Registered number: 10609706

FIRST MILE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

FIRST MILE GROUP LIMITED

COMPANY INFORMATION

Directors	Joe Matthew Allen Bruce Victor Bratley James Brett Greenbury James Charles Harland Ravi Monteiro
Registered number	10609706
Registered office	70-71 Wells Street London W1T 3QE
Independent auditors	Ernst & Young LLP 1 More Place London SE1 2AF

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report for the Year Ended 31 December 2020.

Principal activities

The principal activity of the company is the provision of management services.

Business review

The Company is an intermediate holding company for its trading subsidiary, First Mile Limited. The Directors assess the performance of the Company as part of the wider First Mile Group, including the holding businesses.

2020 proved to be a very challenging year for the UK economy, as well as for the waste and recycling sector, due to the effects of the Covid-19 pandemic and the ensuing restrictive measures imposed by the UK government. However, despite the challenging trading environment, the pandemic has re-enforced the resilience and innovative nature of the Group, which continued to trade and support the London and Birmingham economies with essential services and introduced new services to meet the enhanced needs of its customer base.

Despite the significant negative effect on the trading environment, First Mile is on a very solid footing to continue to contribute to the circular economy. The results for the Group in 2020 show a successful refinance of debt facilities to ensure long term liquidity, ensuring the long-term sustainability of the business. The resilience of the First Mile employees, through multiple lockdowns, furlough and new work-from-home conditions underpinned the successful response that was possible across the Group.

All of the Company's revenue is derived from the provision of management services to First Mile Limited. During the year the company generated a loss of £1,811,640 (2019: loss of £2,023,134). This is a result of management charges to First Mile Limited being less than administration expenses and interest expense of £1,629,084 (2019: £1,528,120). The interest expense mostly is in relation to listed loan notes issued to Growth Capital Partners Nominees Limited as nominee to Growth Capital Partners LLP. The interest is rolled up interest which has been added to the principal outstanding on the loan notes.

Principal risks and uncertainties

The key financial risk is the ability of the company to pay interest and principal on the loan notes as they become due. Interest of £93,167 (2019: £277,799) was paid during the year. Repayments of principal were scheduled to commence from 31 March 2020 but have now been waived for at least 12 months after the signing date of these financial statements. The interest on the loan notes is fixed and therefore the Company has not entered into interest rate hedging.

The ability of the Company to repay the loans as they become due will depend on the operations of the business. The principal risks and uncertainties are listed in the Financial Statements of the Company.

COVID-19

When the UK Government imposed a lockdown on 23 March 2020 due to the COVID-19 pandemic the Waste & Recycling industry was materially and adversely affected. Consequently, the number of customers requesting services declined from the UK Group (being First Mile Holdings Limited, First Mile Group Limited and First Mile Limited) levels experienced immediately prior to the lockdown.

The lockdown and subsequent recovery has impacted the level of sales achieved due to the uncertain economic environment and ability for the Group's customer base to reliably remain open and trading. Throughout the lockdown period the Group has been able to utilise the Government's job retention scheme (JRS) and reduce non-essential overheads to significantly reduce cash outflows during the period of reduced revenue and cash inflows.

The UK Government and the Bank of England have responded with monetary and fiscal interventions to stabilise economic conditions. However, the negative impact of the COVID-19 pandemic on the commercial Waste & Recycling industry in central London is likely to remain in the short to medium term.

Accordingly, it is not possible to reliably estimate the duration and severity of the above consequences, as well as their impact on the financial position and results of the Company for future periods. Group revenue would have to fall significantly below the revised forecasts for the cash reserves to be insufficient to meet the company's obligations and ensure customers' needs are met for the foreseeable future, see going concern assessment on page 4.

This report was approved by the board on 1 October 2021 and signed on its behalf.

J Harland

James Charles Harland
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,811,640 *(2019 - loss £2,023,134).*

The Directors did not declare a dividend (2019: £Nil).

Directors

The directors who served during the year were:

Joe Matthew Allen
Bruce Victor Bratley
James Brett Greenbury
James Charles Harland
Ravi Monteiro

Going Concern

The directors have reviewed the Company's forecasts and cash flow projections for the period through 1 October 2022 (the going concem period) for their assessment of the Company's ability to continue as a going concem.

