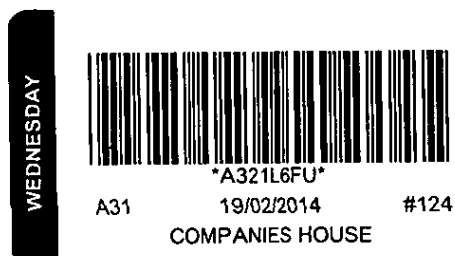


Registration number 07040124

Dauson Environmental Group Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 30 June 2013



Haines Watts Wales LLP
Statutory Auditors and Chartered Accountants
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

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 7 Neptune Court Vanguard Way Cardiff CF24 5PJ

Dauson Environmental Group Limited

Directors' Report for the Year Ended 30 June 2013

The directors present their report and the consolidated financial statements for the year ended 30 June 2013

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 consider that the results for the year and the financial position at the end of the year were acceptable, considering the ongoing challenges in a highly regulated environment that various Group companies have dealt 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 12 - June 13) the Group identified a number of operating issues that needed to be corrected as a result of a build-up of unprocessed waste in Atlantic Recycling Ltd during the installation and implementation of the new Materials Recycling Facility (MRF) during 2011/2012. A prudent view with regard to the future processing costs was taken and a £606,000 provision was raised in the Atlantic Recycling Ltd in the 2012 YE accounts and the 2012 YE Audited Accounts have been restated. This has impacted on the Dauson Environmental Group Ltd consolidated accounts for 2012 by a similar amount.

Additional infrastructure work was carried out during the period to enlarge the processing area at Atlantic. However the MRF plant was working at capacity processing legacy waste as well as current waste. This resulted in the turning away of waste streams and a fall of revenue in Atlantic during the period although costs increased to cover additional processing in connection with the legacy waste.

New customer relationships continue to be gained, who want to take advantage of the 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.

This multi-disciplined Group has the ability to balance revenue between Construction Related, Haulage & Soil/Aggregate Supply and Waste Management and continues to support the Group through its continued evolving and development period and mitigate trading risks and losses.

The Group's unique location of its 130 acre Ecopark, within 2 miles of the City centre and its easy access to the South Wales motorway network makes it very accessible. The Group employs c200 employees and a significant resource continues to be directed towards, training, personal development and succession planning.

2012/13 was again a period of investment and challenges both in infrastructure and plant. An investment in an automated bailing system for Refuse Derived Fuel (RDF) was made by Atlantic Recycling Ltd after the year end which will increase the efficiency of the residual waste processing and support the return of Atlantic Recycling Ltd to profitable trading for the 2013/14 period.

The Group achieved a post-tax profit of £140,294 (Loss £443,657 restated) attributable to the members of the parent company for the year.

- Neal Soil Suppliers Ltd ("Neal Soil") Revenues are improved but still has unfulfilled potential. It operates in a difficult market sector which is showing signs of recovery. Further cost savings were achieved on administration and overhead expenditure which will be continued in 2013/14 and helped to produce a pre-tax profit of £291,776 (Loss £11,168) for the year. Some of the profit was attributable to the sale of assets. The overheads continue to include some additional costs in respect of Neal Aggregate Suppliers Ltd overheads.

Dauson Environmental Group Limited
Directors' Report for the Year Ended 30 June 2013

..... continued

• Atlantic Recycling Ltd ("Atlantic") which replaced the combined operations of Action Recycling Ltd, Neal Recycling Ltd and Atlantic Waste Management Ltd reduced revenues by £1m per annum. This was as a result of a build-up of unprocessed waste in Atlantic Recycling Ltd during the installation and implementation of the new Materials Recycling Facility (MRF) during 2011/2012. A prudent view with regard to the future processing costs was taken and a £606,000 provision was raised in the Atlantic Recycling Ltd in the 2012 YE accounts and the 2012 YE Audited Accounts have been restated. The MRF plant was working at capacity processing legacy waste as well as current waste. This resulted in the turning away of waste streams and the fall of revenue in Atlantic during the period although costs increased to cover additional processing in connection with the legacy waste. This resulted in a pre-tax loss of £1,197,655 (Loss £467,943 re-stated). Since the start of the current financial year Atlantic Recycling Ltd has returned to trading profitably.

