

**DEPOSIT RETURN SCHEME IRELAND
COMPANY LIMITED BY GUARANTEE T/A
RE-TURN**

Directors' Report and Financial Statements

**For the year ended
31 December 2023**

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

DIRECTORS REPORT AND FINANCIAL STATEMENTS for the year ended 31 December 2023

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DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

DIRECTORS' AND OTHER INFORMATION

BOARD OF DIRECTORS

Mr. Tony Keohane (Chairperson)
Ms. Tara Buckley
Mr. Tom Burke
Mr. Kevin Donnelly
Ms. Rosemary Garth
Mr. Conor Hyland (appointed 25 August 2023)
Mr. David Kelly
Mr. Shane Kelly (appointed 22 September 2023)
Mr. Joseph Owens
Ms. Noreen O'Kelly

SECRETARY AND REGISTERED OFFICE

Ms. Naiara de Souza Maia
Red Cow Interchange Estate
1 Ballymount Road
Clondalkin
Dublin 22

COMPANY NUMBER

714670

INDEPENDENT AUDITORS

Mazars
Chartered Accountants and Statutory Audit Firm
3 Harcourt Centre
Harcourt Road
Dublin 2

SOLICITORS

Byrne Wallace LLP
88 Harcourt Street
Dublin 2

Matheson LLP
70 Sir John Rogerson's Quay
Dublin Docklands
Dublin 2

Hayes Solicitors LLP
Lavery House
Earlsfort Terrace
Dublin 2

BANKERS

AIB Bank
Naas Road
Dublin 12

Bank of Ireland
Newlands Cross
Dublin 22

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the company for the financial year ended 31 December 2023.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company is to operate Ireland's national Deposit Return Scheme under the approval granted to it by the Minister for the Environment, Climate and Communications on 1 July 2022, in order to ensure that Ireland's obligations under the Separate Collection (Deposit Return Scheme) Regulations 2021 are met.

The Company's mission therefore is to provide consumers, on behalf of its members, a convenient, user-friendly and best in class deposit return system for PET beverage bottles, and aluminium and steel cans in Ireland, in accordance with this Approval. Since incorporation in 2022, the Company has been planning to set up a viable scheme and to ensure that the infrastructure is in place for the collection, processing and recycling of in-scope beverage containers by the 'go-live' date of 1 February 2024, and to achieve the collection and recycling targets as laid out in Regulation 5 of the Separate Collection (Deposit Return Scheme) Regulations 2021.

The Company has entered into a Service Level Agreement "SLA" with Repak Limited, who provide services, facilities and expertise to assist the Company in the establishment, launch and roll out of the scheme. Charges under the SLA amounted to €964k in the year ended 31 December 2023 (period ended 31 December 2022: €993k). This SLA will cease in December 2024.

On 21 December 2022 the company entered into an unsecured 8.5% loan note agreement in the amount of €1.5m with Repak Limited. This loan note was drawn down in January 2023 and repaid to Repak Limited in full in May 2023.

During the financial year the company secured a bank facility of €27.5m (€20m term loan and €7.5m revolving credit facility) from Bank of Ireland. The company has drawn down €10m of this Facility as at 31 December 2023.

The company operates from premises at Red Cow Interchange Estate, 1 Ballymount Road, Clondalkin, Dublin 22.

The company made a loss after taxation, of €5.7m in the year, reflecting the set-up costs of the scheme (period ended 31 December 2022: €2m). This loss is in line with initial financial projections and therefore the Directors are satisfied with the results for the year and the financial position of the Company as at the year-end date.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

DIRECTORS' REPORT

2. PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the following are the principal risks and uncertainties that could materially and adversely impact the company's operating results or financial position:

- Consumer engagement and appetite to participate in the scheme
- Operational risks arising from a nationwide roll out of reverse vending machines
- Outsourcing risk and reliance on recycling and collection partners
- IT risks to ensure internal and external systems meet the demands and volumes of the scheme
- Credit risks associated with a timely settlement and collection of producer fees and deposits
- Liquidity risk to ensure sufficient funds are available for timely settlement of retailer and supplier costs
- Market and price risks associated with selling of materials collected
- Key personnel risk and retention of key staff

The company maintains an active risk register which identifies the key risks, considers mitigation strategies and is reviewed regularly.