Cash requirements for the entire First Mile Group (being First Mile Holdings Limited, First Mile Group Limited and First Mile Limited) (the "Group") are managed together by the Company's immediate parent undertaking, First Mile Holdings Limited, so the directors' assessment considers the forecasts for the consolidated Group. The Company has received a letter of support from its immediate parent undertaking in support of this position.

These forecasts consider the ability of the Group to trade within its available facilities and meet its covenants for each testing period or date. A base case forecast for the performance of the Group has been prepared, along with a severe but plausible downside case.

The Group's operations are financed by Loan Notes issued by the Company and held by Growth Capital Partners as the majority shareholder (see note 12 for further details and applicable covenants) along with an external £4m credit facility obtained in December 2020 by First Mile Limited. These facilities are subject to EBITDA, liquidity and leverage covenants.

Due to the impact of Covid-19 in 2020, breaches of the covenants of the Loan Notes occurred in the year and remained as at the date of approval of these financial statements . As the Loan Notes were in technical breach of EBITDA and CFAD (Cashflow available for debt service) covenants as at 31 December 2020, they are presented as current liabilities in the balance sheet. In addition, payments of principal and interest have not been made in line with the terms of the Loan Notes during 2020 and 2021 to date. A letter of support has however been received in September 2021 from Growth Capital Partners which waives all existing covenant breaches. Further, this letter confirms that the repayment of interest and principal, both due to date and becoming payable in the future, as insofar as it remains outstanding, will be deferred or the maturity renegotiated, if payment cannot be made in a solvent manner.

The severe but plausible downside forecast models the impact of further Covid-19 related restrictions being implemented and reducing revenue to a level similar to April / May 2021 for a period of three months in 2022, some easing of restrictions for the next 4 months and no restrictions for the remainder of the going concern period. This scenario, with no mitigations implemented, does not result in either liquidity being reduced to a minimal level nor a breach in the covenants of the £4m credit facility.

The Directors have also considered the extent of further restrictions which would result in the elimination of liquidity or a breach in the credit facility covenants over the going concem period. Whilst also considering certain mitigating actions that are assessed as under management's control, revenues would need to reduce to a level last experienced during the first national lockdown in March 2020 (when mandated working from home and all non-essential retail and all hospitality was closed) for a period of over two and a half months for a breach in the EBITDA related covenant. The directors consider this scenario to be remote given the vaccine roll-out status, latest government winter plans and the public sentiment to further restrictions.

Given the resilience and performance of the business, as well as confirmation of support from the shareholders, the Directors believe the Group and the Company are well positioned to withstand the impact of Covid-19. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on the going concem basis. Additional information on the impact of Covid-19 is discussed in the strategic report for the year on page 2.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

The directors aim to maintain the management policies which have resulted in the growth of its subsidiary First Mile Limited in recent years. The start of 2021 saw a reintroduction of lockdown conditions across the UK, which had a significant impact on the trading conditions. During this second major lockdown trading was not as badly impacted as March 2020 and management had restructured the company, this enabled the sales pipeline to continue to be developed during the lockdown. As restrictions eased, the Company recovered strongly through 2021, trading back to pre-Covid levels by September 2021.

Financial instruments

The Company is financed through listed shareholder loan notes which are used to manage the day-to-day operating cashflows of the Company.

Engagement with employees

Within the bounds of commercial confidentiality, information is disseminated to all members of staff about matters that affect the progress of the company and are of interest and concern to them as employees. Particularly during 2020, as the changes in working conditions were taking effect, employee engagement significantly increased in frequency, to ensure all members of staff were safe, well informed and engaged.

Disabled employees

Disabled persons are employed by the company when they appear to be suited to a particular position. The aptitude and abilities of disabled persons are more easily met in certain aspects of the company's business and every effort is made to ensure that they are given full and fair consideration.

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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's auditors are aware of that information.

Post balance sheet events

There were no significant post balance sheet events.

This report was approved by the board on 1 October 2021 and signed on its behalf.

