

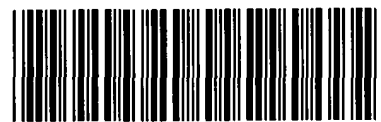
Fine Environmental Services Limited

Annual report

For the year ended 30 September 2016

Registered number: 07182855

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# Fine Environmental Services Limited

## Annual report for the year ended 30 September 2016

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# Fine Environmental Services Limited

## Directors' report for the year ended 30 September 2016

### Introduction

The directors present their report and audited financial statements of the company for the year ended 30 September 2016.

### Principal activities

Fine Environmental Services Limited is licensed by the Environment Agency to dispose of hazardous wastes by high temperature incineration.

### Review of business and future developments

During the year ended 30 September 2016 the business has grown its profitability levels (2016: £285,000, 2015: £48,000) in terms of EBITDA, (earnings before interest, tax, depreciation and amortisation), the measure used by the Board of directors and investors to track financial performance. This has been facilitated by the establishment of an effective business development strategy enabling revenue growth from third party waste incineration as well as from the Fine Organics Limited manufacturing business. As a result of this focus on developing customer relationships the business has built a robust, growing and sustainable portfolio of business which is expected to result in significant further profitability growth in Financial Year 2017. The directors are therefore comfortable that the value of the incinerator is not impaired and that the financial statements should be prepared on a going concern basis.

### Results and dividends

The company's result for the financial year is a loss of £524,000 (2015: loss of £734,000). The directors have decided not to pay a dividend for the year ended 30 September 2016 (2015: none).

As the company has net liabilities, the directors have obtained a letter of support from the parent company Project Bond Holdco Limited.

### Post balance sheet event

The ultimate parent undertaking has received an offer for the acquisition of the entire issued, and to be issued, share capital of Project Bond Holdco Limited and its subsidiaries. The offer has been accepted and, subject to regulatory approval, completion is expected by 30 April 2017.

### Directors

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

Mr C Gowland	Chief Executive Officer	(appointed 4 November 2015)
Mr L Kingsbury	Director	
Mr N Parkinson	Director	
Mr J Douglas	Director	
Mr J Lightwing	Director	(appointed 4 November 2015)
Mr B Davidson	Director	(resigned 4 November 2015)

### Risk management

The key performance indicators for the business are cash flow and profitability and hence the most significant risks to the business are those that directly impact on these. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company where appropriate.

# **Fine Environmental Services Limited**

## **Directors' report for the year ended 30 September 2016 (continued)**

### **Risk management (continued)**

#### *Price risk*

The business may be affected by rising cost of inputs, although purchasing policies and practices seek to mitigate, where practicable, such risks.

#### *Credit risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

#### *Liquidity risk*

The Company actively manages its risk profile on a regular basis to ensure the company has sufficient available funds for operations and planned expansions.

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

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Fine Environmental Services Limited**

## **Directors' report for the year ended 30 September 2016 (continued)**

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditors**

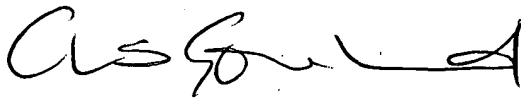
Each of the persons who are directors at the date of approval of this report confirms that:

- (a) so far as that the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006

On behalf of the board



Mr C Gowland  
**Chief Executive Officer**  
22 February 2017

# **Fine Environmental Services Limited**

## **Independent auditors' report to the members of Fine Environmental Services Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Fine Environmental Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 30 September 2016;
- the statement of income and retained earnings for the year then ended;
- the statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

# **Fine Environmental Services Limited**

## **Independent auditors' report to the members of Fine Environmental Services Limited (continued)**

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Michael Jeffrey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
22 February 2017