• Cardiff Demolition Co. Ltd has maintained its market position in a highly competitive market which has seen no real growth during the review period. It continues to maintain a competitive position and continues to gain contracts. Pre-tax profits reduced to £384,001 (£573,969) for the year, this pre tax profit was influenced by a bad debt charge of £137,825 with one customer.

• Neal Aggregate Suppliers Ltd ("Neal Agg") during its first trading year achieved a pre-tax profit of £561,246 (loss 44,389). The washplant is now working to capacity and a second plant is in the planning stage for 2015. The majority of its overheads were covered by Neal Soil during the review period.

• Bluefield Land Ltd ("Bluefield") reported no income for the period awaiting property sales from existing land bank of two sites in South Wales with outline planning for housing. Bluefields pre tax loss for the period was £90,829 (Loss £98,890). Bluefield continues to have a minority interest in Bluefield Caernarvon Ltd ("BC") who's 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"

Key Non-Financial Performance Indicators

- 1 The Group relies on significant Capital Expenditure for both Infrastructure and Plant and Machinery. The group has been able to finance necessary infrastructure costs from its cash flow. Plant and machinery has been financed with asset finance over relatively short period compared with the plants normal working life, freeing up available finance for replacement and additional plant.
- 2 The Ecopark operates in a SSSI area and continues to work with the Regulator (the NRW) to bring and maintain the Ecopark in a state of high compliance with its permits. The Group have prevented any pollution or harm to human life or the Environment as a result of its operations on the Ecopark.
- 3 The Group is close to its recycling of waste targets by achieving 100% diversion from landfill.
- 4 The continual development and investment in technology is enabling the Group to discover treatment of new types of waste streams each year.
- 5 The strategic objective of receiving higher value waste streams, but less volume is now taking affect.
- 6 The operation of the washplant is now producing sand and aggregate to satisfy industry protocols.

Dauson Environmental Group Limited
Directors' Report for the Year Ended 30 June 2013

..... *continued*

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

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 have been 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 challenge 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 and a serious contender to maximise the growth opportunity present in the waste recycling market within South East Wales and construction related industries.

External Analysis

In 2012-13, the non-hazardous waste treatment and disposal industry is expected to handle around 50 million tonnes of waste with revenue of £2.98 billion a 1.7% increase on the previous year. Industry revenue is expected to grow by 2.7% per annum between 2013 and 2018.

The EU Waste Framework Directive demands large increases in the rates of recycling of household and construction waste by 2020, together with a 35% reduction in biodegradable municipal waste to landfill. Additionally the Directive calls for separate collection of glass, plastic, paper and metal by 2015.

These targeted increases in recycling and separation of waste present opportunities to waste management businesses to increase both their recycling and composting/anaerobic digestion offerings in the coming years. 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.

Dauson Environmental Group Limited
Directors' Report for the Year Ended 30 June 2013

..... continued

Financial Performance

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

Dauson Group	Audited 2011	Audited 2012	Audited 2013
	£'000	£'000	£'000
Turnover	10,776	12,507	14,700
Profit before tax	262	(421)	(69)
Shareholders funds	2,291	1,681	1,799

Post Balance Sheet Events

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

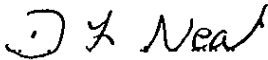
Results and dividends

The profit after taxation of the Group for the year amounted to £140,294 (loss £444,657) 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 11/2/14 and signed on its behalf by



Mr David Neal
Director

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 2013, set out on pages 9 to 30. 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 auditor

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 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

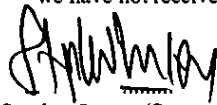
**Independent Auditor's Report to the Members of
Dauson Environmental Group Limited**

..... 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

7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Date 18 February 2014

Dauson Environmental Group Limited
Consolidated Profit and Loss Account for the Year Ended 30 June 2013