J Harland

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James Charles Harland
Director

70-71 Wells Street
London
W1T 3QE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST MILE GROUP LIMITED

Opinion

We have audited the financial statements of First Mile Group Limited (the 'Company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the directors' approach to their going concern assessment. We noted that the assessment has been undertaken on a consolidated basis, incorporating cash flows and considerations for *First Mile Group Limited and its trading subsidiary First Mile Limited (together "the First Mile group"), to* enable the directors to assess cash flows controlled directly or indirectly by the Company.
- We obtained management's going concern assessment, including forecasts of EBITDA, cash flows and covenant calculations for the going concern assessment period which covers the period to 1 October 2022. The Company has modelled a downside scenario in the forecasts to incorporate plausible adverse changes to the trading performance of the First Mile group.
- We understood and challenged the key assumptions of revenue per day and applicable cost base included in each modelled forecast and assessed these in the context of historical and current trading performance, including the relevant financial covenants associated with the Group's financing arrangements. We considered the appropriateness of the methods used to determine the forecasts, including assessing management's historical forecasting accuracy, and tested the calculations within them in order to determine that the forecasts were adequate to support the directors' going concern assessment.

- The Company's listed loan notes (the 'notes') contain financial covenants and contractual repayments of principal and interest along with the final repayment due at the maturity of the notes on 12 May 2023. The Company has received, and we have inspected, a letter of support from the holders of these notes waiving all existing covenant breaches. Further, this letter confirms that the repayment of interest and principal, both due to date and becoming payable in the future, as insofar as it remains outstanding, will be deferred or the maturity renegotiated, if payment cannot be made in a solvent manner.
- The Company's subsidiary, First Mile Limited, is a borrower under an external £4m credit facility which contains financial covenants, notably: minimum EBITDA covenants; minimum liquidity maintenance of £1.75m from 30 November 2021 reducing to £0.75m from 31 December 2021; and, a gross leverage covenant from 31 December 2022. We have assessed the appropriateness of the calculation of this covenant in each of the scenarios modelled.
- We performed our own stress testing on the cashflow forecasts to determine at what point liquidity or covenants, under the external credit facility, would be breached in the event of a further full national lockdown akin to that experienced in March 2020 (when mandated working from home and all non-essential retail and all hospitality was closed).
- We reviewed the Company's going concern disclosures included in the financial statements in order to

We note that the Company is reliant upon the support from the holders of the listed loan notes for going concern purposes in the review period. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue to 1 October 2022. Going concern has also been determined to be a key audit matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Carrying value of investments in subsidiaries • Going concern
Materiality	• Overall materiality of £189,000 which represents 1% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There have been no significant changes in our audit strategy from prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to risk	Key observations communicated to the Audit Committee
Carrying value of the investment in subsidiary *Refer to the Accounting policies (page 18); and Note 10 of the Financial Statements (page 26)* At 31 December 2020 the Company held an investments in its subsidiary of £18,930,622 (2019: £18,930,622). There is a risk that management does not appropriately assess the recoverable value of its investment as required by FRS 102 Section 27.7, which may lead to non-recognition of impairment, if any, in the value of the investment.	We understood the key judgements applied by management in determining the supportable carrying value of the investment in its subsidiary. We evaluated management's conclusion that the carrying value is supported by performing the following: • We understood management's process for assessing the carrying value of the investment in its subsidiary. • We obtained management's assessment of the recoverable amount of the investment using both a discounted cashflow model and a fair value approach using valuation multiples from comparable sector companies. • We assessed the appropriateness of the key assumptions used in the forecasts underpinning the discounted cash flow model. We compared the growth forecasts, and management's forecasting accuracy with recent and historical performance. We performed reverse stress testing on management's key assumptions of discount rate and EBITDA forecasts to assess the sensitivity to these key assumptions.	Based on the results of our work, we concluded that the carrying value of the investment in subsidiary is supported is as at 31 December 2020.

Risk	Our response to risk	Key observations communicated to the Audit Committee
	We compared the expectation of recovery in sales and EBITDA to ensure these are consistent with recent government announcements and other external market indicators of economic recovery such as forecast GDP growth and waste collection industry reports, searching for contrary evidence. We obtained comparable sector listed company valuation multiples with support from our transactions team to assess a market valuation and search for any contradictory evidence relating to the sector.	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £189,000, which is 1% of total assets. We believe that total assets provides us with the most relevant basis applicable to the Company which is an intermediary holding Company that holds the investment in First Mile Limited from which it receives management recharge income.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £94,500. We have set performance materiality at this percentage due to past history of misstatements, our ability to assess the likelihood of misstatements, the effectiveness of the control environment and other factors affecting the company and its financial reporting.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £9,450, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained with the Annual Report and Financial Statements.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 there is 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 the 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 directors' reports 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST MILE GROUP LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page...], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax legislation in the United Kingdom.
- We understood how First Mile Group Limited is complying with those frameworks by making enquiries of management include those responsible for legal and compliance procedures . We understood the adoption of accounting standards and considered the compliance with the above laws.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and understanding of business processes and related internal control. We identified fraud risks around management's ability to manipulate results through manual journal entries and adjustments to intercompany recharges recognised as revenue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST MILE GROUP LIMITED

