated EBITDA of £14.0m. This reconciles to the final statutory position as follows:

	<b>2021</b>
	<b>£'000</b>
EBITDA	14,025
Amortisation of intangible assets	(6,739)
Depreciation of tangible assets	(1,120)
Loan note interest expense	(4,971)
Bank loan interest and fees expense	(3,069)
Fair value adjustments	(2,879)
Deal fees	(2,483)
<b>Net loss before Tax</b>	<b>(7,236)</b>
Tax	(1,424)
<b>Net loss for the period</b>	<b>(8,660)</b>

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

In 2021, the company was incorporated to facilitate the investment by MML Capital Partners. Since the investment on 22 January 2021, the company has made further investments in new operational facilities in North America; an expanded supply chain; and people (senior leadership, sales and operations).

The business' diversified end markets and supply chain continued to support the businesses growth, as it did during Covid-19.

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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**Strategic Report (continued)**

**Business Review (continued)**

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

**Principal Risks and Uncertainties**

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

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

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

**Employment policy and employee communication**

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

The Directors would like to thank all employees for their efforts throughout 2021 during periods of uncertainty and challenge.

**Financial Risk Management Objectives and Policies**

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

Approved by the Board of Directors on 24 June 2022 and signed on its behalf by:



.....  
**R Adams**  
**Director**

## **Western Global Group Limited**

### **Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

#### **Directors' Report**

The directors are pleased to present their report together with the audited consolidated financial statements of Western Global Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the period 22<sup>nd</sup> January 2021 to 31<sup>st</sup> December 2021.

The consolidated and Company financial statements are set out on pages 13 to 51. The auditors' report on these financial statements is on pages 8 to 12.

#### **Principal activity**

The principal activity of the Western Global Group Limited Group is the supply of liquid fuel storage solutions and handling equipment.

#### **Incorporation**

Western Global Group Limited was incorporated on 6 January 2021. The following 100% owned subsidiaries were also incorporated in the period:

- Carmel Midco 1 Limited incorporated on 6 January 2021
- Western Global Solutions Limited incorporated on 7 January 2021
- Carmel Bidco Limited incorporated on 8 January 2021

On 22 January 2021 Carmel Bidco Limited acquired the entire share capital of Western Global Holdings, including its subsidiaries:

- Western Global Limited – incorporated in the UK
- Western International Inc. – incorporated in the USA
- Western Global Poland Sp ZOO – incorporated in Poland
- LC Exchange Co Inc – incorporated in Canada
- Western Global Canada Ltd – incorporated in Canada

#### **Results**

For the period under review, the Group recorded turnover of £67,448,559 and a loss for the year of £8,660,288.

#### **Directors**

The following directors held office during the period ended 31 December 2021:

- R Adams
- C Connor
- R Critchley (resigned 10 February 2021)
- R Jones
- A Shanghavi
- I Wallis

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

**Directors' report (continued)**

**Greenhouse Gas (GHG) Emissions and Energy Use Data for the period ended 31 December 2021**

<b>Energy Consumption UK</b>	<b>2021 (t CO2e)</b>	<b>2020 (tCO2e)</b>	<b>2019 (tCO2e)</b>
<b>Scope 1 (direct emissions from controlled or owned sources)</b>			
Gas Consumption	28.2	23.2	31.4
Owned transport	16.7	9.8	43.4
<b>Total Scope 1</b>	<b>44.9</b>	<b>33.0</b>	<b>74.8</b>
<b>Scope 2 (indirect energy emissions from generation of purchased energy)</b>			
Electricity	24.5	25.5	29.6
<b>Total Scope 2</b>	<b>24.5</b>	<b>25.5</b>	<b>29.6</b>
<b>Total Statutory GHG emissions</b>	<b>69.4</b>	<b>58.5</b>	<b>104.4</b>
<b>Normalised statutory GHG emissions by revenue (t CO2e/£m)</b>	<b>2.1</b>	<b>2.3</b>	<b>5.1</b>

*tCO2e = tonnes of carbon dioxide equivalent*

The table above uses the latest UK Government Conversion Factors for greenhouse gas (GHG) reporting for 2021. We have rebased the 2020 and 2019 consumption figures using the latest 2021 Government Conversions factors.

**Energy efficiency actions taken**

During 2021, Western Global offices were closed for a large proportion of the year due to the ongoing Covid restrictions. Throughout this time, we ensured energy usage was reduced by switching off all electrical equipment not in use and reducing heating/cooling level to a minimum.

Western global has continued to invest in energy efficient and waste reduction assets.

In the reporting period, Western Global has taken actions to reduce its carbon footprint directly within the business and indirectly through its supply chain.

**Direct activities**

Western Global purchased 100% of its electricity from renewable sources in the form of Guarantee of Origin via its energy supplier.

Western Global has invested in LED lighting across its operations which decrease electricity consumption by 75% compared to normal lighting.

Western Global has key initiatives to migrate from paper-based systems to the cloud and replacing the majority of print with digital alternatives (e.g., electronic signatures, digital payslips, etc).

Western Global has reduced the use of single plastics by investing in water fountains and water flasks for all employees.

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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**Directors' report (continued)**

**Greenhouse Gas (GHG) Emissions and Energy Use Data for the period ended 31 December 2021 (continued)**

**Indirect activities**

Western Global has reviewed its travel policy, and has invested in video technology and communication technology, reducing the need for UK travel and international air travel.

Western Global is looking at its supply chain and reviewing where it can reduce wastage through the use of renewable packaging and remove single use plastic from our warehouse.

Western Global also tracks wastage levels at its sites and is partnering throughout the supply chain to actively reduce waste with local partners (e.g., recycling our old IT equipment with Computer Disposal Ltd).