## Fine Environmental Services Limited

### Statement of income and retained earnings for the year ended 30 September 2016

	Note	2016 £'000	2015 £'000
Turnover	1	1,986	1,802
Cost of sales		(2,464)	(2,533)
Gross loss		(478)	(731)
Administrative expenses		(1)	(2)
<b>Operating loss</b>	2	<b>(479)</b>	<b>(733)</b>
Interest payable and similar charges	3	(1)	(1)
<b>Loss on ordinary activities before taxation</b>		<b>(480)</b>	<b>(734)</b>
Tax on loss on ordinary activities	5	(44)	-
<b>Loss for the financial year</b>	14	<b>(524)</b>	<b>(734)</b>
<b>Profit and loss account brought forward</b>		<b>(1,259)</b>	<b>(525)</b>
Dividends paid		-	-
<b>Profit and loss account at the end of the year</b>		<b>(1,783)</b>	<b>(1,259)</b>

All of the company's activities are continuing.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

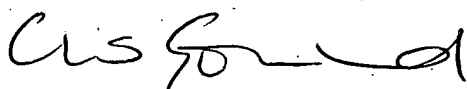


# Fine Environmental Services Limited

## Statement of financial position as at 30 September 2016

	Note	2016 £'000	2015 £'000
<b>Fixed Assets</b>			
Tangible Assets	6	5,021	5,537
<b>Current assets</b>			
Stocks	7	96	95
Debtors	8	2,972	1,670
		3,068	1,765
<b>Creditors: amounts falling due within one year</b>	9	(9,834)	(8,561)
<b>Net current liabilities</b>		(6,766)	(6,796)
<b>Total assets less current liabilities</b>		(1,745)	(1,259)
Creditors: amounts falling due after more than one year	10	(38)	-
<b>Net Liabilities</b>		(1,783)	(1,259)
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Reserves	14	(1,783)	(1,259)
<b>Total shareholders' deficit</b>	15	(1,783)	(1,259)

The financial statements on pages 6 to 18 were approved by the board of directors on 22 February 2017 and were signed on its behalf by:



Mr C Gowland  
Chief Executive Officer

Company registration number 07182855

# **Fine Environmental Services Limited**

## **Statement of accounting policies**

### **Company Information**

Fine Environmental Services Limited ('the Company') operates an incinerator for the purposes of disposing of hazardous waste. The Company's operations are based in the UK and has customers in Europe and the UK.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Seal Sands, Middlesbrough.

### **Statement of compliance**

The financial statements of Fine Environmental Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **Basis of preparation**

The financial statements are prepared on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company Project Bond Holdco Limited includes the company's cash flow in its own consolidated financial statements.

The company has taken advantage of the exemption, under Section 33.1A of FRS 102, from disclosing transactions with other group companies on the grounds that it is a wholly owned subsidiary of a group headed by Project Bond Holdco Limited whose financial statements are publicly available. No transactions with related parties were undertaken such as are required to be disclosed under section 33.1A of FRS 102, other than the transactions with directors as disclosed in note 4.

As the company has net liabilities, the directors have obtained a letter of support from the parent company Project Bond Holdco Limited.

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

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of a fixed asset on a straight line basis over its estimated useful economic life, taking into account any contractual relationships, using the following rates

Plant and machinery - maximum 10 years

# **Fine Environmental Services Limited**

## **Statement of accounting policies (continued)**

### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been substantially enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

### **Stock valuation**

Stocks are stated at the lower of cost and net realisable value, as determined by the first in first out valuation method. Cost comprises direct costs and where appropriate, a proportion of production overheads and depreciation. Where necessary, a provision is made for obsolete, slow moving and defective stocks.

### **Critical accounting judgements and key source of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

# Fine Environmental Services Limited

## Notes to the financial statements for the year ended 30 September 2016

### 1 Turnover

Turnover represents revenue generated from effluent disposal activities. All turnover is generated by the principal activities of disposal of hazardous wastes by high temperature incineration and originates within the United Kingdom.