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Enquiry of management and those charged with governance around actual and potential litigation and claims,
  - Reviewing minutes of meetings of those charged with governance,
  - Testing manual journal entries with higher risk characteristics and testing unusual or non-standard transactions,
  - Testing the Company's revenue transactions, using substantive audit testing,
  - Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulation

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of

and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Rachel Savage (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 October 2021

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	*2019* *£*
Turnover	4	**847,378**	*1,048,323*
Gross profit		**847,378**	*1,048,323*
Administrative expenses		**(1,029,934)**	*(1,304,802)*
Operating loss	5	**(182,556)**	*(256,479)*
Interest payable and similar expenses	8	**(1,629,084)**	*(1,528,120)*
Loss before tax		**(1,811,640)**	*(1,784,599)*
Tax on loss	9	**-**	*(238,535)*
Loss for the financial year		**(1,811,640)**	*(2,023,134)*

The notes on pages 17 to 29 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	*2019* *£*
Loss for the financial year		**(1,811,640)**	*(2,023,134)*
Other comprehensive income			
Total comprehensive income for the year		**(1,811,640)**	*(2,023,134)*

There were no recognised gains and losses for 2020 or 2019 other than those included in the income statement.

The notes on pages 17 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Investments	10		**18,930,622**		*18,930,622*
			18,930,622		*18,930,622*
Current assets					
Cash at bank and in hand	11	**3,354**		*81,933*	
		3,354		*81,933*	
Creditors: amounts falling due within one year	12	**(1,494,421)**		*(1,296,827)*	
Shareholder loan notes	12	**(21,165,346)**		*(2,093,617)*	
Net current liabilities			**(22,656,413)**		*(3,308,511)*
Total assets less current liabilities			**(3,725,791)**		*15,622,111*
Creditors: amounts falling due after more than one year	13		**-**		*(17,536,262)*
Net liabilities			**(3,725,791)**		*(1,914,151)*
Capital and reserves					
Called up share capital	15		**1**		*1*
Profit and loss account	16		**(3,725,792)**		*(1,914,152)*
			(3,725,791)		*(1,914,151)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 October 2021.

James Charles Harland
Director

The notes on pages 17 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	**1**	**108,982**	**108,983**
Comprehensive income for the year			
Loss for the year	**-**	**(2,023,134)**	**(2,023,134)**
At 1 January 2020	**1**	**(1,914,152)**	**(1,914,151)**
Comprehensive loss for the year			
Loss for the year	**-**	**(1,811,640)**	**(1,811,640)**
At 31 December 2020	**1**	**(3,725,792)**	**(3,725,791)**

The notes on pages 17 to 29 form part of these financial statements.

1. General information

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

The address of its registered office is:
70-71 Wells Street
London
W1T 3QE
United Kingdom

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which have been complied with. The company is included in the consolidated financial statements of its immediate Parent company, First Mile Holdings Limited. The financial statements of First Mile Holdings Limited may be obtained from 70-71 Wells Street, London, W1T 3QE.

In preparing the financial statements, the company has taken advantage of the following exemptions:
• from disclosing key management personnel compensation, as required by paragraph 7 of section 33 Related Party Disclosures;
• from disclosing financial instruments, as required by Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(ii), 11.48(b), and 11.48(c);
• from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 Statement of Financial Position; and
• from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).

On the basis that equivalent disclosures are given in the consolidated financial statements, the company has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues.

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a Parent Company that is also a subsidiary included in the consolidated financial statements of its immediate Parent undertaking established under the law of the UK and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

The most senior Parent entity producing publicly available financial statements is First Mile Holdings Limited. These financial statements are available upon request from 70-71 Wells Street, London, W1T 3QE.