**Matters covered in the Strategic Report**

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

**Disclosure of information to auditors**

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

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

**Auditors**

The auditors, Bishop Fleming Bath Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 24 June 2022 and signed on its behalf by:



.....  
**R Adams**  
Director

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

**Directors' Responsibilities Statement**

**Statement of directors' responsibilities in respect of the consolidated and separate financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the UK and in compliance with the requirements of the Companies Act 2006. 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 the Group and the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRS Accounting Standards as adopted by the UK 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 group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Western Global Group Limited**

### **Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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#### **Independent Auditors' Report to the Members of Western Global Group Limited**

##### **Opinion**

We have audited the financial statements of Western Global Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2021 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity the Consolidated and Company Statement of Cash Flows 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 International accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021, and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 and parent 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviewing management commentary regarding post year end trade and outlook, with particular reference to sales pipeline, cash flow sensitivity, and the impact of new debt facilities entered into post year end, including forecast covenant compliance.

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 group's or parent 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.

## **Western Global Group Limited**

### **Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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#### **Independent Auditors' Report to the Members of Western Global Group Limited (continued)**

##### **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 the audit:

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

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

In the light of the knowledge and understanding of the group and the parent company and their 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 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 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 directors' responsibilities statement set out on page 7, 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.

**Independent Auditors' Report to the Members of Western Global Group Limited (continued)**

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

**Identifying and assessing potential risks related to irregularities**

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

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

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

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

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

## Western Global Group Limited

### Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

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#### Independent Auditors' Report to the Members of Western Global Group Limited (continued)

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included:

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

#### Audit response to risks identified

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

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

These procedures were considered at both the parent company and subsidiary level as appropriate.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

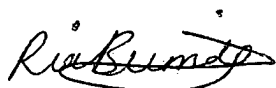
**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

**Independent Auditors' Report to the Members of Western Global Group Limited (continued)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



Ria Burrige FCCA (Senior Statutory Auditor)

For and on behalf of

**Bishop Fleming Bath Limited**

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

Date: 28 June 2022

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	2021 Group £'000
<b>Continuing operations</b>		
Revenue	5	67,449
Cost of sales		(42,947)
		-----
<b>Gross profit</b>		<b>24,502</b>
		-----
Administrative expenses		(10,477)
Exceptional expenses	10	(5,362)
Depreciation	11,12	(1,120)
Amortisation	13	(6,739)
		-----
<b>Operating profit</b>	<b>6</b>	<b>804</b>
		-----
Net finance expense	8	(8,040)
		-----
<b>Loss for the period before tax</b>		<b>(7,236)</b>
		-----
Income tax expense	9	(1,424)
		-----
<b>Loss for the period</b>		<b>(8,660)</b>
		-----
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified to profit or loss</b>		
Foreign currency translation differences on foreign operations		62
		-----
<b>Other comprehensive income for the period</b>		<b>62</b>
		-----
<b>Total comprehensive loss for the period</b>		<b>(8,598)</b>
		=====

The notes on pages 17 to 51 form part of these financial statements.

Western Global Group Limited

Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

Registered number: 13116325

Consolidated and Company Statement of Financial Position

	Note	2021 Group £'000	2021 Company £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	672	-
Right-of-use assets	12	2,826	-
Intangible assets	13	74,336	-
Investments in subsidiaries	14	-	610
Investments in financial assets	16	-	415
<b>Total non-current assets</b>		<b>77,834</b>	<b>1,025</b>
<b>Current assets</b>			
Inventories	18	13,038	-
Trade and other receivables	19	11,512	-
Cash and cash equivalents	17	4,135	-
<b>Total current assets</b>		<b>28,685</b>	<b>-</b>
<b>Total assets</b>		<b>106,519</b>	<b>1,025</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20	10	10
Share premium	20	980	980
Foreign currency translation reserve	20	62	-
Retained earnings		(8,660)	28
<b>Total Shareholders' funds</b>		<b>(7,608)</b>	<b>1,018</b>
<b>Non-current liabilities</b>			
Borrowings	21	88,535	-
Lease liabilities	22	1,743	-
Deferred tax	23	9,747	-
<b>Total non-current liabilities</b>		<b>100,025</b>	<b>-</b>
<b>Current liabilities</b>			
Borrowings	21	3,534	-
Lease liabilities	22	1,087	-
Trade and other payables	24	9,389	7
Taxation		92	-
<b>Total current liabilities</b>		<b>14,102</b>	<b>7</b>
<b>Total liabilities</b>		<b>114,124</b>	<b>7</b>
<b>Total equity and liabilities</b>		<b>106,519</b>	<b>1,025</b>

Approved by the Board of Directors on 24 June 2022 and signed on its behalf by:

R Adams  
Director



The notes on pages 17 to 51 form part of these financial statements.

Western Global Group Limited

Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Foreign currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Group</b>					
Loss for the period	-	-	-	(8,660)	(8,660)
Other comprehensive income for the period	-	-	62	-	62
<b>Total comprehensive loss</b>	-	-	62	(8,660)	(8,598)
Issue of shares	10	980	-	-	990
<b>Balance at 31 December 2021</b>	<b>10</b>	<b>980</b>	<b>62</b>	<b>(8,660)</b>	<b>(7,608)</b>

Company Statement of Changes in Equity

	Share Capital	Share Capital	Retained earnings	Total
	£'000	£'000	£'000	£'000
<b>Company</b>				
Profit for the period	-	-	28	28
<b>Total comprehensive income</b>	-	-	28	28
Issue of shares	10	980	-	990
Repurchase of shares	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>10</b>	<b>980</b>	<b>28</b>	<b>1,018</b>

The notes on pages 17 to 51 form part of these financial statements.

