

**COMPANY REGISTRATION NUMBER: 07040124**

**DAUSON ENVIRONMENTAL GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**30 JUNE 2018**



# **DAUSON ENVIRONMENTAL GROUP LIMITED**

## **FINANCIAL STATEMENTS**

**Year ended 30 June 2018**

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# **DAUSON ENVIRONMENTAL GROUP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

Mr D J Neal  
Mr M A Kenney

### **Company secretary**

Mr D J Neal

### **Registered office**

Atlantic Ecopark  
Newton Road  
Rumney  
Cardiff  
CF3 2EJ

### **Auditor**

Kilsby & Williams LLP  
Chartered Accountants & statutory auditor  
Cedar House  
Hazell Drive  
Newport  
NP10 8FY

# DAUSON ENVIRONMENTAL GROUP LIMITED

## STRATEGIC REPORT

**Year ended 30 June 2018**

### Business Review

The directors consider that the results for the year and the financial position at the end of the year satisfactory. The directors were also pleased to see that Atlantic Recycling continued to sustain profitability after a very difficult 5-year trading period with significant interruptions. Normal trading performances by Neal Soil Suppliers Ltd and Cardiff Demolition. Co. Ltd has been experienced for the period.

All Group companies traded profitably for the period under review although the reduction in on site processing capacity at Atlantic Recycling was resolved in November 2017 continued to prevent the company achieving its full potential. During the year under review, the Group have again overcome further challenges it faced during the year in a highly-regulated environment that various Group companies continue to deal with in a market driven by increased legislation together with financial and regulatory constraints.

This financial period under review has been influenced by the following significant factors:

High professional costs for the period under review which related to the maintenance of the Environmental Permits and regulatory requirements. These amounted to £728,000 (£706,000).

Capital expenditure has continued both the Atlantic Recycling Neal Soil sites increasing production facilities and safe storage areas for processed and unprocessed waste together, with increased fire protection. Additional costs again were incurred in reducing levels of processed and unprocessed waste to comply with permit requirements.

The Group's strength is its ability to manage these challenges. Its market share continues to increase as new customer relationships are developed and gained. The development and use of leading-edge technology by the Group enables it to maximise on diverting waste from Landfill to recycling/recovery of reusable recycled products.

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

The Groups unique and much sort after location of its 130-acre Ecopark gives it a competitive edge, within 2 miles of the City centre. Its easy access to the South Wales motorway network makes it very accessible and is a factor that contributes to its success. The Group employ c200 employees and a significant resource continues to be directed towards, training, personal development and succession planning.

2017/18 continued to be a challenging period for the group balanced between regulatory compliance activity and continued investments in infrastructure and plant.

The Group achieved a post-tax profit of £1,613,626 (Profit £609,639) attributable to the members of the parent company for the year:

- **Neal Soil Suppliers Ltd** ("Neal Soil") Revenues were more than budget for the period. The directors consider the operations of Neal Soil Suppliers Ltd "Neal Soil" and its wholly owned subsidiary Neal Aggregate Suppliers Ltd "NAS" as one trading operation. Neal Soil pay the overheads excluding interest for NAS. On a combined basis they had total revenues of £13.9m for the period under review.

Neal Soils produced a pre-tax profit of £220,000 (Profit £328,000) for the year. This profit was after exceptional costs sustained relating compliance work undertaken for its associated company Atlantic Recycling Ltd. The overheads continue to include some additional costs in respect of Neal Aggregate Suppliers Ltd overheads.

- **Atlantic Recycling Ltd** ("Atlantic"). Having returned to sustainable profitable trading since its many disruptions in the past 4 years. Following historic trading losses, the turnaround in Atlantic's financial performance has been sustained. The current period under review revealed a pre-tax profit of £280,000

# DAUSON ENVIRONMENTAL GROUP LIMITED

## STRATEGIC REPORT *(continued)*

### Year ended 30 June 2018

(Profit £264,000). Profitability has been maintained in the current financial year.