	Note	2013 £	(As restated) 2012 £
Turnover		14,700,574	12,507,106
Cost of sales		<u>(11,485,248)</u>	<u>(10,090,461)</u>
Gross profit		3,215,326	2,416,645
Administrative expenses		<u>(2,955,360)</u>	<u>(2,759,304)</u>
Other operating income		<u>178,064</u>	<u>78,740</u>
Group operating profit/(loss)	2	438,030	(263,919)
Share of operating profit in associates		<u>16,616</u>	<u>28,669</u>
Total operating profit/(loss) group and share of joint venture and associate		454,646	(235,250)
Profit on disposal of fixed assets	4	88,990	234,101
Other interest receivable and similar income	7	5,086	92
Amounts written off investments		-	53,656
Interest payable and similar charges	8	<u>(617,366)</u>	<u>(474,089)</u>
Loss on ordinary activities before taxation		(68,644)	(421,490)
Tax on loss on ordinary activities	9	<u>186,231</u>	<u>(33,475)</u>
Profit/(loss) on ordinary activities after taxation		117,587	(454,965)
Minority interest		<u>22,707</u>	<u>11,308</u>
Profit/(loss) for the financial year attributable to members of the parent company	19	<u>140,294</u>	<u>(443,657)</u>

Turnover and operating profit derive wholly from continuing operations

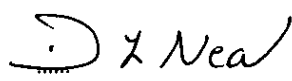
Dauson Environmental Group Limited
Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 30
June 2013

	Note	2013 £	(As restated) 2012 £
Profit/(loss) for the financial year		140,294	(443,657)
Prior year adjustment		<u>(606,000)</u>	<u>-</u>
Total recognised gains and losses since last annual report		<u>(465,706)</u>	<u>(443,657)</u>

Dauson Environmental Group Limited
Consolidated Balance Sheet at 30 June 2013

		2013		(As restated) 2012	
	Note	£	£	£	£
Fixed assets					
Intangible fixed assets	10		58,952		103,164
Tangible fixed assets	11		6,491,733		8,529,285
Investment in associate			<u>47,474</u>		<u>36,858</u>
			6,598,159		8,669,307
Current assets					
Stocks	13	3,052,250		3,052,234	
Debtors	14	4,863,591		4,014,957	
Cash at bank and in hand		<u>4,883,160</u>		<u>4,509,983</u>	
		12,799,001		11,577,174	
Creditors Amounts falling due within one year	15	<u>(12,740,511)</u>		<u>(12,336,940)</u>	
Net current assets/(liabilities)			<u>58,490</u>		<u>(759,766)</u>
Total assets less current liabilities			6,656,649		7,909,541
Creditors Amounts falling due after more than one year	16		(4,133,805)		(5,380,687)
Provisions for liabilities	17		<u>(723,577)</u>		<u>(847,174)</u>
Net assets			<u>1,799,267</u>		<u>1,681,680</u>
Capital and reserves					
Called up share capital	18	1,007,221		1,007,221	
Profit and loss account	19	<u>980,647</u>		<u>840,353</u>	
Shareholders' funds	20	1,987,868		1,847,574	
Minority interest		<u>(188,601)</u>		<u>(165,894)</u>	
Capital employed			<u>1,799,267</u>		<u>1,681,680</u>

Approved by the Board on 11/2/14 and signed on its behalf by


Mr David Neal
Director

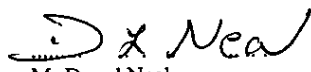
Dauson Environmental Group Limited

(Registration number: 07040124)

Balance Sheet at 30 June 2013

	Note	2013 £	2012 £
Fixed assets			
Investments	12	<u>911,089</u>	<u>911,089</u>
Current assets			
Debtors	14	1,324,309	1,216,592
Creditors Amounts falling due within one year	15	<u>(4,168,126)</u>	<u>(4,033,905)</u>
Net current liabilities		<u>(2,843,817)</u>	<u>(2,817,313)</u>
Net liabilities		<u>(1,932,728)</u>	<u>(1,906,224)</u>
Capital and reserves			
Called up share capital	18	1,007,221	1,007,221
Profit and loss account	19	<u>(2,939,949)</u>	<u>(2,913,445)</u>
Shareholders' deficit	20	<u>(1,932,728)</u>	<u>(1,906,224)</u>

Approved by the Board on 11/2/14 and signed on its behalf by


Mr David Neal
Director

Dauson Environmental Group Limited
Consolidated Cash Flow Statement for the Year Ended 30 June 2013

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

	2013 £	2012 £
Operating profit/(loss)	438,030	342,081
Depreciation, amortisation and impairment charges	1,817,735	1,307,951
(Profit)/loss on disposal of fixed assets	(504,984)	(4,909)
(Increase) in stocks	(16)	(141,730)
(Increase) in debtors	(848,634)	(863,881)
Increase in creditors	805,440	1,591,375
Release of government grants	(178,064)	(78,375)
Net cash inflow/(outflow) from operating activities	<u>1,529,507</u>	<u>2,152,512</u>