2.4 Going concern

The directors have reviewed the Company's forecasts and cash flow projections for the period through 1 October 2022 (the going concern period) for their assessment of the Company's ability to continue as a going concern.

Cash requirements for the entire First Mile Group (being First Mile Holdings Limited, First Mile Group Limited and First Mile Limited) (the "Group") are managed together by the Company's immediate parent undertaking, First Mile Holdings Limited, so the directors' assessment considers the forecasts for the consolidated Group. The Company has received a letter of support from its immediate parent undertaking in support of this position.

These forecasts consider the ability of the Group to trade within its available facilities and meet its covenants for each testing period or date. A base case forecast for the performance of the Group has been prepared, along with a severe but plausible downside case.

The Group's operations are financed by Loan Notes issued by the Company and held by Growth Capital Partners as the majority shareholder (see note 12 for further details and applicable covenants) along with an external £4m credit facility obtained in December 2020 by First Mile Limited. These facilities are subject to EBITDA, liquidity and leverage covenants.

Due to the impact of Covid-19 in 2020, breaches of the covenants of the Loan Notes occurred in the year and remained as at the date of approval of these financial statements . As the Loan Notes were in technical breach of EBITDA and CFAD (Cashflow available for debt service) covenants as at 31 December 2020, they are presented as current liabilities in the balance sheet. In addition, payments of principal and interest have not been made in line with the terms of the Loan Notes during 2020 and 2021 to date. A letter of support has however been received in September 2021 from Growth Capital Partners which waives all existing covenant breaches. Further, this letter confirms that the repayment of interest and principal, both due to date and becoming payable in the future, as insofar as it remains outstanding, will be deferred or the maturity renegotiated, if payment cannot be made in a solvent manner.

The severe but plausible downside forecast models the impact of further Covid-19 related restrictions being implemented and reducing revenue to a level similar to April / May 2021 for a period of three months in 2022, some easing of restrictions for the next 4 months and no restrictions for the remainder of the going concern period. This scenario, with no mitigations implemented, does not result in either liquidity being reduced to a minimal level nor a breach in the covenants of the £4m credit facility.

2. Accounting policies (continued)

2.4 Going concern (continued)

The Directors have also considered the extent of further restrictions which would result in the elimination of liquidity or a breach in the credit facility covenants over the going concern period. Whilst also considering certain mitigating actions that are assessed as under management's control, revenues would need to reduce to a level last experienced during the first national lockdown in March 2020 (when mandated working from home and all non-essential retail and all hospitality was closed) for a period of over two and a half months for a breach in the EBITDA related covenant. The directors consider this scenario to be remote given the vaccine roll-out status, latest government winter plans and the public sentiment to further restrictions.

Given the resilience and performance of the business, as well as confirmation of support from the shareholders, the Directors believe the Group and the Company are well positioned to withstand the impact of Covid-19. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on the going concern basis. Additional information on the impact of Covid-19 is discussed in the strategic report for the year on page 2.The directors have reviewed the Company's forecasts and cash flow projections for the period through 1 October 2022 (the going concern period) for their assessment of the Company's ability to continue as a going concern.

2.5 Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

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

The company recognises revenue when costs are incurred in fulfilling its obligations in accordance with its management services agreement with First Mile Limited.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.8 Current and Deferred Taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments are reviewed annually for indicators of impairment, and, if identified, an impairment assessment is performed.An impairment loss is measured as the difference between an asset's carrying amount and the best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive, through use (i.e. value-in-use) of the asset were it to be sold at the reporting date (i.e. fair value).

2.10 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. Accounting policies (continued)

2.11 Liabilities

Creditors
Short term creditors are measured at the transaction price.