3. RESULTS AND RESERVES

The Statement of Comprehensive Income and Statement of Financial Position for the financial year ended 31 December 2023 are set out on pages 11 and 12.

4. POLITICAL DONATIONS

There were no political donations for the year ended 31 December 2023.

5. ENVIRONMENT, HEALTH AND SAFETY

The company is committed to high standards of Environment, Health and Safety (EHS) performance across our business. Our goal is to protect people, minimise harm to the environment and contribute towards sustainable waste management. We seek to achieve continuous improvement in EHS performance.

6. EMPLOYEES

Overall responsibility for staff lies with the Chief Executive. Day to day responsibility for ensuring that the company's employment policies are effectively implemented lies with allocated members of the management team. The company ensures that the training and professional development requirements of employees are addressed on an ongoing basis.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

DIRECTORS' REPORT

7. DIRECTORS AND SECRETARY

The names of the persons who served as Directors of the company during the financial year 31 December 2023 are set out below.

Mr. Tony Keohane	(Chairperson)
Ms. Tara Buckley	
Mr. Tom Burke	
Ms. Avril Collins	(Resigned 25 August 2023)
Mr. John Curran	(Resigned 5 April 2024)
Mr. Kevin Donnelly	
Ms. Rosemary Garth	
Mr. Conor Hyland	(Appointed 25 August 2023)
Mr. David Kelly	
Mr. Shane Kelly	(Appointed 22 September 2023)
Mr. Joseph Owens	
Ms. Noreen O'Kelly	
Mr. Liam Reid	(Resigned 15 September 2023)

Mr. Kevin Donnelly served as company secretary until his resignation on 25 August 2023 when he was replaced by Ms. Naiara de Souza Maia.

In accordance with the company's Constitution, the Directors are appointed for a term of 4 years, after which they may be reappointed for one further term of 4 years.

8. POST BALANCE SHEET EVENTS

The national Deposit Return Scheme commenced operations on 1 February 2024.

9. GOING CONCERN

The Directors have considered and deem it appropriate to continue to adopt the going concern basis in the preparation of these financial statements. The Company has secured adequate third-party funding to fund both startup costs and the initial working capital requirements post the go-live date. Internal cash flow models indicate that the company will be cash generative both in the short term and over the licence period.

10. RESEARCH AND DEVELOPMENT

The company did not engage in any research and development activities during the financial year.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

DIRECTORS' REPORT

11. DISCLOSURE OF INFORMATION TO AUDITORS

The Directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- He/she 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 statutory auditors are aware of that information.

12. ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Red Cow Interchange Estate, 1 Ballymount Road, Clondalkin, Dublin 22.

13. AUDIT COMMITTEE

The company had an audit and risk committee in place during the year ended 31 December 2023.

14. STATUTORY AUDITORS

The statutory auditors, Mazars, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.


On behalf of the board

Ms. Noreen O'Kelly
Director

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Mr. Tony Keohane
Director

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26 April 2024

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law.

Irish law requires the Directors to prepare financial statements for each financial period giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the company for the financial year. Under that law the Directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and promulgated by the Institute of Chartered Accountants in Ireland) and Irish law.

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial period and the profit or loss of the company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a 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:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


On behalf of the board

Ms. Noreen O'Kelly
Director

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Mr. Tony Keohane
Director

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26 April 2024



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Deposit Return Scheme Ireland Company Limited By Guarantee T/A Re-Turn for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

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 at least twelve months from the date 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.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the company. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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 they 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

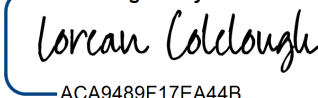
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

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Lorcan Colclough
For and on behalf of Mazars
Chartered Accountants
& Statutory Audit Firm
Block 3
Harcourt Centre
Harcourt Road
Dublin 2

26 April 2024

**DEPOSIT RETURN SCHEME IRELAND COMPANY
LIMITED BY GUARANTEE T/A RE-TURN**

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Year ended 31 December 2023 €	10 Month Period (28 February 2022) to 31 December 2022 €
Other operating income	5	500,000	-
Administrative expenses	6	(6,555,274)	(2,183,010)
Operating loss		(6,055,274)	(2,183,010)
Interest payable and similar charges	7	(428,386)	(35,976)
Loss on ordinary activities before taxation		(6,483,660)	(2,218,986)
Tax on loss on ordinary activities	9	826,729	187,500
Loss for the financial year/period		(5,656,931)	(2,031,486)

There was no other comprehensive income for the financial year/period.