Western Global Group Limited

Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

Consolidated and Company Statements of Cash Flows

	2021 Group £'000	2021 Company £'000
<b>Cash flows from operating activities</b>		
Profit from continuing operations	(8,660)	28
<b>Adjustment for:</b>		
Depreciation & amortisation	7,859	-
Net finance expense	8,040	-
Tax charge	1,424	7
Other non-cash flow adjustments	55	-
	-----	-----
	8,718	35
<b>Working capital adjustments</b>		
Change in inventories	(1,634)	-
Change in trade and other receivables	(4,758)	(35)
Change in trade and other payables	4,363	-
	-----	-----
	6,689	-
Tax (paid)/received	(702)	-
	-----	-----
<b>Net cash generated/(used) in operating activities</b>	5,987	-
	-----	-----
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(371)	-
Acquisition of intangible assets	(1,146)	-
Proceeds from disposal of equipment	33	-
Acquisition of subsidiary	(83,708)	-
	-----	-----
<b>Net cash used in investing activities</b>	(85,192)	-
	-----	-----
<b>Cash flows from financing activities</b>		
Repayment of leases	(961)	-
Repayment of borrowings	(1,510)	-
Proceeds from borrowings	87,597	-
Interest paid	(2,776)	-
Issue of shares	990	-
	-----	-----
<b>Net cash from financing activities</b>	83,340	-
	-----	-----
<b>Increase/(decrease) in cash in the period</b>	4,135	-
	=====	=====
<b>Net increase/(decrease) in cash and cash equivalents</b>		
At the beginning of the period	-	-
	-----	-----
<b>At the end of the period</b>	4,135	-
	=====	=====

The notes on pages 17 to 51 form part of these financial statements.

## **Western Global Group Limited**

### **Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

#### **Notes to and forming part of the financial statements**

##### **1. General Information**

Western Global Group Limited (the "Company") was incorporated on 6 January 2021 as a private company limited by shares. The address of the registered office is Western House, Broad Lane, Yate, Bristol, BS37 7LD. The principal activity of the Company is that of an investment holding company, the principal activity of the Group is the manufacture and sale of environmental storage containers.

##### **2. Principal Accounting Policies**

###### **2.1 Basis of preparation**

The financial statements as at and for the period ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the UK, and the Companies Act 2006.

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group and the Company operate ('the functional currency'). Since the Group and Company operate in an international environment, the financial statements are presented in British Pound Sterling ("GBP"), which is believed to be the Group and the Company's functional and presentational currency and are generally rounded to the nearest thousand.

The financial statements are prepared on a going concern basis under the historical cost convention as modified by assets and financial liabilities (including derivative financial instruments) at fair value through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual Statement of Profit or Loss and Other Comprehensive Income and related notes that form part of these approved financial statements.

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.2 Basis of consolidation

(a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e., when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date from which control ceases.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment. The carrying amount is reduced if there is any indication of impairment in value.

(c) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investments to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.3 New or amended Accounting Standards and Interpretations Adopted

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) or by the International Financial Reporting Council Interpretations Committee (IFRIC). The following standards, amendments and interpretations have been adopted for the year ended 31 December 2021:

	<b>Effective date</b>
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

The adoption of these new IFRS' has not had a material impact on the financial statements.

The following new standards, amendments to standard and interpretations have been issued, but are not effective for the financial year beginning 1 January 2021 and have not been adopted early:

	<b>Effective date</b>
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 April 2021
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 April 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.4 Foreign Currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to sterling at exchange rates at the reporting date. The income and expenses of foreign operations are translated to sterling at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.5 Revenue Recognition

Revenue from the sale of products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, there is no continuing management involvement with the products, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. For all sales, usually transfer occurs when the product is received by the customer; however, for some international shipments transfer occurs upon loading the products onto the relevant carrier at the port of the seller. Generally, for such products the buyer has no right of return.

2.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing part of an item of property, plant and equipment and software costs is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives taking into account the residual value of each item of property, plant and equipment.

The estimated useful lives for the current year of the property, plant and equipment are as follows:

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

Capital works in progress are not depreciated.

The estimated useful lives of these assets are reviewed annually, and management will increase the depreciation charge where useful lives are deemed to be less, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.7 Right-of-use assets

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

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

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

2.8 Intangibles

(a) Goodwill

Goodwill arising on consolidation from the acquisition of subsidiary undertakings represents the excess of the purchase consideration over the fair value of net assets acquired, less any subsequent impairment charges.

Goodwill is not amortised but reviewed at least annually for indication of impairment. Any subsequent impairment is charged immediately to the profit and loss account.

(b) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Brands	-	12 years
Customer lists	-	9 years
Orderbook	-	0.5 years
Developed technology	-	10 years
Software	-	3 years
Development costs	-	3 years

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.8 Intangibles (continued)

(c) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.9 Impairment

Management carries out a regular review of the status of the assets of the Group to determine whether there is any indication that these assets have suffered any impairment.

If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment, which is then recognised in profit or loss. Management checks whether there is objective evidence that the assets are impaired or that the fair values have declined. Managements estimates of the impairment are based on critical evaluation of the economic circumstances involved, historical experience and other factors considered to be relevant.

(a) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group and the Company on terms that the Group and the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status, economic conditions that correlate with defaults or the disappearance of an active market.

(b) Financial assets measured at amortised cost

The Group and the Company consider evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group and the Company use historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.9 Impairment (continued)

(c) Non-financial assets

The carrying amounts of the Group and Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Lease liabilities

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

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

**Notes to and forming part of the financial statements (continued)**

**2. Principal Accounting Policies (continued)**

**2.11 Investment in Subsidiary undertakings**

Investments in subsidiary undertakings are initially recorded at cost, being the fair value of the consideration paid. Subsequently investments are reviewed for impairment on an individual basis annually or if events or changes in circumstances indicate that the carrying value may not be fully recoverable.

**2.12 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on an average cost basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

**2.13 Cash and cash equivalents**

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

**2.14 Financial instruments**

Financial assets and financial liabilities are recognised when the Group and the Company become party to the contractual provisions of the financial instruments.

Except where stated separately, the carrying amounts of the Group's and the Company's financial instruments approximate their values. The classification depends on the nature and purpose of the financial instruments and is determined at the time of initial recognition.

**(a) Non-derivative financial assets**

The Group and the Company initially recognise loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group and the Company become a party to the contractual provisions of the instrument.