### 2 Operating loss

	2016 £'000	2015 £'000
Operating loss is stated after charging:		
Depreciation of owned fixed assets	764	781
Loss on foreign exchange movements	3	-

The auditors' fees are borne by a fellow subsidiary undertaking, Fine Organics Limited, and amounted to £3,000 (2015: £2,605).

### 3 Interest payable and similar charges

	2016 £'000	2015 £'000
Bank interest payable on loan facilities	1	1
	1	1

### 4 Directors and employees

#### (a) Remuneration of directors

The directors receive no emoluments in respect of their services to the company for the financial year (2015: none).

# **Fine Environmental Services Limited**

## **Notes to the financial statements for the year ended 30 September 2016 (continued)**

### **4 Directors and employees (continued)**

#### **(b) Employee numbers**

The monthly average number of employees in the company for the year by function was:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Production Services and Administration	<b>9</b>	<b>9</b>
<b>Total</b>	<b>9</b>	<b>9</b>

#### **(c) Staff costs for the above employees were:**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>399</b>	<b>386</b>
Social security costs	<b>45</b>	<b>45</b>
Other pension costs (note 12)	<b>32</b>	<b>30</b>
<b>Total</b>	<b>476</b>	<b>461</b>

## Fine Environmental Services Limited

### 5 Tax on loss on ordinary activities

#### (a) Analysis of charge in the year

The tax charge is made up as follows:

	2016 £'000	2015 £'000
<b>Current tax</b>		
United Kingdom corporation tax on losses for the year	-	-
Adjustment in respect of previous periods	6	-
<b>Total current tax</b>	<b>6</b>	<b>-</b>
<b>Deferred tax</b>		
Movement in timing differences	44	-
Adjustment in respect of previous periods	(4)	-
Effect of changes in tax rates	(2)	-
<b>Total deferred tax</b>	<b>38</b>	<b>-</b>
<b>Total tax on loss on ordinary activities</b>	<b>44</b>	<b>-</b>

# Fine Environmental Services Limited

## Notes to the financial statements for the year ended 30 September 2016 (continued)

### 5 Tax on loss on ordinary activities (continued)

#### (b) Factors affecting the tax charge for the year

The tax for the year is lower (2015: lower) than the standard rate of corporation tax in the United Kingdom of 20% (2015: 20.5%), as explained below:

	2016 £'000	2015 £'000
Loss on ordinary activities before taxation	(480)	(734)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20.5% (2014: 22%)	(96)	(150)
Effects of:		
Expenses not deductible for tax purposes	9	10
Non-taxable income	(6)	-
Group relief not paid for	137	217
Adjustments from previous periods	2	-
Tax rate changes	(2)	-
Deferred tax not recognised	-	(77)
<b>Total tax charge for current year</b>	<b>44</b>	<b>-</b>

#### (c) Factors affecting current and future tax charges

	2016 Recognised £'000	2016 Unrecognised £'000	2015 Recognised £'000	2015 Unrecognised £'000
<b>Analysis of deferred tax liability</b>				
Accelerated capital allowances	81	-	24	-
Short term timing differences	(3)	-	-	-
Losses	(40)	-	(24)	(21)
<b>Total (note 11)</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>(21)</b>

The company has an unprovided deferred tax liability as at 30 September 2016 of £nil (2015: £21,000). This was not recognised in the prior year financial statements due to uncertainty over the future income streams required for the potential asset to be recovered.