Cash flow statement

	2013 £	2012 £
Net cash inflow from operating activities	<u>1,529,507</u>	<u>2,152,512</u>
Returns on investment and servicing of finance		
Interest received	5,086	92
Dividends received	6,000	-
HP and finance lease interest	(423,610)	(261,941)
Interest paid	(193,756)	(212,149)
	<u>(606,280)</u>	<u>(473,998)</u>
Tax received/(paid)	(47,578)	38,577
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(92,555)	(1,252,962)
Sale of tangible fixed assets	1,089,644	510,360
	<u>997,089</u>	<u>(742,602)</u>
Net cash inflow before management of liquid resources and financing	<u>1,872,738</u>	<u>974,489</u>

Dauson Environmental Group Limited
Consolidated Cash Flow Statement for the Year Ended 30 June 2013

..... *continued*

Financing

Repayment of loans and borrowings	(575,994)	(6,245)
New loans received	-	1,110,000
Capital element of finance lease / HP contract rentals	<u>(1,021,001)</u>	<u>(1,473,403)</u>
	(1,596,995)	(369,648)
Increase in cash	<u><u>275,743</u></u>	<u><u>608,841</u></u>

Reconciliation of net cash flow to movement in net debt

	Note	2013 £	2012 £
Increase/(decrease) in cash		275,743	604,841
Cash inflow from increase in loans		-	(1,100,000)
Cash outflow from repayment of loans		575,994	6,246
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		<u>1,021,001</u>	<u>1,473,401</u>
Change in net debt resulting from cash flows	23	1,872,738	974,488
 New finance leases		<u>(139,086)</u>	<u>(3,257,870)</u>
Movement in net debt	23	1,733,652	(2,283,382)
Net debt at 1 July	23	<u>(6,792,246)</u>	<u>(4,508,864)</u>
Net debt at 30 June	23	<u><u>(5,058,594)</u></u>	<u><u>(6,792,246)</u></u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

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 2013

All 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 £26,504 (2012 - £6,232)

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 2013

..... 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 and work in progress

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 2013

..... continued

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

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/(loss)

Operating profit/(loss) is stated after charging

	2013 £	2012 £
Profit on sale of tangible fixed assets	(504,984)	(4,910)
Depreciation of owned assets	602,644	474,581
Depreciation of assets held under finance lease and hire purchase contracts	1,170,878	789,158
Hire purchase interest	425,618	261,940
Amortisation	44,212	44,212
Government grants receivable	(178,064)	(78,375)
Auditor's remuneration	23,237	23,620

3 Auditor's remuneration

	2013 £	2012 £
Audit of the financial statements	4,400	4,400
Other fees to auditors		
The audit of the company's subsidiaries' annual accounts	18,837	19,220
	23,237	23,620

£4,400 (2012 - £4,400) of the fee for auditing the financial statements relates to the company

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2013

..... continued

4 Exceptional items

	2013 £	2012 £
(Profit) / loss on sale of fixed assets	<u>(88,990)</u>	<u>(234,101)</u>

5 Particulars of employees

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

	2013 No	2012 No
Administration and support	30	30
Production	<u>86</u>	<u>81</u>
	<u>116</u>	<u>111</u>

The aggregate payroll costs were as follows

	2013 £	2012 £
Wages and salaries	3,383,925	3,090,448
Social security costs	336,824	311,707
Staff pensions	<u>23,586</u>	<u>23,586</u>
	<u>3,744,335</u>	<u>3,425,741</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows

	2013 £	2012 £
Remuneration (including benefits in kind)	56,588	71,243
Company contributions paid to money purchase schemes	<u>8,929</u>	<u>8,929</u>

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

	2013 No	2012 No
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2013

..... *continued*

7 Other interest receivable and similar income

	2013 £	2012 £
Bank interest receivable	5,086	-
Other interest receivable	-	92
Group interest receivable	<u>5,086</u>	<u>92</u>

8 Interest payable and similar charges

	2013 £	2012 £
Interest on bank borrowings	106,584	111,005
Interest on other loans	85,503	87,605
Other interest payable	1,669	13,539
Finance charges	<u>423,610</u>	<u>261,940</u>
Group interest payable and similar charges	<u>617,366</u>	<u>474,089</u>

