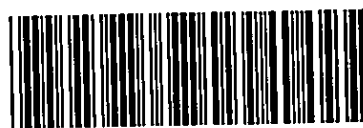


Dauson Environmental Group Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 30 June 2012

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COMPANIES HOUSE

Haines Watts Wales LLP
Statutory Auditors and Chartered Accountants
Pagefield House
24 Gold Tops
Newport
NP20 4PG

Dauson Environmental Group Limited
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Dauson Environmental Group Limited
Company Information

Directors	Mr David Neal Mr Michael Kenney
Company secretary	Mr David Neal
Registered office	Atlantic Ecopark Newton Road Cardiff South Glamorgan CF3 2EJ
Solicitors	Dolmans Solicitors 17-21 Windsor Place Cardiff CF10 3DS
Bankers	HSBC plc City Branch 114 St Mary Street Cardiff CF10 1LF
Auditors	Haines Watts Wales LLP Statutory Auditors and Chartered Accountants Pagefield House 24 Gold Tops Newport NP20 4PG

Dauson Environmental Group Limited

Directors' Report for the Year Ended 30 June 2012

The directors present their report and the consolidated financial statements for the year ended 30 June 2012

Directors of the company

The directors who held office during the year were as follows

Mr David Neal

Mr Michael Kenney

Principal activity

The principal activity of the group is the reclamation and restoration of former landfill sites, recycling of waste material, the supply of soil, clay and stone and the provision of haulage services

Business review

The Directors present their report and the audited consolidated financial statements for the year ended 30 June 2012

Business Review

The directors consider that the results for the year and the financial position at the end of the year were satisfactory, considering the challenges that various Group companies have coped with during the period under review and in a market driven by legislation, financial and regulatory constraints

This financial period has been influenced by the following significant factors In the period under review (July 11 – June 12) the Group had added a number of technological improvements to its processes which have taken longer than originally planned to complete Although planning for these processing improvements started in 2006, a variety of regulatory and financial factors contributed to the delay in implementing these improvements, which has impacted on the achievement of planned increased revenue streams Further valuable experience has been gained during this period which is enabling the Group to take advantage of a number of waste streams not envisaged 6 years ago Furthermore since the financial period end, new customer relationships have been gained, who want to take advantage of the skills and new leading edge technology provided by the Group to achieve their ultimate individual objectives in diverting waste from Landfill to recycling/recovery of reusable recycled products

The decision 3 years ago for this multi-disciplined Group to balance revenue between Construction Related, Haulage & Soil/Aggregate Supply and Waste Management has helped sustain the Group through this development period and mitigate trading risks and losses

One of the Dauson Group's key strengths continues to be the unique location of its large scale 130 acre Ecopark with potential to expand by another 200 acres, within 2 miles of the City centre and in easy access to the South Wales motorway network The Group employ 111 quality and experienced employees and a significant resource continues to be directed towards, training, personal development and succession planning

2011/12 was again a period of investment both in infrastructure and plant The Soil Washery construction, which had been started in 2011 was due to be completed and commissioned by the end of 2011 This was delayed by regulatory procedural processes and it wasn't until the 30th June before the commissioning of the plant could commence This delay has cost the Group in excess of £700,000 in lost revenue

The Group achieved a net pre tax profit of £184,510 (2011 £262,182) for the year

- Neal Soil Suppliers Ltd ("Neal Soil") revenues are marginally improved but it is still not achieving its full potential in a difficult market sector which is still depressed as a result of the downturn in this market Operating losses have been reduced Further cost savings have been achieved on administration and overhead expenditure and has resulted in a reduced pre tax loss of £11,168 (2011 Loss £136,718) for the year The overheads included some additional costs in respect of Neal Aggregate Suppliers Ltd whilst its Washplant remained idle for 6 months during the review period These costs in future will be covered by intercompany charges now that the Washplant is in production

Dauson Environmental Group Limited
Directors' Report for the Year Ended 30 June 2012