- **Cardiff Demolition Co. Ltd** continues to trade profitably in a highly competitive market. It continues to maintain a competitive position and continues to hold a healthy order book. Pre-tax profits increased to £739,998 (profit £486,991) for the year, this pre-tax profit is considered satisfactory for a healthy contracting company.
- **Neal Aggregate Suppliers Ltd** ("Neal Agg") during its trading year achieved a pre-tax profit of £180,061 (£497,345). The washplant since its commissioning has worked to full capacity. Planned improvements to increase processing capacity is ongoing with initial improvements already carried out and planning agreed for a second plant. The revenue from sand and aggregate produced by the plant is recognised in the Neal Soils accounts where much of its overheads are also covered and absorbed.
- **Bluefield Land Ltd** ("Bluefield") reported income for the period following the writeback of loans on existing revalued land bank of two brownfield sites in South Wales with potential for housing. Bluefield's pre-tax profit for the period was £574,804 (Loss £635,828). Bluefield is expecting to start developing this land in 2019.

### 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 continues to need significant Capital Expenditure for both Infrastructure and Plant and Machinery. All its retained earnings are re-invested in the business, so the group has been able to continue to finance necessary infrastructure costs from its cash flow together with support from its stakeholders. Plant and machinery has been financed with asset finance over relatively short periods compared with the plants normal working life, freeing up available financing opportunities for replacement and additional plant.
2. The Ecopark operates in a SSSI area and continues to work with the Regulator (the NRW) to maintain the Ecopark in a state of high compliance with its permits. The Group continues to carry out significant measures to prevent any pollution or harm to human life or the Environment because of its operations on the Ecopark.
3. The Group continues to improve its processing operations and is aiming to attain its previous recycling of waste targets by achieving 100% diversion of waste from landfill.
4. It is important for the Group to continue investing in research and development of new technologies which enables the Group to discover treatment of new types of waste streams each year. Major investment in infrastructure will continue in the future.
5. The strategic objective continues to be importing higher value waste streams, but less volume which is still important to the Group. Together with identifying alternative uses for waste and bi-products.
6. The operation of the washplant continues to produce sand and aggregate to satisfy industry protocols with demand currently out stripping supply.

The Group are involved in three main sector operating activities:

# DAUSON ENVIRONMENTAL GROUP LIMITED

## STRATEGIC REPORT *(continued)*

**Year ended 30 June 2018**

<u>Construction/Development Related</u>	- Bluefield Land Ltd Cardiff Demolition Co. Ltd
<u>Haulage, Soil and Aggregate Recycling Supply</u>	- Neal Soil Suppliers Ltd, Neal Aggregate Suppliers Ltd and
<u>Waste Management</u>	- Atlantic Recycling Ltd

### **Critical Issues facing the Group**

To ensure that we continue to 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 and innovative production processes in soil processing and recycling commercial waste materials are the main innovators. Significant long-term contracts with Blue-chip customers continue to underpin future investments at the Ecopark.

The problems associated with the UK's changing weather conditions, the economic climate post BREXIT and ongoing cash management.

The core key areas remain unchanged which 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 economic 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. The management team is young and experienced, they will continue to be strengthened and supported by market sector specialist/professionals.

### **External Analysis**

Over the past decade, the volume of waste handled by waste treatment and disposal companies has steadily declined, driven by government policies designed to minimise waste and encourage recycling. Government policies have forced significant changes in the industry. There has been a large shift from the disposal of waste to the treatment of waste. The treatment of waste generates much higher revenue than disposal.

The Welsh Government has reported a recycling rate of 63.8% across Wales by the end of 2017. This is 4% above 2016 and well on the way to achieving the 2025 target of 70%. Wales continues to lead the way in the UK and is well on the way to achieving zero waste to landfill and is the second-best recycling nation in Europe,

behind Germany who achieved 66% and the fourth best in the World. (Source Welsh Gov.)

Non-Hazardous Waste Treatment & Disposal industry is expected to handle c200 million tonnes of waste in

# DAUSON ENVIRONMENTAL GROUP LIMITED

## STRATEGIC REPORT *(continued)*

### Year ended 30 June 2018

2019-20 in the UK. Revenue of £3 billion is expected for this period, and industry revenue is expected to grow 4.7%pa between 2018-20. There is an EU target for the UK to recover at least 70 per cent of this type of waste by 2020. (Source DEFRA)

Waste sent to landfill is decreasing in Wales year-on-year, more than halving since 2001 and is the 2nd best recycling nation in Europe. Increases in landfill tax has and shortage of space forced local authorities to consider alternative waste disposal methods, away from landfill. Rates of recycling versus landfill of waste have been rapidly increasing (Source DEFRA)

Following China's decision in 2017 to stop importing unsorted plastic and paper waste, finding a home for this type of material will become more and more challenging in 2019. Consequently, waste commodity prices have already started to fall, a trend that is only likely to continue throughout 2019 with China taking a hard stance

Despite this, the global demand for high-quality recycled materials remains crucial for our future and this is unlikely to change moving forward, given the shortage of natural resources that the world demands. But it all comes down to the quality of the material we are recovering and supplying. The South East Wales aggregates market is approximately 8 million tonnes pa.