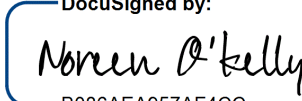
DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

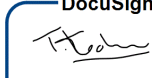
STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31 December 2023 €	31 December 2022 €
Fixed assets			
Tangible assets	10	19,813	963
Intangible assets	11	1,415,023	-
		<u>1,434,836</u>	<u>963</u>
Current assets			
Debtors	12	1,851,368	494,515
Cash at bank and in hand		1,654,989	726,771
		<u>3,506,357</u>	<u>1,221,286</u>
Creditors: amounts falling due within one year	13	<u>(7,629,610)</u>	<u>(2,528,735)</u>
Net current liabilities		<u>(4,123,253)</u>	<u>(1,307,449)</u>
Total assets less current liabilities		(2,688,417)	(1,306,486)
Creditors: amount falling due after one year	14	<u>(5,000,000)</u>	<u>(725,000)</u>
Net liabilities		<u>(7,688,417)</u>	<u>(2,031,486)</u>
Capital and reserves			
Profit and loss account	15	<u>(7,688,417)</u>	<u>(2,031,486)</u>
Total deficit		<u>(7,688,417)</u>	<u>(2,031,486)</u>

On behalf of the board

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Ms Noreen O'Kelly
 Director

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 C277C546121445D...
Mr Tony Keohane
 Director

26 April 2024

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2023

	Profit and loss account €	Total €
On incorporation	-	-
Loss for the financial period	<u>(2,031,486)</u>	<u>(2,031,486)</u>
Balance at 31 December 2022	<u>(2,031,486)</u>	<u>(2,031,486)</u>
Loss for the financial year	<u>(5,656,931)</u>	<u>(5,656,931)</u>
Balance at 31 December 2023	<u><u>(7,688,417)</u></u>	<u><u>(7,688,417)</u></u>

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 €	10 Month Period (28 February 2022) to 31 December 2022 €
Cash outflow from operating activities	16	(5,928,229)	(1,029,808)
Cash flows from investing activities			
Purchase of tangible fixed assets		(28,998)	(1,445)
Purchase of intangible fixed assets		(1,617,169)	
Net cash used in investing activities		(1,646,167)	(1,445)
Cash flows from financing activities			
Movement in financing creditors		(1,069,000)	1,794,000
Movement in bank loans		10,000,000	-
Interest paid		(428,386)	(35,976)
Net cash generated from financing activities		8,502,614	1,758,024
Net increase in cash and cash equivalents		928,218	726,771
Cash and cash equivalents at start of year/ period		726,771	-
Cash and cash equivalents at end of year/ period		1,654,989	726,771
Cash and cash equivalents consist of:			
Cash and bank and in hand		1,654,989	726,771

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The company is a company limited by guarantee incorporated, domiciled and tax resident in Ireland. The principal activity of the company is to operate Ireland's national Deposit Return Scheme. The Deposit Return Scheme is in place to ensure obligations under the Separate Collection (Deposit Return Scheme) Regulations 2021 are met. The company was granted approval to operate by the Minister for the Department of the Environment, Climate and Communications on 1 July 2022. The company operates from premises at Red Cow Interchange Estate, 1 Ballymount Road, Clondalkin, Dublin 22.

The company's mission is to provide for consumers on behalf of Deposit Return Scheme Ireland members, a convenient, user-friendly and best in class deposit return system for beverage bottles, aluminium & steel cans in Ireland in accordance with the approval granted by the Minister for the Environment, Climate and Communications.

2. STATEMENT OF COMPLIANCE

The company's financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The company's financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation of uncertainty at the end of the financial year. It also requires the Directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed in note 4.

(b) Going concern

The Directors deem it appropriate to continue to adopt a going concern basis in the preparation of these financial statements as the Company has secured adequate third-party funding to fund both startup costs and the initial working capital requirements post the go-live date. Internal cash flow models indicate that the company will be cash generative both in the short term and over the licence period.