The Group and the Company derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or they transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability. Financial assets and financial liabilities are offset, and the net amount presented in the statements of financial position when, and only when, the Group and the Company have a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group and the Company classify non-derivative financial assets in the loans and receivables category.

Notes to and forming part of the financial statements (continued)

**2. Principal Accounting Policies (continued)**

**2.14 Financial instruments (continued)**

**(b) Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment. Loans and receivables comprise of other receivables, loans and advances, cash and cash equivalents and amounts due from related parties.

The fair value of loans and receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date, where material or where they extend to more than one period. This fair value is determined for disclosure purposes.

**(c) Non-derivative financial liabilities**

All non-derivative financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group and the Company become a party to the contractual provisions of the instrument. Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled or expired.

The Group and the Company have the following non-derivative financial liabilities classified in the 'other financial liabilities category': borrowings, shareholders' loans, bank overdraft and trade and other payables.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

**Notes to and forming part of the financial statements (continued)**

**2. Principal Accounting Policies (continued)**

**2.15 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**2.16 Current and deferred taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax for the prior period.

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 not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates, branches, and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and investor, parent or venture can control timing of reversal; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

**2.17 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**Notes to and forming part of the financial statements (continued)**

**2. Principal Accounting Policies (continued)**

**2.18 Provisions**

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**2.19 Finance income and finance costs**

Finance income comprises interest income on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

**2.20 Pension and other employee benefits**

**(a) Defined contribution plans**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined contribution pension plans are expensed in profit or loss in the period in which they fall due.

**(b) Other entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave earned but not taken at the reporting date.

**2.21 Dividends**

Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared.

Notes to and forming part of the financial statements (continued)

2. Principal Accounting Policies (continued)

2.22 Determination of fair values

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date, where material or where they extend to more than one period. This fair value is determined for disclosure purposes.

(b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on prior experience and information perceived to be relevant and probable at the time the assumptions are made. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Critical accounting judgements*

**Income tax**

Significant judgement is required in determining the provision for income tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

Notes to and forming part of the financial statements (continued)

3. Critical accounting estimates and judgements (continued)

*Key sources of estimation uncertainty*

**Intangible assets**

IFRS 3 'Business Combinations' requires that goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 also requires the identification and valuation of other separable intangible assets at acquisition. The assumptions involved in valuing these intangible assets require the use of management estimates.

IAS 38 'Intangible Assets' requires that development costs, arising from the application of research findings or other technical knowledge to a plan or design of a new or substantially improved product, are capitalised, subject to certain criteria being met. Determining the technical feasibility and estimating the future cash flows generated by the products in development requires the use of management estimates.

The estimates made in relation to both acquired intangible assets and capitalised development costs include identification of relevant assets, future growth rates, expected inflation rates and the discount rate used. Management also make estimates of the useful economic lives of the intangible assets.

**Goodwill impairment future cash flows**

The value in use calculation used to test for impairment of goodwill involves an estimation of the present value of future cash flows of the group. The future cash flows are based on annual budgets and forecasts, as approved by the Board, to which management's expectation of market-share and long-term growth rates are applied. The present value is then calculated based on management's estimate of future discount and growth rates. The Board reviews these key assumptions and the sensitivity analysis around these assumptions.

**Trade and other receivables impairment**

Determining the provision for impairment of trade and other receivables requires estimation of the expected lifetime losses. Management makes these estimates using forward looking information to determine the overall probability of impairment. Details of the estimates made in calculating the provision for impairment of trade and other receivables are disclosed in note 19.

**Inventory**

The basic rule of IAS 2 'Inventories' is that inventories are measured at the lower of cost and net realisable value. The group determines whether there are conditions that exist at the balance sheet date that indicates that the net realisable value of individual stock lines are less than the carrying value. Such indicators include post year-end sales, sales order pipeline, and market forces.

Notes to and forming part of the financial statements (continued)

4. Financial risk management

Policy

The Group has designed a risk management structure which incorporates the executive committee. The committee's mandate is to develop a culture of appreciation and transparency in risk assessment and management. It is the Group's policy that new products are introduced after all the risks involved have been fully understood and quantified.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Capital risk

For loans and receivables and items carried at amortised cost the carrying value is considered to be approximate to their fair value.

Financial assets and liabilities measured at fair value are valued in accordance with the 'fair value hierarchy'. This hierarchy groups the financial assets and liabilities into three levels based on the significance of input used in measuring the fair value of the financial assets and liabilities, the levels are set out as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At year end, the Group and the Company have no financial instruments stated at fair value.

(a) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet their obligations as and when they fall due. Credit risk is managed on a Group basis and arises principally from the Group's and the Company's aggregate balance of accounts receivable.

The Group and the Company's year-end financial assets are:

	2021 Group £'000	2021 Company £'000
Investments in financial assets	-	415
Trade and other receivables	11,512	-
Cash and cash equivalents	4,135	-
	<u>15,647</u>	<u>415</u>

Notes to and forming part of the financial statements (continued)

4. Financial risk management (continued)

Trade and other receivables

Trade receivables comprise a large, widespread customer base with no significant concentrations. These risks are controlled by the application of credit limits and credit controlling procedures.

The Group and the Company do not require collateral in respect of trade and other receivables.

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a known loss component based on historical data for similar financial assets.

Further details are provided in note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group and the Company's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation. Having made appropriate enquiries, the Directors are satisfied that the Group will have adequate resources to continue operating for the foreseeable future.