..... *continued*

- Atlantic Recycling Ltd ("Atlantic") which replaced the combined operations of Action Recycling Ltd, Neal Recycling Ltd and Atlantic Waste Management Ltd increased Revenues by 27%, but achieved a reduced pre-tax profit of £138,057 (£247,930) for the year. Phase 1 of the new Materials Handling Facility completed in 2011 has enabled the handling of increased tonnage volumes, but global demand for recyclate during the review period fell together with prices. Atlantic Recycling Ltd, in common with other waste processors in the UK, will always be exposed to these market trends that can affect future profitability. Progress has been made during the year with the processing of residual waste into Refuse Derived Fuel ("RDF") with the aim of reducing landfill usage to zero in the future and improving costs. Currently RDF is being shredded and bailed for export to Europe to fuel power generation plants and further investment in this stage 2 waste processing is planned in the next 12 months to make this operation more efficient and reduce costs further.
- Cardiff Demolition Co Ltd increased its revenue by 22% for the year but operates in a highly competitive market which has seen no real growth during the review period. It has however maintained a competitive position and gained several new contracts which will overlap into the current financial period. Pre tax profits increased to £573,969 (2011 £271,548) for the year. This pre tax profit was influenced by the profit on the sale of plant assets during the review period.
- Neal Aggregate Suppliers Ltd ("Neal Agg") did not operate during the review period whilst awaiting regulatory approvals. Therefore no meaningful conclusions can be drawn on its operations as revenues reported resulted from trial/commissioning procedures. The majority of its overheads were covered by Neal Soil during the review period and the pre tax loss of £44,389 (Loss £864) related to residual costs whilst the plant awaited commissioning.
- Bluefield Land Ltd ("Bluefield") reported no income for the period with no further sales activities/interest in its two South Wales brown field sites with outline planning permission for housing. House builders continue to use up their existing land banks as demand for new housing continues to be flat, but eventually when these land banks are fully developed, opportunities to sell these two sites will be developed further. Bluefields pre tax loss for the period was £98,890 (Loss £67,957). Bluefield also have a minority interest in Bluefield Caernarvon Ltd ("BC") whose partner is a major Welsh construction company. BC owns land in North Wales currently being marketed for a mixed use development including a Data Centre and support businesses as well as new housing.

Mission Statement

"Dauson Group and its affiliates mission, is to increase profitability through innovation in managing environments, which will contribute towards minimising landfill, help to reduce carbon emissions and making the difference to our environment for all our futures"

Recent Developments

The Group is still in negotiations with Rhondda Cynon Taff Local Authority for compensation for land owned by Neal Soil Suppliers Ltd having been compulsory purchase for the building of the Church Village bypass. A settlement offer has not been received during the Review period, although the council took entry to the land over 4 years ago.

The Group are involved in three main sector operating activities

Construction/Development Related – Bluefield Land Ltd Haulage, Soil and Aggregate Recycling Supply – Neal Soil Suppliers Ltd, Neal Aggregate Suppliers Ltd and

Cardiff Demolition Co Ltd

Waste Management- Atlantic Recycling Ltd

Dauson Environmental Group Limited
Directors' Report for the Year Ended 30 June 2012

..... continued

Critical Issues facing the Group

To ensure that we fulfil our duty of care towards the environment and comply with the various environmental and quality performance standards issued by government and regulatory bodies

Continue to develop innovative methods to face the challenges that the Dauson Group will encounter in a complex and changing market and operating environment, whilst continuing to build its reputation by demonstrating the Groups' environmental awareness and responsibility

The generation of a series of environmentally beneficial production processes in soil processing, recycling commercial waste materials and green waste recycling are seen as the main innovators. Significant long term contracts are being tendered/negotiated with Blue-chip customers who will underpin future investments at the Ecopark

The problems associated with the UK's changing weather conditions, the continuing current economic climate and pressure on cash management remain as the biggest challenges to the Group

The legislative measures to control the economy have heavily impacted on public spending. New projects continue to be delayed and it is taking longer for the Group to achieve its medium term objectives satisfactory level of profitability

The core key areas remain unchanged that will support the Group to achieve future success

- Improved infrastructure
- Acquiring up to date technology
- Securing adequate long term investment and funding

The Group continues to recognise like most businesses that the risk of staying the same is greater than the risk of changing in this fast developing sector and current uncertain financial environment

Internal Analysis

The Dauson Group is strong in proven resources, well located with a wealth of experience to maximise the growth opportunity present in the waste recycling market within South East Wales and construction related industries

External Analysis

The external opportunities created for the Dauson Group to succeed continue to be mainly legislative driven and with limited threats from competition because of its location and extensive facilities at the Ecopark and are well placed to capture a larger market share providing it can gain financial stability

Financial Performance

Consolidated Group financial performance for the last 3 years is summarized as follows