Bank loans
Bank loans are recognised initially at fair value, net of transaction costs incurred. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Loan notes
Loan notes are recognised initially at fair value, net of transaction costs incurred. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Commitment and borrowing fees are capitalised as part of the loan notes and amortised over the life of the relevant agreement.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other trade debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Company profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. *Judgments in applying accounting policies and key sources of estimation uncertainty*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates

i. Valuation of investments
Annually, management makes a judment on whether indicators exist that suggest fixed asset investments are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the higher of value in use or fair value less costs to sell to each cash generating unit (CGU's). This requires estimation of the future cash flows from the CGUs based on budgets and forecasts and making appropriate assumptions about growth and discounting these using a recognised rate which takes into account prevailing market interest rates and judgements relating to the risks inherent in the business. If the present value of the projected cash flows is less than the carrying value of the underlying asset or group of assets, an impairment charge is recorded in the Income Statement. This calculation requires the exercise of significant judgement by management. If the estimates made prove to be incorrect or changes in the performance of the cash generating unit affect the amount and timing of future cash flows, investments may become impaired in future periods.

Details of the cost, amortisation and net book value of fixed asset investements can be found in note 10.

ii. Deferred tax asset recognition
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets which can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. At 31 December 2020 the Company had unrecognised deferred tax of £677,870 (2019: £422,611).

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Rendering of services	847,378	1,048,323
	847,378	1,048,323

All turnover arose within the United Kingdom.

5. Operating loss and auditors' remuneration

The operating loss and auditors' remuneration is stated after charging:

	2020 £	2019 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	10,000	10,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	851,735	1,087,816
Social security costs	122,515	138,971
Cost of defined contribution scheme	38,675	46,660
	1,012,925	1,273,447

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Sales, marketing and distribution	5	4

7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	83,138	85,107
Company contributions to defined contribution pension schemes	3,904	3,670
	87,042	88,777

During the year retirement benefits were accruing to 4 directors *(2019 - 4)* in respect of defined contribution pension schemes.

Directors' remuneration is apportioned appropriately across the Group.

8. Interest payable and similar expenses

	2020 £	2019 £
Related party loan interest payable	1,629,084	1,528,120
	1,629,084	1,528,120

9. Taxation

	2020 £	2019 £
Corporation tax		
Adjustments in respect of previous periods	-	29,715
	-	29,715
Total current tax	-	29,715
Deferred tax		
Origination and reversal of timing differences	-	263,103
Changes to tax rates	-	(27,695)
Increase in discount	-	(26,588)
Total deferred tax	-	208,820
Taxation on profit on ordinary activities	-	238,535

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2019 - the same as)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)* as set out below:

	2020	2019
	£	£
Loss on ordinary activities before tax	**(1,811,640)**	*(1,784,599)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(344,212)**	*(339,075)*
Effects of:		
Expenses not deductible for tax purposes	**138,672**	*129,848*
Derecognition of tax losses	-	*472,330*
Adjustments to tax charge in respect of prior periods	-	*3,127*
Tax rate changes	-	*(27,695)*
Deferred tax not recognised on tax losses	**205,540**	-
Total tax charge for the year	-	*238,535*

Factors that may affect future tax charges

In March 2021, the Chancellor announced that the UK corporation tax would increase to 25% in 2023. The unrecognised deferred tax asset has been calculated at the enacted rate of 19%.

Ar 31 December 2020, the Company had taxable losses amounting to £3,567,739 (2019: £2,485,948) available for utilisation against future taxable profits. The Company has not recognised a deferred tax asset at 31 December 2020 of £677,870 (2019: £422,611) because of the uncertainty of future taxable profits during the coronavirus pandemic is greater than the expectation of future taxable profits in excess of current accumulated losses.

10. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2020	18,930,622
At 31 December 2020	18,930,622

An analysis on whether the holding value of the investments in subsidiary companies would need to be impaired was undertaken, the result of which was that the holding value is appropriate given the expected future cash flows of the subsidiary.

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
First Mile Limited	70-71 Wells Street, London, W1T 3QE	Ordinary	100%

11. Cash and cash equivalents

	2020 £	*2019 £*
Cash at bank and in hand	3,354	*81,933*
	3,354	*81,933*

12. Creditors: Amounts falling due within one year

	2020 £	*2019 £*
Loans due to related parties	21,165,346	*2,093,617*
Amounts owed to group undertakings	1,484,421	*1,286,827*
Accruals and deferred income	10,000	*10,000*
	22,659,767	*3,390,444*

13. Creditors: Amounts falling due after more than one year

	2020 £	*2019 £*
Loans due to related parties	-	*17,536,262*
	-	*17,536,262*

14. Loans

Loans due to related parties are loan notes issued to Growth Capital Partners Nominees Limited on 12 May 2017 as nominee to Growth Capital Partners LLP with a carrying amount of £21,165,346 (2019: £19,629,879) and are denominated in Sterling with a nominal interest rate of 8%. Principal repayments were due in quarterly instalments from March 2021. Interest payments are also due for payment in quarterly instalments from March 2019. The final instalment for all outstanding balances is due on 12 May 2023.