The Group's and the Company's liquidity risk consists mainly of the amount borrowed from time to time. The details of borrowings are disclosed in note 21. The facilities are reviewed on an annual basis. The facilities at the balance sheet date available to the Group are as follows:

- 3 secured loan facilities totalling £34.2m with HSBC
- 2 secured loan facilities totalling £57.9m with shareholders of the Group

The contractual maturity of financial assets and liabilities are all expected to be realised within one period, with the exception of external loans which are long term and borrowings which have maturity rates below. As at 31 December 2021 the Group and Company's non-derivative financial liabilities have contractual maturities as follows:

Group – 31 December 2021	Repayable < 1 year	Repayable between 1 and 2 years	Repayable between 2 and 5 years	Repayable > 5 years
	£'000	£'000	£'000	£'000
Non-derivative financial liabilities				
Borrowings	3,534	5,117	10,347	73,071
Trade and other payables	5,320	-	-	-
Lease liability	1,087	926	818	-
	=====	=====	=====	=====
	9,941	6,043	11,165	73,071
	=====	=====	=====	=====

Notes to and forming part of the financial statements (continued)

4. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group and the Company's income or the value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign currency risk

The Group and the Company are exposed to currency risks from its imports both for its commercial and production activities. As such it is subject to risks from changes in currency values that could affect earnings. The risks arising from currency fluctuations are not hedged.

In addition, the Group and the Company conduct business in foreign countries and are subject to exchange rate risks due to the effects that exchange rate movements have on the translation of the underlying net assets of its subsidiaries. Subject to cost and availability of finance, the Group and the Company aim to minimise the foreign exposure by buying and selling in local currency. The retranslation risks are not hedged.

*Foreign currency sensitivity analysis*

Fluctuations in the exchange rate may give rise to a significant gain or loss recognised directly in profit or loss and equity.

If the US dollar exchange rate were to fluctuate by 10% an additional gain or loss of £399,274 would arise.

If the Canadian dollar exchange rate were to fluctuate by 10% an additional gain or loss of £253,154 would arise.

If the Polish Złoty exchange rate were to fluctuate by 10% an additional gain or loss of £35,471 would arise.

The above analysis does not take the currency positions that are denominated in the functional currencies of relevant operations because they do not create any foreign currency exposure. Also, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the period end exposure does not represent the exposure during the period.

**Notes to and forming part of the financial statements (continued)**

**4. Financial risk management (continued)**

**(ii) Interest rate risk**

The Group and the Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk. Borrowings issued at fixed rates would expose the Group and the Company to fair value interest rate risk.

The Group and the Company have an interest rate policy which aims at minimising the annual interest costs and to reduce volatility. The Group only has one commercial lender, and the interest rate on the facilities with them is indexed to LIBOR and SONIA. The policy is thus implemented broadly and cost of debt is managed by effective negotiation directly with bank. If the base rate against which the variable borrowing are based were to move by one percentage point the monthly charge would change by approximately £29,000 (5%).

The Group's and the Company's cash and cash equivalents generate minimal interest income. Hence the Group and the Company are not exposed to significant interest rate risk on their cash and cash equivalents and no sensitivity analysis has been performed.

**(d) Capital risk management**

The Group and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for stakeholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitor capital on the basis of the carrying amount of the ordinary shares and other reserves.

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

**Notes to and forming part of the financial statements (continued)**

**5. Revenue**

The Group is managed on a geographical basis with revenue being generated by the Group's principal activity. A geographical analysis of turnover by end destination is as follows:

	<b>2021</b>
	<b>Group</b>
	<b>£'000</b>
UK	<b>21,564</b>
Europe	<b>9,155</b>
USA	<b>28,751</b>
Canada	<b>6,348</b>
Middle East & Africa	<b>383</b>
Rest of the world	<b>1,248</b>
	<b>-----</b>
Total revenues	<b>67,449</b>
	<b>=====</b>

**6. Operating profit**

The following items have been charged in arriving at operating profit:

	<b>2021</b>
	<b>Group</b>
	<b>£'000</b>
Depreciation	<b>1,120</b>
Amortisation	<b>6,739</b>
Exchange (gains)/losses	<b>326</b>
Auditors' remuneration	<b>66</b>
Research and development	<b>141</b>
	<b>=====</b>

Fees receivable by the auditors were as follows

	<b>2021</b>
	<b>Group</b>
	<b>£'000</b>
Fees payable to company's auditors for the audit of the parent company and consolidated financial statements	<b>13</b>
Fees payable for the audit of the company's subsidiaries, payable to company's auditors and other component auditors	<b>53</b>
	<b>-----</b>
Total fees	<b>66</b>
	<b>=====</b>

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

**Notes to and forming part of the financial statements (continued)**

**7. Employees' and Directors' remuneration**

The average monthly number of employees (including directors) during the year were:

	2021 Group No.
Sales	45
Operations	61
Administration	42
	-----
Total staff numbers	148
	=====

Their remuneration was as follows:

	2021 Group £'000
Wages and salaries	7,491
Social security costs	614
Pension costs	80
	-----
Total staff costs	8,185
	=====

**Directors' remuneration**

	2021 Group £'000
Remuneration and other emoluments	364
Pension contributions	1
	-----
Total cost	365
	=====

During the period the highest paid director received remuneration and other emoluments of £176k and pension contributions of £Nil.

3 directors are accruing benefits under the pension scheme.

**Key management personnel emoluments**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and are considered to be the directors of the company.

Western Global Group Limited

Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

Notes to and forming part of the financial statements (continued)

8. Net finance expense

	2021 Group £'000
On bank loans	3,025
On other loans	4,971
Banking charges and fees	44
	-----
<b>Net finance expense</b>	<b>8,040</b>
	=====

9. Income tax expense

	2021 Group £'000
Current tax expense for the period	978
Adjustments in respect of the prior period	10
	-----
<b>Total current tax charge</b>	<b>988</b>
<b>Deferred tax expense</b>	<b>436</b>
	-----
<b>Total tax charge</b>	<b>1,424</b>
	=====

	2021 Group £'000
Loss for the year before tax	(7,236)
	-----
Profit before tax multiplied by the standard rate of UK corporation tax of 19.00% (2020: 19.00%)	(1,375)
Effects of:	
Expenses not deductible for tax purposes	424
Benefits of tax incentives	(369)
Adjustment in respect of prior periods	44
Overseas tax rates	49
Effect of changes in tax rates	2,006
Income not taxable	(83)
Other items leading to an increase in the tax charge	728
	-----
<b>Tax charge</b>	<b>1,424</b>
	=====

Western Global Group Limited

Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

Notes to and forming part of the financial statements (continued)

10. Exceptional items

	2021 Group £'000	2021 Company £'000
Exceptional expenses	5,362	-
	-----	-----
	5,362	-
	=====	=====

Exceptional expenses include a £2,879k fair value inventory adjustment, required under IFRS 3, associated with the acquisition of Western Global Holdings Limited described in note 15.