Dauson Group	Audited 2010	Audited 2011	Audited 2012
	£,000	£,000	£,000
Turnover	10,124	10,776	12,507
Profit before tax	468	262	184
Shareholders funds	2,047	2,291	2,454

POST BALANCE SHEET EVENTS

There are no events that occurred since the year end which requires reporting or disclosing in the financial statements

Dauson Environmental Group Limited
Directors' Report for the Year Ended 30 June 2012

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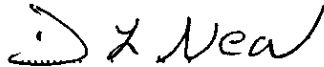
Results and dividends

The profit after taxation of the Group for the year amounted to £162,343 (2011 £243,996) The directors have not recommended a dividend

Disclosure of information to the auditors

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

Approved by the Board on 15/6/12 and signed on its behalf by



Mr David Neal
Director

Dauson Environmental Group Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of Dauson Environmental Group Limited

We have audited the financial statements of Dauson Environmental Group Limited for the year ended 30 June 2012, set out on pages 9 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2012 and of the group's profit 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.

Opinion on other matter prescribed by the Companies Act 2006

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

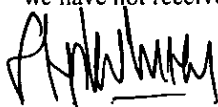
**Independent Auditor's Report to the Members of
Dauson Environmental Group Limited**

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

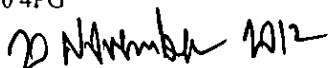


Stephen Lucey (Senior Statutory Auditor)

For and on behalf of Haines Watts Wales LLP, Statutory Auditor

Pagefield House
24 Gold Tops
Newport
NP20 4PG

Date



Dauson Environmental Group Limited
Consolidated Profit and Loss Account for the Year Ended 30 June 2012

	Note	2012 £	2011 £
Turnover		12,507,106	10,776,241
Cost of sales		<u>(9,484,461)</u>	<u>(7,723,674)</u>
Gross profit		3,022,645	3,052,567
Administrative expenses		(2,759,304)	(2,383,272)
Other operating income		<u>78,740</u>	<u>13,063</u>
Group operating profit	2	342,081	682,358
Share of operating profit/(loss) in associates		<u>28,669</u>	<u>(45,315)</u>
Total operating profit group and share of joint venture and associate		370,750	637,043
Profit on disposal of fixed assets	4	234,101	-
Other interest receivable and similar income	7	92	-
Amounts written off investments		53,656	-
Interest payable and similar charges	8	<u>(474,089)</u>	<u>(374,861)</u>
Profit on ordinary activities before taxation		184,510	262,182
Tax on profit on ordinary activities	9	<u>(33,475)</u>	<u>(56,402)</u>
Profit on ordinary activities after taxation		151,035	205,780
Minority interest		<u>11,308</u>	<u>38,216</u>
Profit for the financial year attributable to members of the parent company	19	<u><u>162,343</u></u>	<u><u>243,996</u></u>

Turnover and operating profit derive wholly from continuing operations

The group has no recognised gains or losses for the year other than the results above

Dauson Environmental Group Limited
Consolidated Balance Sheet at 30 June 2012

		2012		2011	
	Note	£	£	£	£
Fixed assets					
Intangible fixed assets	10		103,164		98,242
Tangible fixed assets	11		8,529,285		5,553,541
Investment in associate			36,858		43,668
			<u>8,669,307</u>		<u>5,695,451</u>
Current assets					
Stocks	13	3,052,234		2,910,504	
Debtors	14	4,014,957		3,111,075	
Cash at bank and in hand		<u>4,509,983</u>		<u>4,103,327</u>	
		11,577,174		10,124,906	
Creditors Amounts falling due within one year	15	<u>(12,336,942)</u>		<u>(9,815,553)</u>	
Net current (liabilities)/assets			<u>(759,768)</u>		<u>309,353</u>
Total assets less current liabilities			7,909,539		6,004,804
Creditors Amounts falling due after more than one year	16		<u>(5,380,687)</u>		<u>(3,612,566)</u>
Provisions for liabilities	17		<u>(241,172)</u>		<u>(255,593)</u>
Net assets			<u>2,287,680</u>		<u>2,136,645</u>
Capital and reserves					
Called up share capital	18	1,007,221		1,007,221	
Profit and loss account	19	<u>1,446,353</u>		<u>1,284,010</u>	
Shareholders' funds	20	2,453,574		2,291,231	
Minority interest		<u>(165,894)</u>		<u>(154,586)</u>	
Capital employed			<u>2,287,680</u>		<u>2,136,645</u>