9 Taxation

Tax on loss on ordinary activities

	2013 £	2012 £
Current tax		
Corporation tax charge	8,888	71,526
Adjustments in respect of previous years	<u>(71,524)</u>	<u>(83,630)</u>
UK Corporation tax	(62,636)	(12,104)
Deferred tax		
Origination and reversal of timing differences	<u>(123,595)</u>	<u>45,579</u>
Total tax on loss on ordinary activities	<u>(186,231)</u>	<u>33,475</u>

Factors affecting current tax charge for the year

Tax on loss on ordinary activities for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 20% (2012 - 20%)

The differences are reconciled below

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2013

..... continued

	2013 £	(As restated) 2012 £
Loss on ordinary activities before taxation	<u>(68,644)</u>	<u>(421,490)</u>
Corporation tax at standard rate	(17,052)	(90,032)
Non-qualifying depreciation and amortisation (net of capital allowances)	20,345	77,249
Non taxable income	(35,613)	(35,897)
Expenses not deductible for tax purposes	71,959	4,552
Non qualifying consolidation adjustments	1,200	(10,729)
Over/under provision in prior years	(71,524)	(83,630)
Prior year adjustment	-	121,200
Chargeable gains	23,344	-
Losses carried forward	5,301	-
Losses utilised in year	(62,377)	(7,648)
Marginal relief	(1,502)	(135)
Different tax rate used	3,373	13,218
Non trade charges	<u>(90)</u>	<u>(252)</u>
Total current tax	<u>(62,636)</u>	<u>(12,104)</u>

10 Intangible fixed assets

Group

	Goodwill £	Total £
Cost		
At 1 July 2012	<u>541,827</u>	<u>541,827</u>
At 30 June 2013	<u>541,827</u>	<u>541,827</u>
Amortisation		
At 1 July 2012	438,663	438,663
Charge for the year	<u>44,212</u>	<u>44,212</u>
At 30 June 2013	<u>482,875</u>	<u>482,875</u>
Net book value		
At 30 June 2013	<u>58,952</u>	<u>58,952</u>
At 30 June 2012	<u>103,164</u>	<u>103,164</u>

Dauson Environmental Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2013

..... *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 2012	894,315	9,026,432	98,089	1,452,039	8,806	2,570,283	14,049,964
Additions	-	115,454	-	114,972	1,215	-	231,641
Disposals	(185,627)	(357,210)	-	(152,812)	-	(80,983)	(776,632)
At 30 June 2013	708,688	8,784,676	98,089	1,414,199	10,021	2,489,300	13,504,973
Depreciation							
At 1 July 2012	140,042	3,829,896	98,024	1,047,814	7,696	397,207	5,520,679
Charge for the year	60,300	1,137,960	64	230,840	1,136	343,223	1,773,523
Eliminated on disposals	-	(195,517)	-	(85,445)	-	-	(280,962)
At 30 June 2013	200,342	4,772,339	98,088	1,193,209	8,832	740,430	7,013,240
Net book value							
At 30 June 2013	508,346	4,012,337	1	220,990	1,189	1,748,870	6,491,733
At 30 June 2012	754,273	5,196,536	65	404,225	1,110	2,173,076	8,529,285

Leased assets

Included within the net book value of tangible fixed assets is £4,542,412 (2012 - £5,996,076) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £1,167,377 (2012 - £615,591)

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *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 2013, 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 year ended 30 September 2013 show a profit of £14, and the balance on reserves as at 30 September 2013 is a deficit of £4,415.

It is not considered that the group has significant influence over Bluefield Caernarfon Limited and the results for this company are not incorporated into the consolidated financial statements. The results for this company for the year ended 30 September 2013 show a loss of £40,032 and the balance on reserves as at 30 September 2013 is a deficit of £3,867,734.

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 2013. The year end of this company is 31 January, and so the management accounts have been used to incorporate the results for the year ended 30 June 2013 into the consolidated accounts.