Therefore, 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, are well placed to capture a larger market share providing it can maintain financial stability and continue to invest in the latest technology to ensure efficient recycling producing quality product is maintained.

### Financial Performance

Consolidated Group financial performance for the last 4 years is summarized as follows:

Dauson Group	Audited 2015 £'000	Audited 2016 £'000	Audited 2017 £'000	Audited 2018 £'000
Turnover	21,359	22,879	24,869	25,816
Profit/Loss before tax	1,530	603	701	2,029
Shareholders funds	2,049	2,732	3,341	4,954

### POST BALANCE SHEET EVENTS

On 1st July 2018, Dauson Environmental Group Limited acquired the entire issued share capital of Neal Remediation Ltd.

### Results and Dividends

The Profit after taxation of the Group for the year amounted to £1,613,626 (Profit £609,637). The directors have not recommended a dividend

This report was approved by the board of directors on 14/2/19 and signed on behalf of the board by:



Mr D J Neal  
Director

# **DAUSON ENVIRONMENTAL GROUP LIMITED**

## **DIRECTORS' REPORT**

### **Year ended 30 June 2018**

The directors present their report and the financial statements of the group for the year ended 30 June 2018.

#### **Directors**

The directors who served the company during the year were as follows:

Mr D J Neal  
Mr M A Kenney

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 33 to the financial statements.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.



# DAUSON ENVIRONMENTAL GROUP LIMITED

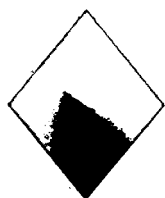
## DIRECTORS' REPORT *(continued)*

**Year ended 30 June 2018**

This report was approved by the board of directors on .....<sup>14</sup>/<sub>2</sub>/<sub>19</sub>..... and signed on behalf of the board by:



Mr D J Neal  
Director



**KILSBY  
WILLIAMS**  
Chartered Accountants

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAUSON ENVIRONMENTAL GROUP LIMITED**

**Year ended 30 June 2018**

### **Opinion**

We have audited the financial statements of Dauson Environmental Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the consolidated profit and loss account, consolidated balance sheet, balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAUSON ENVIRONMENTAL GROUP LIMITED *(continued)***

**Year ended 30 June 2018**

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAUSON  
ENVIRONMENTAL GROUP LIMITED *(continued)***

**Year ended 30 June 2018**

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**KILSBY  
WILLIAMS**  
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAUSON  
ENVIRONMENTAL GROUP LIMITED *(continued)***

**Year ended 30 June 2018**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of 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.

*Simon Tee 15<sup>th</sup> February 2019*

**Simon Tee (Senior Statutory Auditor)**

**For and on behalf of  
Kilsby & Williams LLP  
Chartered Accountants & statutory auditor  
Cedar House  
Hazell Drive  
Newport  
NP10 8FY**

# DAUSON ENVIRONMENTAL GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 June 2018

		2018	2017
	Note	£	£
<b>TURNOVER</b>	<b>4</b>	25,816,283	24,866,554
Cost of sales		(18,711,597)	(18,294,478)
<b>GROSS PROFIT</b>		<u>7,104,686</u>	<u>6,572,076</u>
Administrative expenses		(5,227,519)	(5,839,422)
Other operating income	<b>5</b>	658,773	626,211
<b>OPERATING PROFIT</b>	<b>6</b>	<u>2,535,940</u>	<u>1,358,865</u>
Income from interests in associates	<b>11</b>	22,500	22,500
Share of profit of associates	<b>17</b>	43,271	37,642
Other interest receivable and similar income	<b>12</b>	–	959
Interest payable and similar expenses	<b>13</b>	(572,696)	(718,693)
<b>PROFIT BEFORE TAXATION</b>		<u>2,029,015</u>	<u>701,273</u>
Tax on profit	<b>14</b>	(415,389)	(91,636)
<b>PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME</b>		<u>1,613,626</u>	<u>609,637</u>
Profit for the financial year attributable to:			
The owners of the parent company		1,546,697	768,594
Non-controlling interests		66,929	(158,957)
		<u>1,613,626</u>	<u>609,637</u>

All the activities of the group are from continuing operations.