Approved by the Board on 15/11/12 and signed on its behalf by



Mr David Neal
Director

Dauson Environmental Group Limited

(Registration number: 07040124)

Balance Sheet at 30 June 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	12	<u>911,089</u>	<u>911,089</u>
Current assets			
Debtors	14	1,216,592	1,133,220
Creditors Amounts falling due within one year	15	<u>(4,033,905)</u>	<u>(3,944,301)</u>
Net current liabilities		<u>(2,817,313)</u>	<u>(2,811,081)</u>
Net liabilities		<u>(1,906,224)</u>	<u>(1,899,992)</u>
Capital and reserves			
Called up share capital	18	1,007,221	1,007,221
Profit and loss account	19	<u>(2,913,445)</u>	<u>(2,907,213)</u>
Shareholders' deficit	20	<u>(1,906,224)</u>	<u>(1,899,992)</u>

Approved by the Board on 15/6/12 and signed on its behalf by



Mr David Neal
Director

Dauson Environmental Group Limited
Consolidated Cash Flow Statement for the Year Ended 30 June 2012

Reconciliation of operating profit/loss to net cash flow from operating activities

	2012	2011
	£	£
Operating profit/(loss)	342,081	682,358
Depreciation, amortisation and impairment charges	1,307,951	944,894
(Profit)/loss on disposal of fixed assets	(4,909)	7,045
(Increase) in stocks	(141,730)	(339,413)
(Increase)/decrease in debtors	(863,881)	70,141
Increase in creditors	1,591,375	355,894
Release of government grants	(78,375)	(13,063)
Net cash inflow/outflow from operating activities	<u>2,152,512</u>	<u>1,707,856</u>

Cash flow statement

	2012	2011
	£	£
Net cash inflow from operating activities	<u>2,152,512</u>	<u>1,707,856</u>
Returns on investment and servicing of finance		
Interest received	92	-
HP and finance lease interest	(261,941)	(155,254)
Interest paid	<u>(212,149)</u>	<u>(202,702)</u>
	<u>(473,998)</u>	<u>(357,956)</u>
Tax received / (paid)	<u>38,577</u>	<u>(93,229)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,252,962)	(1,356,098)
Sale of tangible fixed assets	510,360	106,328
Capital grants received	<u>-</u>	<u>1,424,511</u>
	<u>(742,602)</u>	<u>174,741</u>
Net cash inflow before management of liquid resources and financing	<u>974,489</u>	<u>1,431,412</u>

Dauson Environmental Group Limited
Consolidated Cash Flow Statement for the Year Ended 30 June 2012

..... *continued*

Financing

Repayment of loans and borrowings	(6,245)	(73,545)
New loans received	1,110,000	-
Capital element of finance lease / HP contract rentals	(1,473,403)	(920,993)
	(369,648)	(994,538)
	<u>604,841</u>	<u>436,874</u>
Increase in cash		

Reconciliation of net cash flow to movement in net debt

	Note	2012 £	2011 £
Increase/(decrease) in cash		604,841	(1,432,239)
Cash inflow from increase in loans		(1,110,000)	-
Cash outflow from repayment of loans		6,246	(317,520)
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		<u>1,473,401</u>	<u>920,995</u>
Change in net debt resulting from cash flows	22	974,488	(828,764)
New finance leases		<u>(3,257,870)</u>	<u>(1,887,865)</u>
Movement in net debt	22	(2,283,382)	(2,716,629)
Net debt at 1 July	22	<u>(4,508,864)</u>	<u>(1,792,235)</u>
Net debt at 30 June	22	<u>(6,792,246)</u>	<u>(4,508,864)</u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2012

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2012. During the year ended 30 June 2010, a group reorganisation was carried out, and as such the company became the new ultimate holding company of the group. The merger method of accounting has been used to account for the reorganisation.

All other subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its loss for the financial year was £6,232 (2011 - £1,891,648).