# Fine Environmental Services Limited

## Notes to the financial statements for the year ended 30 September 2016 (continued)

### 5 Tax on loss on ordinary activities (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 6 Tangible assets

	Plant and machinery £'000
<b>Cost</b>	
At 1 October 2015	6,614
Additions	248
<b>At 30 September 2016</b>	<b>6,862</b>
<b>Accumulated depreciation</b>	
At 1 October 2015	(1,077)
Charge for the year	(764)
<b>At 30 September 2016</b>	<b>(1,841)</b>
<b>Net book value</b>	
<b>At 30 September 2016</b>	<b>5,021</b>
At 30 September 2015	5,537



# Fine Environmental Services Limited

## Notes to the financial statements for the year ended 30 September 2016 (continued)

### 7 Stocks

	2016	2015
	£'000	£'000
Raw materials and consumables	96	95
	96	95

### 8 Debtors

	2016	2015
	£'000	£'000
Trade debtors	180	62
Amounts owed by group undertakings	2,792	1,577
Other debtors	-	19
Prepayments and accrued income	-	12
	2,972	1,670

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

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

	2016	2015
	£'000	£'000
Bank loans and overdrafts	4,142	4,043
Trade creditors	148	145
Amounts owed to group undertakings	5,493	4,332
Taxation and social security	39	13
Invoice financing	-	4
Accruals and deferred income	12	24
	9,834	8,561

Amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

# Fine Environmental Services Limited

## Notes to the financial statements for the year ended 30 September 2016 (continued)

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

	2016	2015
	£'000	£'000
Deferred taxation	38	-
	38	-

### 11 Deferred taxation

	2016	2015
	£'000	£'000
Deferred tax liability (note 10)	38	-
		£'000
At 1 October 2015		-
Debited to the profit and loss account (note 5)		38
At 30 September 2016		38

### 12 Pensions

The company operates a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the company to the scheme and amounted to £32,000 (2015: £30,000).

There were £3,000 outstanding contributions at the end of the financial year (2015: £2,000).

# Fine Environmental Services Limited

## Notes to the financial statements for the year ended 30 September 2016 (continued)

### 13 Called up share capital

	2016 £'000	2015 £'000
<b>Authorised</b>		
1 (2015: 1) ordinary share of £1 each	-	-
<b>Allotted and fully paid</b>		
1 (2015: 1) ordinary share of £1 each	-	-

### 14 Reserves

	Profit and loss account £'000
At 1 October 2015	(1,259)
Loss for the financial year	(524)
<b>At 30 September 2016</b>	<b>(1,783)</b>

### 15 Reconciliation of movements in shareholders' deficit

	2016 £'000	2015 £'000
Loss for the financial year	(524)	(734)
Opening shareholders' deficit	(1,259)	(525)
<b>Closing shareholders' deficit</b>	<b>(1,783)</b>	<b>(1,259)</b>

## **Fine Environmental Services Limited**

### **Notes to the financial statements for the year ended 30 September 2016 (continued)**

#### **16 Going Concern**

The directors are confident that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Project Bond Holdco Limited.

The directors have received confirmation that Project Bond Holdco Limited will continue to support the company for at least one year after these financial statements are signed.

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

The immediate parent undertaking of the company is Fine Industries Limited.

The ultimate parent and controlling party is NorthEdge Capital Fund I LP, a limited partnership incorporated in England and Wales.

NorthEdge Capital Fund I LP is the parent company of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of NorthEdge Capital Fund I LP are available from the registered office, 6<sup>th</sup> Floor Vantage Point, Hardman Street, 5 Spinningfields, Manchester M3 3HF.

Project Bond Holdco Limited is the parent undertaking of the smallest group of companies to consolidate these financial statements. The consolidated financial statements of Project Bond Holdco Limited can be obtained from the company's registered office, c/o Fine Industries Limited, Seal Sands, Middlesbrough, TS2 1UB.

#### **18 Transition to FRS 102**

This is the first year that the Group and Company have presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 30 September 2015. The date of transition to FRS 102 was 1 October 2014. The Group and Company has not early adopted the amendments to FRS 102 (issued July 2015). No adjustments have been noted upon transition.

#### **19 Post balance sheet event**

The ultimate parent undertaking has received an offer for the acquisition of the entire issued, and to be issued, share capital of Project Bond Holdco Limited and its subsidiaries. The offer has been accepted and, subject to regulatory approval, completion is expected by 30 April 2017.