The notes on pages 18 to 35 form part of these financial statements.

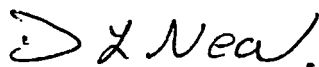
# DAUSON ENVIRONMENTAL GROUP LIMITED

## CONSOLIDATED BALANCE SHEET

30 June 2018

		2018	2017
	Note	£	£
<b>FIXED ASSETS</b>			
Tangible assets	16	6,497,879	6,692,812
Investments	17	233,991	190,720
		<u>6,731,870</u>	<u>6,883,532</u>
<b>CURRENT ASSETS</b>			
Stocks	18	2,807,976	2,756,210
Debtors	19	5,492,679	5,584,028
Cash at bank and in hand		238,923	544
		<u>8,539,578</u>	<u>8,340,782</u>
<b>CREDITORS: amounts falling due within one year</b>	21	(8,384,025)	(10,171,918)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>155,553</u>	<u>(1,831,136)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,887,423</u>	<u>5,052,396</u>
<b>CREDITORS: amounts falling due after more than one year</b>	22	(1,925,470)	(1,587,343)
<b>PROVISIONS</b>	24	(7,062)	(123,788)
<b>NET ASSETS</b>		<u>4,954,891</u>	<u>3,341,265</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	30	1,007,221	1,007,221
Profit and loss account	31	3,947,670	2,762,147
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY</b>		<u>4,954,891</u>	<u>3,769,368</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>-</u>	<u>(428,103)</u>
		<u>4,954,891</u>	<u>3,341,265</u>

These financial statements were approved by the board of directors and authorised for issue on 17/2/19, and are signed on behalf of the board by:



Mr D J Neal  
Director

Company registration number: 07040124

The notes on pages 18 to 35 form part of these financial statements.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## BALANCE SHEET

30 June 2018

	Note	2018 £	2017 (restated) £
<b>FIXED ASSETS</b>			
Investments	17	6,087,296	6,087,296
<b>CURRENT ASSETS</b>			
Debtors	19	1,565,970	1,706,436
<b>CREDITORS: amounts falling due within one year</b>	21	(6,321,126)	(6,578,024)
<b>NET CURRENT LIABILITIES</b>		(4,755,156)	(4,871,588)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,332,140	1,215,708
<b>CREDITORS: amounts falling due after more than one year</b>	22	(438,011)	(331,863)
<b>NET ASSETS</b>		<u>894,129</u>	<u>883,845</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	30	1,007,221	1,007,221
Fair value reserve	31	676,207	676,207
Profit and loss account	31	(789,299)	(799,583)
<b>SHAREHOLDERS FUNDS</b>		<u>894,129</u>	<u>883,845</u>

The profit for the financial year of the parent company was £10,284 (2017: £837,400 loss).

These financial statements were approved by the board of directors and authorised for issue on 14/12/19, and are signed on behalf of the board by:



Mr D J Neal  
Director

Company registration number: 07040124

The notes on pages 18 to 35 form part of these financial statements.



# DAUSON ENVIRONMENTAL GROUP LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2018

	Called up share capital £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
<b>AT 1 JULY 2016</b>	1,007,221	1,993,553	3,000,774	(269,146)	2,731,628
Profit for the year		768,594	768,594	(158,957)	609,637
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	768,594	768,594	(158,957)	609,637
<b>AT 30 JUNE 2017</b>	1,007,221	2,762,147	3,769,368	(428,103)	3,341,265
Profit for the year		1,546,697	1,546,697	66,929	1,613,626
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	1,546,697	1,546,697	66,929	1,613,626
Acquisition of minority interest	–	(361,174)	(361,174)	361,174	–
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	–	(361,174)	(361,174)	361,174	–
<b>AT 30 JUNE 2018</b>	<u>1,007,221</u>	<u>3,947,670</u>	<u>4,954,891</u>	<u>–</u>	<u>4,954,891</u>

The notes on pages 18 to 35 form part of these financial statements.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2018