Also included are £2,483k of professional fees and transaction costs related to the sale of Western Global Holdings Limited to MML Capital Partners.

11. Property, plant and equipment

Group	L/Term Leasehold Property £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
On acquisition of subsidiary	47	221	212	480
Additions	36	116	219	371
Effect of movements in exchange rates	1	1	3	5
Disposals	-	-	(164)	(164)
	-----	-----	-----	-----
<b>At 31 December 2021</b>	<b>84</b>	<b>338</b>	<b>270</b>	<b>692</b>
	=====	=====	=====	=====
<b>Depreciation</b>				
Charge for the year	17	91	69	177
Eliminated on disposal	-	-	(164)	(164)
Effect of movements in exchange rates	2	1	4	7
	-----	-----	-----	-----
<b>At 31 December 2021</b>	<b>19</b>	<b>92</b>	<b>(91)</b>	<b>20</b>
	=====	=====	=====	=====
<b>Net book value</b>				
	-----	-----	-----	-----
<b>At 31 December 2021</b>	<b>65</b>	<b>246</b>	<b>361</b>	<b>672</b>
	=====	=====	=====	=====

## Notes to and forming part of the financial statements (continued)

## 12. Right-of-use assets

Group	L/Term Leasehold Property £'000	Plant and machinery £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
Acquisition of subsidiary	1,832	52	231	356	2,471
Additions	979	2	-	351	1,332
Effect of movements in exchange rates	10	-	-	2	12
Disposals	-	-	-	(258)	(258)
<b>At 31 December 2021</b>	<b>2,821</b>	<b>54</b>	<b>231</b>	<b>451</b>	<b>3,557</b>
<b>Depreciation/impairment</b>					
Charge for the year	612	10	89	232	943
Eliminated on disposal	-	-	-	(225)	(225)
Effect of movements in exchange rates	9	-	-	4	13
<b>At 31 December 2021</b>	<b>621</b>	<b>10</b>	<b>89</b>	<b>11</b>	<b>731</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>2,200</b>	<b>44</b>	<b>142</b>	<b>440</b>	<b>2,826</b>

## Notes to and forming part of the financial statements (continued)

## 13. Intangible assets (Group)

Group	Goodwill £'000	Brands £'000	Customer lists £'000	Orderbook £'000
<b>Cost</b>				
On acquisition of subsidiary	35,480	11,400	20,700	1,500
Additions	-	-	-	-
Effect of movements in exchange rates	10	-	-	-
<b>At 31 December 2021</b>	<b>35,490</b>	<b>11,400</b>	<b>20,700</b>	<b>1,500</b>
<b>Amortisation/impairment</b>				
Charge for the year	-	973	2,300	1,500
<b>At 31 December 2021</b>	<b>-</b>	<b>973</b>	<b>2,300</b>	<b>1,500</b>
<b>Net book value</b>				
<b>At 31 December 2021</b>	<b>35,490</b>	<b>10,427</b>	<b>18,400</b>	<b>-</b>

Group	Developed Technology £'000	Software £'000	Other intangibles £'000	Total £'000
<b>Cost</b>				
On acquisition of subsidiary	8,418	2,421	-	79,919
Additions	-	239	907	1,146
Effect of movements in exchange rates	-	-	-	10
<b>At 31 December 2021</b>	<b>8,418</b>	<b>2,660</b>	<b>907</b>	<b>81,075</b>
<b>Amortisation/impairment</b>				
Charge for the year	435	872	659	6,739
<b>At 31 December 2021</b>	<b>435</b>	<b>872</b>	<b>659</b>	<b>6,739</b>
<b>Net book value</b>				
<b>At 31 December 2021</b>	<b>7,983</b>	<b>1,788</b>	<b>248</b>	<b>74,336</b>

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

**Notes to and forming part of the financial statements (continued)**

**13. Intangible assets (Group - continued)**

Goodwill has arisen due to a business combination where the excess of consideration over net assets could not be attributed to identifiable assets and liabilities assumed at the acquisition date.

Goodwill has undergone an impairment review with reference to expected future cash flows generated by the relevant business units.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. Management have considered 5-year projections for the business and then applied a zero-growth rate into perpetuity to the 5th year's results; using its current cost of capital, 13%, when determining if any impairment is required. Assumptions have been applied by management in deriving the value in use of the business, and a sensitivity analysis has been performed over the key assumptions to determine how sensitive these are to changes. Management have concluded that no impairment is required.

**14. Investments in subsidiaries**

<b>Company</b>	<b>2021</b>
<b>Additions</b>	<b>£'000</b>
	<b>610</b>
	-----
<b>Carrying amount at 31 December 2021</b>	<b>610</b>
	=====

Details of the Company's subsidiaries are:

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Description of shares held</b>	<b>% Holding</b>	<b>Principal activity</b>
Carmel Midco 1 Limited	United Kingdom	Ordinary	100%	Holding company
Western Global Solutions Limited	United Kingdom	Ordinary	100%	Holding company
Carmel Bidco Limited	United Kingdom	Ordinary	100%	Holding company
Western Global Holdings Limited	United Kingdom	Ordinary	100%	Storage containers
Western Global Limited	United Kingdom	Ordinary	100%	Storage containers
Western International Inc.	USA	Ordinary	100%	Storage containers
Western Global Canada Ltd	Canada	Ordinary	100%	Storage container
LC Exchange Co Inc	Canada	Ordinary	100%	Holding company
Western Global Poland Sp.z.o.o	Poland	Ordinary	100%	Storage containers

## Notes to and forming part of the financial statements (continued)

## 15. Business combinations

In accounting for acquisitions, adjustments are made to the book values of the net assets of the companies acquired to reflect their fair values to the Group. Acquired inventories are valued at fair value adopting Group bases and any liabilities for warranties relating to past trading are recognised. Other previously unrecognised assets and liabilities at acquisition are included and accounting policies are aligned with those of the Group where appropriate.