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. For demolition, site clearance and waste disposal activities turnover represents the sales value of work undertaken during the year and the despatch of soil and stone arising from site clearance. For skip hire activities, turnover represents charges for hire periods during the year.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic lives as follows

Asset class	Amortisation method and rate
Goodwill	20% straight line

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	Depreciation method and rate
Plant and machinery	12.5% and 20-50% straight line
Fixtures and fittings	12.5% and 33%
Motor vehicles and haulage fleet	12.5% and 20-33%
Office equipment	12.5% and 20-33%
Buildings	12.5%

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value

Stock

Purchased soil stock is valued at cost

Stocks arising from site clearance are valued at processing cost

Other stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Hire purchase and leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease on a straight line basis

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract on a straight line basis

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... *continued*

Pensions

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

2 Operating profit

Operating profit is stated after charging

	2012 £	2011 £
(Profit)/loss on sale of tangible fixed assets	(4,910)	7,045
Depreciation of owned assets	474,581	494,184
Depreciation of assets held under finance lease and hire purchase contracts	789,158	406,499
Amortisation	44,212	44,212
Government grants receivable	(78,375)	(13,063)
Auditor's remuneration	23,620	37,039

3 Auditor's remuneration

	2012 £	2011 £
Audit of the financial statements	4,400	4,400
Other fees to auditors		
The audit of the company's subsidiaries' annual accounts	19,220	22,965
Other services	-	9,674
	19,220	32,639
	23,620	37,039

£4,400 (2011 - £4,400) of the fee for auditing the financial statements relates to the company

4 Exceptional items

	2012 £	2011 £
(Profit) / loss on sale of fixed assets	(234,101)	-

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

5 Particulars of employees

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

	2012 No.	2011 No
Administration and support	30	25
Production	81	77
	<u>111</u>	<u>102</u>

The aggregate payroll costs were as follows

	2012 £	2011 £
Wages and salaries	3,090,448	2,726,560
Social security costs	311,707	287,524
Staff pensions	23,586	23,586
	<u>3,425,741</u>	<u>3,037,670</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows

	2012 £	2011 £
Remuneration (including benefits in kind)	71,243	116,875
Company contributions paid to money purchase schemes	8,929	15,304

During the year the number of directors who were receiving benefits and share incentives was as follows

	2012 No	2011 No
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

7 Other interest receivable and similar income

	2012 £	2011 £
Other interest receivable	<u>92</u>	<u>-</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

8 Interest payable and similar charges

	2012	2011
	£	£
Interest on bank borrowings	111,005	136,304
Interest on other loans	87,605	63,874
Other interest payable	13,539	2,523
Finance charges	<u>261,940</u>	<u>155,255</u>
Group interest payable and similar charges	474,089	357,956
Share of associate's interest	<u>-</u>	<u>16,905</u>
	<u><u>474,089</u></u>	<u><u>374,861</u></u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

9 Taxation

Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
Corporation tax charge	71,526	44,698
Adjustments in respect of previous years	(83,630)	-
Group relief payable	-	4,820
UK Corporation tax	(12,104)	49,518
Deferred tax		
Origination and reversal of timing differences	45,579	6,884
Total tax on profit on ordinary activities	33,475	56,402

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 21%)

The differences are reconciled below

	2012 £	2011 £
Profit on ordinary activities before taxation	184,510	262,182
Corporation tax at standard rate	31,168	64,574
Non-qualifying depreciation and amortisation (net of capital allowances)	77,249	12,446
Non taxable income	(35,897)	(2,743)
Expenses not deductible for tax purposes	4,552	6,246
Non qualifying consolidation adjustments	(10,729)	(16,980)
Over/under provision in prior years	(83,630)	-
Losses carried forward	-	181
Losses utilised in year	(7,648)	(25,323)
Marginal relief	(135)	(4,436)
Different tax rate used	13,218	10,733
Group relief payable	-	4,820
Non trade charges	(252)	-
Total current tax	(12,104)	49,518

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... *continued*

10 Intangible fixed assets

Group

	Goodwill £	Associate negative goodwill £	Total £
Cost			
At 1 July 2011	541,827	(73,702)	468,125
Disposals	-	73,702	73,702
At 30 June 2012	<u>541,827</u>	<u>-</u>	<u>541,827</u>
Amortisation			
At 1 July 2011	394,451	(24,568)	369,883
Charge for the year	44,212	-	44,212
Eliminated on disposals	-	24,568	24,568
At 30 June 2012	<u>438,663</u>	<u>-</u>	<u>438,663</u>
Net book value			
At 30 June 2012	<u>103,164</u>	<u>-</u>	<u>103,164</u>
At 30 June 2011	<u>147,376</u>	<u>(49,134)</u>	<u>98,242</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... *continued*