	Called up share capital £	Fair value reserve £	Profit and loss account £	Total £
<b>AT 1 JULY 2016</b>	1,007,221	–	37,817	1,045,038
Loss for the year			(837,400)	(837,400)
Other comprehensive income for the year:				
Fair value movements on investment in associates	–	676,207	–	676,207
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	676,207	(837,400)	(161,193)
<b>AT 30 JUNE 2017</b>	1,007,221	676,207	(799,583)	883,845
Profit for the year			10,284	10,284
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	–	10,284	10,284
<b>AT 30 JUNE 2018</b>	<u>1,007,221</u>	<u>676,207</u>	<u>(789,299)</u>	<u>894,129</u>

The notes on pages 18 to 35 form part of these financial statements.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2018

		2018	2017
	Note	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the financial year		1,613,626	609,637
<i>Adjustments for:</i>			
Depreciation of tangible assets		3,109,885	2,824,651
Government grant income		–	(620,818)
Income from interests in associates		(22,500)	(22,500)
Share of profit of associates		(43,271)	(37,642)
Other interest receivable and similar income		–	(959)
Interest payable and similar expenses		572,696	718,693
Gains on disposal of tangible assets		(204,267)	(57,226)
Tax on profit/(loss)		415,389	91,636
Non-cash exceptional items		(666,555)	–
<i>Changes in:</i>			
Stocks		(51,766)	248,262
Trade and other debtors		91,349	345,632
Trade and other creditors		(429,833)	(1,606,633)
Cash generated from operations		4,384,753	2,492,733
Interest paid		(572,696)	(718,693)
Interest received		–	959
Tax (paid)/received		(35,477)	65,705
Net cash from operating activities		<u>3,776,580</u>	<u>1,840,704</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible assets		(378,712)	(282,796)
Proceeds from sale of tangible assets		215,893	12,000
Dividends received		22,500	22,500
Net cash used in investing activities		<u>(140,319)</u>	<u>(248,296)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		(148,066)	(7,531,934)
Proceeds from loans from participating interests		(267,858)	(99,675)
Payments of finance lease liabilities		(2,806,744)	(1,678,097)
Net cash used in financing activities		<u>(3,222,668)</u>	<u>(9,309,706)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		413,593	(7,717,298)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>(174,670)</u>	<u>7,542,628</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>20</b>	<u>238,923</u>	<u>(174,670)</u>

The notes on pages 18 to 35 form part of these financial statements.

# **DAUSON ENVIRONMENTAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 June 2018**

### **1. GENERAL INFORMATION**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Atlantic Ecopark, Newton Road, Rumney, Cardiff, CF3 2EJ.

### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

#### **Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **Consolidation**

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

All subsidiary undertakings are included using the acquisition method of accounting. Under this method the group profit and loss accounts 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.

In the group financial statements, associates are accounted for using the equity method.

#### **Non-controlling interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 3. ACCOUNTING POLICIES *(continued)*

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### Provisions

Provisions are included against bad debts. These provisions require management's best estimate of the costs that will be incurred based on contractual agreements, historical experience and current knowledge of the trading difficulties of customers.

#### Useful economic life of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### **Exceptional items**

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 3. ACCOUNTING POLICIES *(continued)*

#### Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 3. ACCOUNTING POLICIES *(continued)*

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 12.5% on cost
Plant & machinery	- 12.5% - 50% on cost
Fixtures & fittings	- 12.5% - 33% on cost
	- 12.5% - 50% on cost
Haulage vehicles	- 25% on cost
Other tangibles	- 12.5% - 20% on cost

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### Investments in associates

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

#### Stocks

Stocks are work in progress and valued at the lower of cost and net realisable value., after making allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the performance model.

# **DAUSON ENVIRONMENTAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**Year ended 30 June 2018**

### **3. ACCOUNTING POLICIES** *(continued)*

#### **Construction contracts**

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately, with a corresponding provision for an onerous contract being recognised.

Where the collectability of an amount already recognised as contract revenue is no longer probable, the uncollectible amount is expensed rather than recognised as an adjustment to the amount of contract revenue.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.



# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 4. TURNOVER

Turnover arises from:

	2018	2017
	£	£
Sale of goods	3,532,151	3,769,834
Rendering of services	22,284,132	21,096,720
	<u>25,816,283</u>	<u>24,866,554</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

### 5. OTHER OPERATING INCOME

	2018	2017
	£	£
Government grant income	–	620,818
Exceptional other operating income	652,745	–
Other operating income	6,028	5,393
	<u>658,773</u>	<u>626,211</u>

### 6. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2018	2017
	£	£
Depreciation of tangible assets	3,109,885	2,824,651
Gains on disposal of tangible assets	(204,267)	(57,226)
Impairment of trade debtors	37,940	23,567
	<u>3,143,558</u>	<u>2,790,992</u>

### 7. AUDITOR'S REMUNERATION

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>31,525</u>	<u>31,525</u>

### 8. STAFF COSTS

The average number of persons employed by the group during the year, including the directors, amounted to:

	2018 No.	2017 No.
Production staff	149	156
Administrative staff	20	20
Management staff	2	2
	<u>171</u>	<u>178</u>

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

**Year ended 30 June 2018**

### 8. STAFF COSTS *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,368,672	5,345,040
Social security costs	538,901	590,586
Other pension costs	50,867	45,016
	<u>5,958,440</u>	<u>5,980,642</u>

### 9. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Remuneration	287,815	446,801
Company contributions to defined contribution pension plans	10,963	14,852
	<u>298,778</u>	<u>461,653</u>

The number of directors who accrued benefits under company pension plans was as follows:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Aggregate remuneration	<u>197,570</u>	<u>368,997</u>

### 10. EXCEPTIONAL ITEMS

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Exceptional other operating income	<u>652,745</u>	<u>-</u>	<u>-</u>	<u>-</u>

Included in the current year is an exceptional amount of £652,745 (2017 - £Nil) relating to the settlement of a bank loan.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 11. INCOME FROM INTERESTS IN ASSOCIATES

	2018	2017
	£	£
Income from interests in associates	<u>22,500</u>	<u>22,500</u>

### 12. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Other interest receivable and similar income	<u>-</u>	<u>959</u>

### 13. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Interest on banks loans and overdrafts	32,607	86,903
Interest on obligations under finance leases and hire purchase contracts	380,874	469,746
Other interest payable and similar charges	<u>159,215</u>	<u>162,044</u>
	<u>572,696</u>	<u>718,693</u>

### 14. TAX ON PROFIT/(LOSS)

#### Major components of tax income

	2018	2017
	£	£
<b>Current tax:</b>		
UK current tax income	532,115	171,237
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(116,726)	(79,601)
<b>Tax on profit/(loss)</b>	<u>415,389</u>	<u>91,636</u>

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 30 June 2018

#### 14. TAX ON PROFIT/(LOSS) *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	<u>2,029,015</u>	<u>701,273</u>
Profit on ordinary activities by rate of tax	385,513	181,099
Adjustment to tax charge in respect of prior periods	–	(246,665)
Effect of expenses not deductible for tax purposes	55,222	87,077
Effect of capital allowances and depreciation	69,203	94,198
Effect of different UK tax rates on some earnings	5,488	(6,777)
Utilisation of tax losses	(100,037)	–
R&D enhanced deduction	–	(17,296)
Tax on profit/(loss)	<u>415,389</u>	<u>91,636</u>

#### 15. INTANGIBLE ASSETS

Group	Goodwill £
<b>Cost</b>	
At 1 July 2017 and 30 June 2018	<u>767,925</u>
<b>Amortisation</b>	
At 1 July 2017 and 30 June 2018	<u>767,925</u>
<b>Carrying amount</b>	
At 1 July 2017 and 30 June 2018	–
At 30 June 2017	–

The company has no intangible assets.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 16. TANGIBLE ASSETS

Group	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Other tangibles £	Total £
<b>Cost</b>						
At 1 Jul 2017	851,358	15,828,897	597,092	1,171,167	2,565,167	21,013,681
Additions	77,860	1,499,005	1,050,467	299,246	–	2,926,578
Disposals	–	(256,250)	–	(49,089)	–	(305,339)
<b>At 30 Jun 2018</b>	<b>929,218</b>	<b>17,071,652</b>	<b>1,647,559</b>	<b>1,421,324</b>	<b>2,565,167</b>	<b>23,634,920</b>
<b>Depreciation</b>						
At 1 Jul 2017	476,989	10,633,508	504,331	1,000,299	1,705,742	14,320,869
Charge for the year	98,441	2,213,216	233,353	239,238	325,637	3,109,885
Disposals	–	(250,323)	–	(43,390)	–	(293,713)
<b>At 30 Jun 2018</b>	<b>575,430</b>	<b>12,596,401</b>	<b>737,684</b>	<b>1,196,147</b>	<b>2,031,379</b>	<b>17,137,041</b>
<b>Carrying amount</b>						
<b>At 30 Jun 2018</b>	<b>353,788</b>	<b>4,475,251</b>	<b>909,875</b>	<b>225,177</b>	<b>533,788</b>	<b>6,497,879</b>
At 30 Jun 2017	374,369	5,195,389	92,761	170,868	859,425	6,692,812

The company has no tangible assets.

### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>At 30 June 2018</b>	<b>13,300</b>	<b>2,933,185</b>	<b>906,954</b>	<b>478,850</b>	<b>4,332,289</b>
At 30 June 2017	–	3,969,609	–	494,549	4,464,158

### 17. INVESTMENTS

Group	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2017	190,720
Additions	43,271
<b>At 30 June 2018</b>	<b>233,991</b>
<b>Impairment</b>	
At 1 July 2017 and 30 June 2018	–

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 17. INVESTMENTS *(continued)*

Group	Shares in group undertakings £		
<b>Carrying amount</b>			
<b>At 30 June 2018</b>			<u>233,991</u>
At 30 June 2017			<u>190,720</u>
<b>Company</b>	Shares in group undertakings £	Shares in participating interests £	<b>Total £</b>
<b>Cost</b>			
<b>At 1 July 2017 as restated and 30 June 2018</b>	<u>5,411,089</u>	<u>676,207</u>	<u>6,087,296</u>
<b>Impairment</b>			
<b>At 1 July 2017 as restated and 30 June 2018</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amount</b>			
<b>At 1 July 2017 and 30 June 2018</b>	<u>5,411,089</u>	<u>676,207</u>	<u>6,087,296</u>
At 30 June 2017	<u>5,411,089</u>	<u>676,207</u>	<u>6,087,296</u>

During the year the company changed its accounting policy on investments in associates from historical cost to fair value with changes in fair value being recognised in other comprehensive income. This change in policy has increased the carrying value of investments in associates to £676,207 and has increased the fair value reserve by £676,207. The comparative figures have also been restated to reflect this change in accounting policy.

The directors have evaluated the fair value of the associate by considering an earnings based valuation.

### Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Neal Soil Suppliers Limited (Site clearance and sale of compactable materials)	Ordinary	100
Cardiff Demolition Company Limited (Demolition and clearing of building sites)	Ordinary	100
Atlantic Recycling Limited (Recycling operations)	Ordinary	100
Bluefield Land Limited (Regenerating brownfield sites)	Ordinary	100
Neal Aggregate Suppliers Limited (Treatment and sale of construction waste)	Ordinary	100
Atlantic Composting Limited (Dormant)	Ordinary	100
Atlantic Ecopark Limited (Dormant)	Ordinary	100
Atlantic Organics (UK) Limited (Dormant)	Ordinary	100
Atlantic Organics (Wales) Limited (Dormant)	Ordinary	100
Action Recycling Limited (Dormant)	Ordinary	100
Atlantic Power Limited (Dormant)	Ordinary	100
Dauson Holdings UK Limited (Dormant)	Ordinary	100

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 17. INVESTMENTS *(continued)*

	Class of share	Percentage of shares held
Neal Recycling Limited (Dormant)	Ordinary	100
Atlantic Waste Management Limited (Dormant)	Ordinary	100

#### Associates

Envirosavers Limited (Clearance of hazardous waste)	Ordinary	30
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On 14 December 2017 Dauson Environmental Group Limited acquired the minority interest in Bluefield Land Ltd, increasing its ownership to 100% of the share capital.

All of the above group undertakings are included in the consolidated accounts of Dauson Environmental Group Limited.

All of the above group undertakings have a year end of 30 June 2018, except for Envirosavers Limited which has a year end of 31 January 2018.

### 18. STOCKS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Stock	1,690,367	1,638,601	–	–
Work in progress	1,117,609	1,117,609	–	–
	<u>2,807,976</u>	<u>2,756,210</u>	<u>–</u>	<u>–</u>

Stock recognised in cost of sales during the year as an expense was £2,096,837 (2017 - £2,242,082).

### 19. DEBTORS

	Group		Company	
	2018	2017	2018	2017 (restated)
	£	£	£	£
Trade debtors	4,195,397	4,055,629	–	–
Amounts owed by group undertakings	–	–	1,565,970	1,706,436
Amounts owed by customers on construction contracts	379,076	829,570	–	–
Prepayments and accrued income	820,896	698,002	–	–
Other debtors	97,310	827	–	–
	<u>5,492,679</u>	<u>5,584,028</u>	<u>1,565,970</u>	<u>1,706,436</u>

Amounts included within amounts owed by group undertakings are debts owed by related companies. Whilst the debts are technically due on demand, they will be paid after more than one year due to group cash flows and support arrangements in place.