On 22 January 2021, the Group acquired the entire share capital of Western Global Holdings Limited and its subsidiaries.

Below is an analysis of the assets acquired and liabilities assumed, and the purchase consideration for the acquisition.

	Book value £'000	Adjustments £'000	Fair value £'000
<b>Non-current assets</b>			
Intangible assets	-	44,439	44,439
Property, plant and equipment	2,676	275	2,951
<b>Current assets</b>			
Inventories	8,525	2,879	11,404
Trade and other receivables	6,754	-	6,754
Cash and cash equivalents	4,821	-	4,821
<b>Total assets</b>	<b>22,776</b>	<b>47,593</b>	<b>70,369</b>
<b>Current liabilities</b>			
Trade and other payables	(5,009)	(200)	(5,209)
<b>Non-current liabilities</b>			
Lease liabilities	(2,459)	-	(2,459)
Trade and other payables	(380)	-	(380)
Deferred tax	(296)	(8,976)	(9,272)
<b>Total liabilities</b>	<b>(8,144)</b>	<b>(9,176)</b>	<b>(17,320)</b>
<b>Net assets of business acquired</b>	<b>14,632</b>	<b>38,417</b>	<b>53,049</b>
	=====	=====	=====
Cash consideration			88,529
<b>Total consideration</b>			<b>88,529</b>
			=====
<b>Goodwill arising on acquisition</b>			<b>35,480</b>
			=====

The goodwill arising on acquisition represents the presence of certain intangible assets, such as the assembled workforce, and knowhow of the acquired entity. The goodwill recognised is not deductible for tax purposes.

Western Global Group Limited

Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

Notes to and forming part of the financial statements (continued)

15. Business combinations (continued)

Analysis of cash outflow in the Consolidated Statement of Cash Flows

	2021 Group £'000
Cash consideration	88,529
Cash acquired on acquisitions	(4,821)
	-----
	83,708
	=====

16. Investments in financial assets

	2021 Group £'000	2021 Company £'000
<b>Financial assets measured at amortised cost</b>		
Loans to subsidiaries	-	415
	-----	-----
<b>Total investments</b>	-	415
	=====	=====

17. Cash and cash equivalents

	2021 Group £'000	2021 Company £'000
Cash at bank	4,135	-
	-----	-----
	4,135	-
	=====	=====

18. Inventories

	2021 Group £'000	2021 Company £'000
Tanks and spare parts	13,038	-
	-----	-----
	13,038	-
	=====	=====

A provision for obsolete stock of £200,000 has been set against inventories.

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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**Notes to and forming part of the financial statements (continued)**

**19. Trade and other receivables**

	<b>2021</b>	<b>2021</b>
	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	8,089	-
Prepayments	1,684	-
Other receivables	1,739	-
Amount due from group undertakings	-	-
	-----	-----
	<b>11,512</b>	<b>-</b>
	=====	=====

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

A provision for impairment of £Nil has been set against trade receivables. The amount of receivables past due but not impaired at the balance sheet date was £309,000. The receivables are aged as follows:

	<b>2021</b>	<b>2021</b>
	<b>Group</b>	<b>Company</b>
Debt aged up to 59 days	96%	-
Debt aged 60 days and over	4%	-

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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**Notes to and forming part of the financial statements (continued)**

**20. Shareholders' equity**

**Share capital**

	2021	
	Number	£'000
<i>Issued and fully paid</i>		
A Ordinary Shares of £0.01 each	589,976	6
B1 Ordinary Shares of £0.01 each	111,600	1
B2 Ordinary Shares of £0.01 each	98,424	1
C1 Ordinary Shares of £0.01 each	125,000	1
C2 Ordinary Shares of £0.01 each	65,000	1
	-----	-----
	990,000	10
	=====	=====

On 6<sup>th</sup> January 2021 the company was incorporated with 1 A Ordinary share issued with a nominal value of £0.01 each.

On 22<sup>nd</sup> January 2021 the company allotted the following shares:

- 589,975 A Ordinary shares of £0.01 each.
- 111,600 B1 Ordinary shares of £0.01 each.
- 98,424 B2 Ordinary shares of £0.01 each.
- 135,000 C1 Ordinary shares of £0.01 each.
- 65,000 C2 Ordinary shares of £0.01 each.

On 2<sup>nd</sup> August 2021 the company allotted 10,000 C1 Ordinary shares of £0.01 each.

All share classes carry a right to participate in dividends and a distribution of capital in accordance with the articles of association. All share classes carry no rights of redemption. A Ordinary, B1 Ordinary, and C2 Ordinary shares carry the right to receive notice of and to attend, speak and vote at all general meetings of the company and to vote on written resolutions on a poll or written resolution to exercise one vote per share. Holders of B2 Ordinary, and C1 Ordinary shares are not entitled to receive notice of or attend and speak or vote at any general meetings of the company or to vote on written resolutions on a poll or written resolution.

**Foreign currency translation reserve**

The foreign currency translation reserve consists of the Group's share of the exchange difference arising on the consolidation of the subsidiaries whose financial statements are presented in their functional currencies.