11 Tangible fixed assets

Group

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Other tangibles £	Total £
Cost or valuation							
At 1 July 2011	803,618	5,929,500	98,089	1,532,629	8,806	2,020,544	10,393,186
Additions	90,697	3,927,602	-	(57,205)	-	549,739	4,510,833
Disposals	-	(830,670)	-	(23,385)	-	-	(854,055)
At 30 June 2012	894,315	9,026,432	98,089	1,452,039	8,806	2,570,283	14,049,964
Depreciation							
At 1 July 2011	139,917	3,725,429	97,909	798,667	6,500	71,223	4,839,645
Charge for the year	125	675,677	115	260,642	1,196	325,984	1,263,739
Eliminated on disposals	-	(571,210)	-	(11,495)	-	-	(582,705)
At 30 June 2012	140,042	3,829,896	98,024	1,047,814	7,696	397,207	5,520,679
Net book value							
At 30 June 2012	754,273	5,196,536	65	404,225	1,110	2,173,076	8,529,285
At 30 June 2011	663,701	2,204,071	180	733,962	2,306	1,949,321	5,553,541

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2012

..... *continued*

Included within Freehold land and buildings is land of £272,627 which is not depreciated

Leased assets

Included within the net book value of tangible fixed assets is £5,996,076 (2011 - £2,748,945) in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £615,591 (2011 - £406,499)

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

12 Investments held as fixed assets

Group

The closing balance on investments held as fixed assets relates to the shares owned by Dauson Environmental Group Limited in

Envirosavers Limited (under equity method of accounting)

Bluefield Caernarfon Limited (at cost)

Bluefield Caernarfon Management Limited (at cost)

At 30 June 2012, Bluefield Caernarfon Management Limited had not undertaken any significant trading and therefore its results have not been consolidated as they would not be material to the group. The results for this company for the 15 month period to 30 September 2012 show a loss £389, and the balance on reserves as at 30 September 2012 is a deficit of £4,401.

It is no longer considered that the group has a significant influence over Bluefield Caernarfon Limited, and hence the results for this related company are not incorporated into the consolidated financial statements. The balance of the investment in associate has been written off together with the balance held as negative goodwill. This has resulted in a credit to the consolidated profit and loss account for the year of £53,656. The minority interest also held for this former associate company has been released, amounting to £13,414. The results for this company for the 15 month period to 30 September 2012 show a loss of £95,759, and the balance on reserves as at 30 September 2012 is a deficit of £3,809,504.

As an associate undertaking, the results for Envirosavers Limited have been incorporated into the group results by accounting for the group's share of reserves as at 30 June 2012. The year end of this company is 31 January, and so the management accounts have been used to incorporate the results into the group.

Company

	2012 £	2011 £
Shares in group undertakings and participating interests	<u>911,089</u>	<u>911,089</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 July 2011	<u>911,089</u>	<u>911,089</u>
At 30 June 2012	<u>911,089</u>	<u>911,089</u>
Net book value		
At 30 June 2012	<u>911,089</u>	<u>911,089</u>
At 30 June 2011	<u>911,089</u>	<u>911,089</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Neal Soil Suppliers Limited	Ordinary	100%	site clearance supply and sale of compactable materials
Cardiff Demolition Company Limited	Ordinary	100%	demolition and clearing of building sites
Atlantic Recycling Limited	Ordinary	100%	recycling operations
Action Recycling Limited	Ordinary	100%	recycling operations
Neal Recycling Limited	Ordinary	100%	recycling operations
Bluefield Land Limited	Ordinary	75%	regenerating brownfield sites
Atlantic Waste Management Limited	Ordinary	100%	dormant
Neal Aggregate Suppliers Limited	Ordinary	100%	treatment of sale of construction waste
Atlantic Composting Limited	Ordinary	100%	dormant
Dauson (Cuddihy) Limited	Ordinary	100%	dormant
Atlantic Ecopark Limited	Ordinary	100%	dormant
Atlantic Power	Ordinary	100%	dormant
Associates			
Envirosavers Limited	Ordinary	30%	clearance of hazardous waste
Bluefield Caernarfon Limited	Ordinary	26 25%	property development
Bluefield Caernarfon Management Limited	Ordinary	26 25%	property management and estate services

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

13 Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Stocks	1,370,543	1,228,813	-	-
Raw materials	1,681,691	1,681,691	-	-
	<u>3,052,234</u>	<u>2,910,504</u>	<u>-</u>	<u>-</u>

14 Debtors

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	3,152,108	2,056,290	-	-
Amounts owed by group undertakings	-	-	1,216,591	1,133,219
Amounts owed by undertakings in which the company has a participating interest	73,425	89	-	-
Other debtors	437,509	871,521	1	1
Prepayments and accrued income	351,915	183,175	-	-
	<u>4,014,957</u>	<u>3,111,075</u>	<u>1,216,592</u>	<u>1,133,220</u>