(c) Foreign currency

(i) Functional and presentation currency

The company's functional and presentation currency is the Euro, denominated by the symbol "€".

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "interest receivable and similar income" or "interest payable and similar changes" as appropriate. All other foreign exchange gains and losses are presented in the income statement within 'Administrative Expenses'.

(d) Income tax

Income tax expense / credit for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income tax(continued)

(ii) *Deferred tax*

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

e) **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on a straight-line basis at rates, which are estimated to reduce the assets to realisable values by the end of their expected useful lives as follows: -

Computer equipment	-	33% straight line
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Depreciation is charged when the asset is substantially ready for use. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

f) **Intangible assets**

Intangible assets comprise of the implementation of an ERP solution. Costs in respect of the ERP solution comprises the cost incurred in bringing the asset to its intended use. The ERP solution is amortised over 8 years, being the period of expected future benefit, by charging equal instalments to the Statement of Comprehensive Income from the date the developments are complete, and the assets are available for use.

(g) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in funds are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash, and cash equivalents and short terms deposits are subsequently measured at amortised cost using the effective interest method. Investments are subsequently measured at fair value through profit or loss. The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in the income statement. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases, and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payments due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

(i) Government grant

Government grants relating to expenditure are released to the Income Statement as the related expenditure is incurred.

(j) Short term employee benefits

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The company operates an annual bonus plan for employees. An expense is recognised in the income statement when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the entity's accounting policies

There were no significant judgements made by the Directors that had a significant effect on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions

There were no significant estimates made by the Directors that had a significant effect on the amounts recognised in the financial statements.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER OPERATING INCOME

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Grant income	500,000	-
	<u>500,000</u>	<u>-</u>

The grant was provided by the Department of Environment, Climate and Communications. The grant provided was towards the cost of implementing a national communications campaign in relation to the Deposit Return Scheme.

6. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Marketing, communications and public awareness	1,183,779	107,028
Staff costs (note 8)	1,267,602	361,333
Professional and legal fees	580,688	340,509
IT set up cost	1,599,812	374,079
Office and other administrative expenses	1,923,393	1,000,061
	<u>6,555,274</u>	<u>2,183,010</u>

Included within office and other administrative expenses above is €916k (2022: €958k) relating to a service level agreement with Repak Limited.

Remuneration (including expenses) for the statutory audit and other services carried out for the company by the company's auditors is as follows:

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Audit of entity financial statements	21,000	12,500
Tax compliance services	2,700	-
	<u>23,700</u>	<u>12,500</u>

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Interest on loan facilities	372,387	-
Interest on advanced payments	55,999	35,976
	<u>428,386</u>	<u>35,976</u>

8. EMPLOYEES AND DIRECTORS

	Year ended 31 December 2023 Number	Period ended 31 December 2022 Number
(i) Employees		
Directors	11	11
Administration	22	1
	<u>33</u>	<u>12</u>
	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Staff costs comprise		
Wages and salaries	1,136,342	358,929
Social security costs	82,141	2,404
Other retirement benefits costs	49,119	-
	<u>1,267,602</u>	<u>361,333</u>

All staff costs have been treated as an expense in the income statement.

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
(ii) Directors		
Emoluments	<u>401,356</u>	<u>313,087</u>

Key management includes the Board of Directors (executive and non-executive) and the Company Secretary. The compensation paid or payable to key management is shown above.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

9. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Tax expense included in loss		
Current tax expense for the financial period	-	-
Deferred tax credit for the financial period	<u>(826,729)</u>	<u>(187,500)</u>
	<u>(826,729)</u>	<u>(187,500)</u>

Reconciliation of tax expense

The tax assessed for the financial period is higher than the standard rate of corporation tax in the Republic of Ireland for the financial period ended 31 December 2023 of 12.5% (2022: 12.5%). The differences are explained below:

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Loss on ordinary activities before tax	<u>(6,483,660)</u>	<u>(2,218,986)</u>
Loss on ordinary activities before tax multiplied by the standard rate of tax in the Republic of Ireland for the financial period ended 31 December 2023 of 12.5% (2022: 12.5%)	(810,458)	(277,373)
<i>Effects of:</i>		
Expenses not deductible	58,390	89,873
Tax losses carried forward	752,068	187,500
Deferred tax movement	<u>(826,729)</u>	<u>(187,500)</u>
Tax on loss on ordinary activities	<u>(826,729)</u>	<u>(187,500)</u>

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

10. TANGIBLE ASSETS

	Computer Equipment €
Cost	
At 31 December 2022	1,445
Additions	28,998
At 31 December 2023	30,443
Accumulated depreciation	
At 31 December 2022	482
Charge for the period	10,148
At 31 December 2023	10,630
Net book value	
At 31 December 2022	963
At 31 December 2023	19,813

11. INTANGIBLE ASSETS

	Software €
Cost	
Additions	1,617,169
At 31 December 2023	1,617,169
Accumulated amortisation	
At 31 December 2022	-
Charge for the period	202,146
At 31 December 2023	202,146
Net book value	
At 31 December 2022	-
At 31 December 2023	1,415,023

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

12. DEBTORS

	2023 €	2022 €
Debtors	7,020	-
VAT recoverable	366,119	307,015
Prepayments	464,000	-
Deferred tax asset	<u>1,014,229</u>	<u>187,500</u>
	<u>1,851,368</u>	<u>494,515</u>
	2023 €	2022 €
Deferred tax		
At beginning of year/period	187,500	-
Deferred tax credit	<u>826,729</u>	<u>187,500</u>
At end of year/period	<u>1,014,229</u>	<u>187,500</u>

The deferred tax asset arises on tax losses carried forward.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 €	2022 €
Bank loan (a)	5,000,000	-
Trade creditors (b)	1,473,711	2,055,029
Accruals	168,767	472,663
Advanced payments (c)	777,114	-
Tax and social insurance (d)	179,422	1,043
Corporations tax liability	701	-
Other creditors	<u>29,895</u>	<u>-</u>
	<u>7,629,610</u>	<u>2,528,735</u>

(a) On 11 April 2023 the company entered into a facility agreement with Bank of Ireland amounting to €27.5 million. 5.9% fixed rate loan of €5 million was drawn down on 11 April 2023. 6.34% fixed rate loan of €5 million was drawn down on 21 August 2023. After year end a 5.86% fixed rate loan of €5 million was drawn down on 25 January 2024. €5 million is repayable within one year and €5 million is repayable in 2025. The bank facilities are secured by a fixed charge over the assets of the company.

(b) Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

(c) The advanced payments accrue interest at 7% per annum from date of receipt until fully utilised against invoices issued by the company in 2024.

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONT'D)

(d) Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

	2023 €	2022 €
Tax and social insurance comprise		
PAYE/PRSI	179,422	1,043

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2023 €	2022 €
Bank loan (Note 13a)	5,000,000	-
Advanced payments (Note 13c)	-	725,000
	<u>5,000,000</u>	<u>725,000</u>

15. RESERVES

Profit and loss account

Profit and loss account represents accumulated comprehensive income.

16. NOTE TO THE STATEMENT OF CASH FLOWS

	Year ended 31 December 2023 €	Period ended 31 December 2022 €
Loss for the financial year/period	(5,656,931)	(2,031,486)
Tax on loss on ordinary activities	(826,729)	(187,500)
Net interest expense	428,386	35,976
Operating loss	(6,055,274)	(2,183,010)
Depreciation and amortisation of fixed assets	212,294	482
Increase in debtors	(530,123)	(307,015)
Increase in creditors	444,874	1,459,735
Cash outflow from operating activities	<u>(5,928,229)</u>	<u>(1,029,808)</u>

DEPOSIT RETURN SCHEME IRELAND COMPANY LIMITED BY GUARANTEE T/A RE-TURN

NOTES TO THE FINANCIAL STATEMENTS

17. EVENTS SINCE THE END OF THE FINANCIAL YEAR

The national Deposit Return Scheme commenced operations on 1 February 2024.

18. CONTINGENCIES AND COMMITMENTS

The company as at 31 December 2023 was committed to a capital spend of €2.7m for the continued development of the IT system intangible asset in 2024.

There were no other capital commitments that require disclosure at 31 December 2023.

19. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 26 April 2024.