Western Global Group Limited

Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021

Notes to and forming part of the financial statements (continued)

21. Borrowings

	2021 Group £'000	2021 Company £'000
<b>Secured borrowing at amortised cost</b>		
Bank loans	34,210	-
Other loans	57,859	-
	-----	-----
<b>Total borrowings</b>	<b>92,069</b>	<b>-</b>
	=====	=====
<b>Maturity analysis</b>		
Non-current	88,535	-
Current	3,534	-
	-----	-----
<b>Total borrowings</b>	<b>92,069</b>	<b>-</b>
	=====	=====
<b>Currency analysis</b>		
Pound Sterling (GBP)	71,681	-
US Dollar (USD)	20,388	-
	-----	-----
<b>Total borrowings</b>	<b>92,069</b>	<b>-</b>
	=====	=====

Bank loans are secured by way of a Fixed Charge over all present freehold and leasehold property; First Fixed Charge over present and future book and other debts, chattels, goodwill and uncalled capital; and First Floating Charge over all assets and undertaking both present and future. All the charges are in favour of HSBC Corporate Trustee Company (UK) Limited as security agent.

Other loans are secured by way of a Fixed and Floating Charge over the assets of the group in favour of MML UK Advisor LLP as security agent.

22. Lease liabilities

	2021 Group £'000	2021 Company £'000
Right-of-use asset lease liabilities	2,824	-
Finance leases and hire purchase	6	-
	-----	-----
<b>Total lease liabilities</b>	<b>2,830</b>	<b>-</b>
	=====	=====
<b>Maturity analysis</b>		
Due within 1 year	1,087	-
Due in 1 to 5 years	1,743	-
	-----	-----
<b>Total lease liabilities</b>	<b>2,830</b>	<b>-</b>
	=====	=====

**Western Global Group Limited**

**Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

**Notes to and forming part of the financial statements (continued)**

**23. Deferred tax**

**Group**

Net deferred tax assets and liabilities are attributable to the following:

	Assets £'000	2021 Liabilities £'000	Net £'000
Property, plant and equipment	-	385	385
Acquired intangible assets	-	9,400	9,400
Others	(38)	-	(38)
	-----	-----	-----
	(38)	9,785	9,747
	=====	=====	=====

Movement in temporary differences during the period:

	Acquired in business combination £'000	Recognised in profit or loss £'000	Foreign exchange £'000	Balance at 31 December 2021 £'000
Property, plant and equipment	212	173	-	385
Acquired intangible assets	8,596	797	7	9,400
Other	464	(534)	32	(38)
	-----	-----	-----	-----
<b>Net deferred tax liabilities</b>	<b>9,272</b>	<b>436</b>	<b>39</b>	<b>9,747</b>
	=====	=====	=====	=====

Western Global Group Limited

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Notes to and forming part of the financial statements (continued)

24. Trade and other payables

	2021 Group £'000	2021 Company £'000
Trade payables	5,320	-
Other taxes and social security	454	-
Accruals and other payables	3,602	-
Amounts owed to group undertakings	13	7
	<u>9,389</u>	<u>7</u>
	=====	=====

All trade and other payables are due within twelve months from the reporting date.

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

25. Financial instruments

	2021		
Group	Loans and receivables £'000	Trade receivables and trade payables £'000	Total £'000
<b>Financial assets</b>			
Trade receivables	-	8,089	8,089
Other receivables	1,739	-	1,739
Cash and cash deposits	4,135	-	4,135
	<u>5,874</u>	<u>8,089</u>	<u>13,963</u>
	-----	-----	-----
<b>Financial liabilities</b>			
Borrowings	(92,069)	-	(92,069)
Lease liabilities	(2,830)	-	(2,830)
Trade payables	-	(5,320)	(5,320)
Other payables	(4,069)	-	(4,069)
	<u>(98,968)</u>	<u>(5,320)</u>	<u>(104,288)</u>
	-----	-----	-----
<b>Company</b>			
<b>Financial assets</b>			
Investments in financial assets	415	-	415
	<u>415</u>	<u>-</u>	<u>415</u>
	-----	-----	-----
<b>Financial liabilities</b>			
Other payables	(7)	-	(7)
	<u>(7)</u>	<u>-</u>	<u>(7)</u>
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## **Western Global Group Limited**

### **Annual Report and Financial Statements for the period 6 January 2021 to 31 December 2021**

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#### **Notes to and forming part of the financial statements (continued)**

##### **26. Related party transactions**

During the period Carmel Bidco Limited paid £93,904 in monitoring fees to MML Capital Europe VII Equity S.A., the majority shareholder.

During the period Carmel Midco 1 Limited, a subsidiary company, issued secured loan notes of £39,010,155 to MML Capital Europe VII Equity S.A., the majority shareholder. The loan notes accrue interest at 10% per annum. During the period interest of £3,665,886 accrued on these loan notes, which is included within the loan balance at the balance sheet date. This balance is included in Group Borrowings on the balance sheet.

During the period Carmel Midco 1 Limited, a subsidiary company, issued loan notes of £13,886,923 to shareholders of the group. The loan notes accrue interest at 10% per annum. During the period interest of £1,304,990 accrued on these loan notes, which is included within the loan balance at the balance sheet date. This balance is included in Group Borrowings on the balance sheet.

During the period Carmel Midco 1 Limited, a subsidiary company, issued loan notes of £370,024 to shareholders of the group. The loan notes accrue interest at 10% per annum. During the period interest of £34,772 accrued on these loan notes. Western Global Group Limited subsequently purchased those rollover loan notes in exchange for shares. Western Global Group Limited is owed £404,796 by Carmel Midco 1 Limited at the balance sheet date, this balance is included in Company Investments in Financial Assets on the balance sheet.

During the period Western Global Poland Sp ZOO paid rent totaling £237,259 to a shareholder of the company.

##### **27. Pension commitments**

The group participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £80,000. At the year-end there were outstanding contributions of £15,000.

##### **28. Controlling Party**

The majority of the company share capital is owned by MML Capital Europe VII Equity III S.A.; a private equity fund based in Luxembourg. There is no ultimate controlling party.

##### **29. Events after the reporting period**

After the year end, in January 2022, the group re-financed and entered into additional borrowings totaling £30m with their bank, at the same time repaying £29m of loan notes, including those issued to MML Capital Europe VII S.A.R.L.

**Notes to and forming part of the financial statements (continued)**

**30. Going Concern**

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

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

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