The principal on the loan notes is £18,570,800 (2019: £18,570,800) and interest accrued was £1,493,012 (2019: £1,207,865). The carrying value includes amortised deal costs of £106,330 (2019: £148,786). The loan notes are listed on The International Stock Exchange to assist in the tax treatment of interest payments against the loan notes under HMRC's Eurobond exemption.

The loan notes have applicable financial covenants for minimum EBITDA and CFAD (Cashflow available for debt service) performance which are tested at each calendar quarter with EBITDA measured on a Last Twelve Months basis.

Due to the impact of Covid-19 in 2020, breaches of the covenants of the Loan Notes occurred in the year and remained as at the date of approval of these financial statements . As the Loan Notes were in technical breach of EBITDA and CFAD (Cashflow available for debt service) covenants as at 31 December 2020, they are presented as current liabilities in the balance sheet. In addition, payments of principal and interest have not been made in line with the terms of the Loan Notes during 2020 and 2021 to date. A letter of support has however been received in September 2021 from Growth Capital Partners which waives all existing covenant breaches. Further, this letter confirms that the repayment of interest and principal, both due to date and becoming payable in the future, as insofar as it remains outstanding, will be deferred or the maturity renegotiated, if payment cannot be made in a solvent manner.

14. Loans (continued)

Analysis of the maturity of loans is given below:

	2020 £	*2019 £*
Amounts falling due within one year		
Loans due to related parties	**21,165,346**	*2,093,617*
	21,165,346	*2,093,617*
Amounts falling due 2-5 years		
Loans due to related parties	-	*17,536,262*
	-	*17,536,262*
	21,165,346	*19,629,879*

As at 31 December 2020, there were three registered charges over the Company's assets, all measured at fair value, as continuing security for the repayment of the respective facilities.

These charges were held by:
i) TC Loans (CBILS) Limited up to the value of the Bank Loans outstanding, valued £4,000,000 as at 31 December 2020
ii) Barclays Bank Plc up to the value of £500,000 as security against misuse of the Direct Debit facility
iii) Growth Capital Partners Nominees Limited up to the value of the Loan Notes, valued at £21,165,346 as at 31 December 2020

15. Share capital

	2020 £	*2019 £*
Allotted, called up and fully paid		
1 *(2019 - 1)* Ordinary shares share of £1.00	**1**	*1*

The Company's issued share capital is composed of a single class of ordinary shares. Each share carries the right to vote at general meetings of the Company. The Company may vary the rights attaching to its shares by special resolution, subject to the Articles of Association and applicable laws and regulations.

16. Reserves

Profit and loss account

The retained earnings reserve holds the retained earnings of the Company, after the deduction of any dividends paid in the period.

17. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £38,675 (2019: £46,660) Contributions totalling £Nil (2019: £Nil) were payable to the fund at the reporting date and are included in creditors.

18. Related party transactions

Summary of transactions with key management personnel
During the year Group companies made purchases at market prices from Parcel2Go Limited of £6,389 (2019: £6,271) and had an outstanding year end balance of £2,293 (2019: £Nil), of which J Greenbury is a director.

Summary of transactions with Parent
In 2017 loan notes were issued to Growth Capital Partners Nominees Limited as nominee to Growth Capital Partners LLP. They carry interest at 8%.

	2020 £	2019 £
Balance brought forward	**19,629,879**	*18,570,800*
Current year interest charges	**1,586,628**	*1,485,664*
Interest paid in year	**(93,617)**	*(469,041)*
Deal costs amortised in year	**42,456**	*42,456*
Balance at year end	**21,165,346**	*19,629,879*

19. Controlling party

The company's immediate Parent is First Mile Holdings Limited, a company incorporated in the United Kingdom.

The most senior Parent entity producing publicly available financial statements is First Mile Holdings Limited. These financial statements are available upon request from 70-71 Wells Street, London, W1T 3QE.

The ultimate controlling party is Growth Capital Partners LLP.