Company

	2013	2012
	£	£
Shares in group undertakings and participating interests	<u>911,089</u>	<u>911,089</u>

Shares in group undertakings and participating interests

	Subsidiary	Total
	undertakings	£
	£	
Cost		
At 1 July 2012	<u>911,089</u>	<u>911,089</u>
At 30 June 2013	<u>911,089</u>	<u>911,089</u>
Net book value		
At 30 June 2013	<u>911,089</u>	<u>911,089</u>
At 30 June 2012	<u>911,089</u>	<u>911,089</u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *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 2013

..... *continued*

13 Stocks

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Stocks	1,573,168	1,370,543	-	-
Raw materials	1,479,082	1,681,691	-	-
	<u>3,052,250</u>	<u>3,052,234</u>	<u>-</u>	<u>-</u>

14 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	3,619,144	3,152,108	-	-
Amounts owed by group undertakings	-	-	1,324,308	1,216,591
Amounts owed by undertakings in which the company has a participating interest	92,241	73,425	-	-
Amounts recoverable on long term contracts	196,909	406,300	-	-
Other debtors	19,805	31,209	1	1
Prepayments and accrued income	935,492	351,915	-	-
	<u>4,863,591</u>	<u>4,014,957</u>	<u>1,324,309</u>	<u>1,216,592</u>

Group debtors includes £nil (2012 - £9,700) receivable after more than one year and parent company debtors includes £nil (2012 - £nil) receivable after more than one year

This can be analysed as follows

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	<u>-</u>	<u>9,700</u>	<u>-</u>	<u>-</u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *continued*

15 Creditors: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	2,270,152	2,691,032	-	-
Bank loans and overdrafts	5,681,390	5,583,955	-	-
Obligations under finance lease and hire purchase contracts	1,153,728	1,541,021	-	-
Amounts owed to group undertakings	-	-	4,164,626	4,030,405
Amounts owed to participating interests	31,642	97,897	-	-
Corporation tax	-	110,214	-	-
Other taxes and social security	1,136,075	601,894	-	-
Other creditors	1,385,686	970,039	-	-
Directors' current accounts	67,594	77,594	-	-
Accruals and deferred income	1,014,244	663,294	3,500	3,500
	<u>12,740,511</u>	<u>12,336,940</u>	<u>4,168,126</u>	<u>4,033,905</u>

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

Group

	2013	2012
	£	£
Bank loans and overdrafts	5,681,390	5,583,955
Hire purchase creditors	1,153,728	1,541,021
Invoice discounting creditors	1,332,260	918,905
	<u>8,167,378</u>	<u>8,043,881</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.

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *continued*

16 Creditors Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	1,278,499	1,854,492	-	-
Obligations under finance lease and hire purchase contracts	1,828,137	2,322,761	-	-
Directors' current accounts	15,000	-	-	-
Accruals and deferred income	1,012,169	1,203,434	-	-
	<u>4,133,805</u>	<u>5,380,687</u>	<u>-</u>	<u>-</u>

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

Group

	2013	2012
	£	£
Bank loans and overdrafts	1,278,499	1,854,492
Hire purchase creditors	<u>1,828,137</u>	<u>2,322,761</u>
	<u>3,106,636</u>	<u>4,177,253</u>

The bank loan of £1,104,499 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	
	2013	2012	2013	2012
	£	£	£	£
After more than five years by instalments	1,104,499	1,104,493	-	-
After more than five years not by instalments	<u>264,690</u>	<u>442,755</u>	<u>-</u>	<u>-</u>
	<u>1,369,189</u>	<u>1,547,248</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 and more than one year are capital grant amounts received of £1,155,009. The grant is recognised in the profit and loss account over the useful economic life of the assets to which the grant relates.

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

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *continued*

Obligations under finance leases and HP contracts

Amounts repayable.

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
In one year or less on demand	1,153,728	1,541,021	-	-
Between one and two years	475,798	1,031,847	-	-
Between two and five years	1,352,339	1,290,914	-	-
	<u>2,981,865</u>	<u>3,863,782</u>	<u>-</u>	<u>-</u>

17 Provisions

Group

	Deferred tax	Other provision	Total
	£	£	£
At 1 July 2012	241,172	606,000	847,172
Credited to the profit and loss account	<u>(123,595)</u>	<u>-</u>	<u>(123,595)</u>
At 30 June 2013	<u>117,577</u>	<u>606,000</u>	<u>723,577</u>

Analysis of deferred tax

	2013	2012
	£	£
Difference between accumulated depreciation and capital allowances	<u>123,595</u>	<u>241,172</u>

18 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No	£
Ordinary shares of £1 each	<u>1,007,221</u>	<u>1,007,221</u>	<u>1,007,221</u>	<u>1,007,221</u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *continued*