Group debtors includes £9,700 (2011 - £10,900) receivable after more than one year and parent company debtors includes £nil (2011 - £nil) receivable after more than one year

This can be analysed as follows

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	9,700	10,900	-	-
	<u>9,700</u>	<u>10,900</u>	<u>-</u>	<u>-</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... *continued*

15 Creditors. Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	2,691,032	1,203,345	-	-
Bank loans and overdrafts	5,583,955	5,428,390	-	-
Obligations under finance lease and hire purchase contracts	1,541,021	867,444	-	-
Amounts owed to group undertakings	-	-	4,030,405	3,940,801
Amounts owed to participating interests	97,897	42,328	-	-
Corporation tax	110,214	23,738	-	-
Other taxes and social security	601,894	292,605	-	-
Other creditors	970,039	694,569	-	-
Directors' current accounts	77,594	88,594	-	-
Accruals and deferred income	663,296	1,174,540	3,500	3,500
	<u>12,336,942</u>	<u>9,815,553</u>	<u>4,033,905</u>	<u>3,944,301</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the group/company

Group

	2012 £	2011 £
Bank loans and overdrafts	5,583,955	5,428,390
Hire purchase creditors	1,541,021	867,445
Invoice discounting creditors	918,905	668,522
	<u>8,043,881</u>	<u>6,964,357</u>

Bank loans and overdrafts are secured by a multilateral guarantee given by all group companies together with a first mortgage on freehold land owned by group company directors. Security is given by a debenture including a fixed charge over present freehold and leasehold property. There is a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future dated 12 June 1998.

Hire purchase creditors are secured over the assets to which they relate.

The invoice discounting creditors are secured on the book debts of group companies.

16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts	1,854,492	1,104,488	-	-
Obligations under finance lease and hire purchase contracts	2,322,761	1,211,869	-	-
Accruals and deferred income	1,203,434	1,296,209	-	-
	<u>5,380,687</u>	<u>3,612,566</u>	<u>-</u>	<u>-</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

. continued

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the group/company

Group

	2012 £	2011 £
Bank loans and overdrafts	1,854,492	1,104,488
Hire purchase creditors	2,322,761	1,211,868
	<u>4,177,253</u>	<u>2,316,356</u>

The bank loan of £1,104,492 is secured over the land held by Bluefield Land Limited at Cwmgorse There is no fixed repayment date of the loan as it becomes repayable when the land is sold

Hire purchase creditors are secured over the assets to which they relate

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
After more than five years by instalments	1,104,493	1,104,488	-	-
After more than five years not by instalments	442,755	526,353	-	-
	<u>1,547,248</u>	<u>1,630,841</u>	<u>-</u>	<u>-</u>

The balance repayable after five years not by instalments relates to the deferred government grants income

Included within creditors due in less than and more than one year are capital grant amounts received of £1,333,074 The grant is recognised in the profit and loss account over the useful economic life of the assets to which the grant relate

Interest on the bank loan is charged at 2.75% per annum over the banks sterling base rate

Obligations under finance leases and HP contracts

Amounts repayable.

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
In one year or less on demand	1,541,021	867,444	-	-
Between one and two years	1,031,847	648,552	-	-
Between two and five years	1,290,914	563,317	-	-
	<u>3,863,782</u>	<u>2,079,313</u>	<u>-</u>	<u>-</u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

17 Provisions

Group

	Deferred tax	Other provision	Total
	£	£	£
At 1 July 2011	195,593	60,000	255,593
Charged / (credited) to the profit and loss account	45,579	(60,000)	(14,421)
At 30 June 2012	<u>241,172</u>	<u>-</u>	<u>241,172</u>

Analysis of deferred tax

	2012	2011
	£	£
Difference between accumulated depreciation and capital allowances	<u>241,172</u>	<u>195,591</u>

18 Share capital

Allotted, called up and fully paid shares

	2012		2011
	No.	£	No.
			£
Ordinary shares of £1 each	<u>1,007,221</u>	<u>1,007,221</u>	<u>1,007,221</u>

19 Reserves

Group

	Profit and loss account	Total
	£	£
At 1 July 2011	1,284,010	1,284,010
Profit for the year	<u>162,343</u>	<u>162,343</u>
At 30 June 2012	<u>1,446,353</u>	<u>1,446,353</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