19 Reserves

Group

	Profit and loss account £	Total £
At 1 July 2012	1,446,353	1,446,353
Prior year adjustment	<u>(606,000)</u>	<u>(606,000)</u>
At 1 July 2012 as restated	840,353	840,353
Profit for the year	<u>140,294</u>	<u>140,294</u>
At 30 June 2013	<u><u>980,647</u></u>	<u><u>980,647</u></u>

Company

	Profit and loss account £	Total £
At 1 July 2012	(2,913,445)	(2,913,445)
Loss for the year	<u>(26,504)</u>	<u>(26,504)</u>
At 30 June 2013	<u><u>(2,939,949)</u></u>	<u><u>(2,939,949)</u></u>

20 Reconciliation of movement in shareholders' funds

Group

	2013 £	(As restated) 2012 £
Profit/(loss) attributable to the members of the group	<u>140,294</u>	<u>(443,657)</u>
Net addition/(reduction) to shareholders' funds	140,294	(443,657)
Shareholders' funds at 1 July (previously £2,453,574 before prior year adjustment of £606,000)	<u>1,847,574</u>	<u>2,291,231</u>
Shareholders' funds at 30 June	<u><u>1,987,868</u></u>	<u><u>1,847,574</u></u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *continued*

Company

	2013 £	2012 £
Loss attributable to the members of the company	(26,504)	(6,232)
Net reduction to shareholders' funds	(26,504)	(6,232)
Shareholders' deficit at 1 July	(1,906,224)	(1,899,992)
Shareholders' deficit at 30 June	<u>(1,932,728)</u>	<u>(1,906,224)</u>

21 Prior period adjustments

The prior period adjustment relates to costs for processing and disposing of waste that had been deposited on the site prior to 2012 that were later determined to require additional processes

22 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 (2012 - £23,586)

23 Analysis of net debt

	At 1 July 2012 £	Cash flow £	Other non cash changes £	At 30 June 2013 £
Cash at bank and in hand	4,509,983	373,177	-	4,883,160
Bank overdraft	(5,223,955)	(97,434)	-	(5,321,389)
	(713,972)	275,743	-	(438,229)
Debt due within one year	(360,000)	-	-	(360,000)
Debt due after more than one year	(1,854,492)	575,994	-	(1,278,498)
Finance leases and hire purchase contracts	(3,863,782)	1,021,001	(139,086)	(2,981,867)
	<u>(6,792,246)</u>	<u>1,872,738</u>	<u>(139,086)</u>	<u>(5,058,594)</u>

Dauson Environmental Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2013

..... *continued*

24 Related party transactions

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

	2013	2012
	£	£
Mr D Neal	53,784	63,784
Mr D Jenkins	3,123	3,123
Mr G Goodman	10,687	10,687
	<u>67,594</u>	<u>77,594</u>

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

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 (2012 £5,415) from Neal Environmental Limited At the balance sheet date the amount due to Neal Environmental Limited was £nil (2012 - £6,498)

Envirosavers Limited

(an associate company)

During the year purchases were made by Cardiff Demolition Limited of £285,218 (2012 £303,459) from Envirosavers Limited Sales were also made to Envirosavers Limited of £513 (2012 £932) At the balance sheet date the amount due to Envirosavers Limited was £31,026 (2012 - £97,897)

Mr and Mrs Neal

(parents of Mr D Neal a director)

Rent was paid to Mr and Mrs Neal by the group amounting to £60,500 (2012 £66,000) At the balance sheet date the amount due to Mr and Mrs Neal was £nil (2012 - £nil)

Mr D Neal

(Director)

Rent was paid to Mr D Neal amounting to £15,000 (2012 £18,000) At the balance sheet date the amount due to Mr D Neal was £nil (2012 - £nil)

Bluefield Caernarfon Limited

(group has a 35% interest)

During the year the group loaned a further amount of £18,200 (2012 £33,425) to Bluefield Caernarfon Limited At the balance sheet date the amount due from Bluefield Caernarfon Limited was £91,625 (2012 - £73,425)

Mr L Neal

(nephew of David Neal)

During the year Mr L Neal made a loan to the group of £15,000 At the balance sheet date the amount due to Mr L Neal was £15,000 (2012 - £nil)

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

25 Control

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