Company

	Profit and loss account £	Total £
At 1 July 2011	(2,907,213)	(2,907,213)
Loss for the year	<u>(6,232)</u>	<u>(6,232)</u>
At 30 June 2012	<u>(2,913,445)</u>	<u>(2,913,445)</u>

20 Reconciliation of movement in shareholders' funds

Group

	2012 £	2011 £
Profit attributable to the members of the group	<u>162,343</u>	<u>243,996</u>
Net addition to shareholders' funds	162,343	243,996
Shareholders' funds at 1 July	<u>2,291,231</u>	<u>2,047,235</u>
Shareholders' funds at 30 June	<u>2,453,574</u>	<u>2,291,231</u>

Company

	2012 £	2011 £
Loss attributable to the members of the company	<u>(6,232)</u>	<u>(1,891,648)</u>
Net reduction to shareholders' funds	(6,232)	(1,891,648)
Shareholders' deficit at 1 July	<u>(1,899,992)</u>	<u>(8,344)</u>
Shareholders' deficit at 30 June	<u>(1,906,224)</u>	<u>(1,899,992)</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

21 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £23,586 (2011 - £23,586)

Contributions totalling £nil (2011 - £nil) were payable to the scheme at the end of the year and are included in creditors

22 Analysis of net debt

	At 1 July 2011 £	Cash flow £	Other non-cash changes £	At 30 June 2012 £
Cash at bank and in hand	4,103,327	406,656	-	4,509,983
Bank overdraft	(5,422,140)	198,185	-	(5,223,955)
	(1,318,813)	604,841	-	(713,972)
Debt due within one year	(6,250)	(353,750)	-	(360,000)
Debt due after more than one year	(1,104,488)	(750,005)	-	(1,854,492)
Finance leases and hire purchase contracts	(2,079,313)	1,473,402	(3,257,870)	(3,863,782)
Net debt	(4,508,864)	974,488	(3,257,870)	(6,792,246)

23 Related party transactions

Directors credits, advances and guarantees

The following balances owed to the directors of the company or group companies were outstanding at the year end

	2012 £	2011 £
Mr D Neal	63,784	74,784
Mr D Jenkins	3,123	3,123
Mr G Goodman	10,687	10,687
	<u>77,594</u>	<u>88,594</u>

There are no fixed repayment dates and no interest is charged on these balances

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2012

..... continued

In respect of the bank loan liability of Neal Soil Suppliers Limited of £1,110,000 and the group's bank overdraft facility (maximum £365,000), Mr D Neal has provided a personal guarantee to secure liabilities up to a maximum amount of £1,075,000

In respect of the bank loan balances held in Bluefield Land Limited of £1,104,493, the directors have each provided a personal guarantee of £60,000. The directors of Bluefield Land Limited are Mr D Neal, Mr G Goodman and Mr D Jenkins

Other related party transactions

During the year the company made the following related party transactions

Neal Environmental Limited

(a company related by family association)

During the year, Neal Soil Suppliers Limited made purchases of £5,415 (2011 £5,415) from Neal Environmental Limited. At the balance sheet date the amount due to Neal Environmental Limited was £6,498 (2011 - £6,498)

Envirosavers Limited

(an associate company)

During the year purchases were made by Cardiff Demolition Limited of £303,459 (2011 £175,180) from Envirosavers Limited. Sales were also made to Envirosavers Limited of £932 (2011 £839)

At the balance sheet date the amount due to Envirosavers Limited was £97,897 (2011 - £42,149)

Mr and Mrs Neal

(parents of Mr D Neal a director)

Rent was paid to Mr and Mrs Neal by the group amounting to £66,000 (2011 £66,000). At the balance sheet date the amount due to Mr and Mrs Neal was £nil (2011 - £nil)

Mr D Neal

(Director)

Rent was paid to Mr D Neal amounting to £18,000 (2011 £18,000). At the balance sheet date the amount due to Mr D Neal was £nil (2011 - £nil)

Bluefield Caernarfon Limited

(group has a 35% interest)

During the year the group loaned an amount of £33,425 to Bluefield Caernarfon Limited. Amounts of £40,000 previously accounted for as part of the investment in the Associate have been reclassified as a loan balance. At the balance sheet date the amount due from/(to) Bluefield Caernarfon Limited was £73,425 (2011 - £nil)

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group

24 Control

The company is controlled by the directors who own 100% of the called up share capital