Trade debtors of £1,732,455 (2017- £1,756,761) are pledged as security for the company's trade finance agreement.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2018	2017
	£	£
Cash at bank and in hand	238,923	544
Bank overdrafts	–	(175,214)
	<u>238,923</u>	<u>(174,670)</u>

### 21. CREDITORS: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017 (restated)
	£	£	£	£
Bank loans and overdrafts	77,700	1,283,416	77,700	–
Trade creditors	2,087,455	2,239,318	–	–
Amounts owed to group undertakings	–	–	6,046,267	6,345,155
Amounts owed to undertakings in which the company has a participating interest	23,280	291,138	–	–
Accruals and deferred income	867,241	929,248	6,449	6,449
Corporation tax	667,875	171,237	–	–
Social security and other taxes	893,703	809,597	–	–
Obligations under finance leases and hire purchase contracts	1,755,884	2,258,579	–	–
Director loan accounts	–	77,854	–	–
Other creditors	2,010,887	2,111,531	190,710	226,420
	<u>8,384,025</u>	<u>10,171,918</u>	<u>6,321,126</u>	<u>6,578,024</u>

The balance included in other creditors for trade finance agreements of £1,732,455 (2017- £1,756,761) is secured upon the book debts of the company.

The following balance included in creditors due within one year is secured on the assets it relates to:

	2017	2016
	£	£
Hire purchase and finance lease agreements	<u>1,755,884</u>	<u>2,258,579</u>

The bank loan is secured on the assets of the company and a charge over £500,000 of stock held in Bluefield Land Ltd.

Included in other creditors due within one year is £190,710 (2017 - £226,420) of other loans. The balance is secured by a fixed and floating charge over the assets of the company. A cross guarantee is provided by Neal Soil Suppliers Ltd, Neal Aggregate Suppliers Limited, Cardiff Demolition Company Limited and Atlantic Recycling Limited, in the form of a debenture and limited guarantee.



# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

**Year ended 30 June 2018**

### 22. CREDITORS: amounts falling due after more than one year

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017 (restated)</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	296,858	–	296,858	–
Obligations under finance leases and hire purchase contracts	1,487,459	1,255,480	–	–
Other creditors	141,153	331,863	141,153	331,863
	<u>1,925,470</u>	<u>1,587,343</u>	<u>438,011</u>	<u>331,863</u>

The following balance included in creditors due after more than one year is secured on the assets it relates to:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Hire purchase and finance lease agreements	<u>1,487,459</u>	<u>–</u>

The bank loan is secured on the assets of the company and a third party legal mortgage charged over £500,000 of stock held in Bluefield Land Ltd.

Included in other creditors due after more than one year is £141,153 (2017 - £331,863) of other loans. The balance is secured by a fixed and floating charge over the assets of the company. A cross guarantee is provided by Neal Soil Suppliers Ltd, Neal Aggregate Suppliers Limited, Cardiff Demolition Company Limited and Atlantic Recycling Limited, in the form of a debenture and limited guarantee.

### 23. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	1,755,884	2,258,579	–	–
Later than 1 year and not later than 5 years	1,487,459	1,255,480	–	–
	<u>3,243,343</u>	<u>3,514,059</u>	<u>–</u>	<u>–</u>

### 24. PROVISIONS

<b>Group</b>	<b>Deferred tax (note 25) £</b>
At 1 July 2017	123,788
Additions	(75,704)
Charge against provision	(41,022)
<b>At 30 June 2018</b>	<u>7,062</u>

The company does not have any provisions.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2018

### 25. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Included in provisions (note 24)	<u>7,062</u>	<u>123,788</u>	<u>-</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	7,215	123,788	-	-
Deferred tax - other timing differences	(153)	-	-	-
	<u>7,062</u>	<u>123,788</u>	<u>-</u>	<u>-</u>

### 26. EMPLOYEE BENEFITS

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £50,867 (2017: £45,016).

### 27. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Recognised in other operating income:				
Government grants recognised directly in income	<u>-</u>	<u>620,818</u>	<u>-</u>	<u>-</u>

### 28. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

#### Financial assets that are debt instruments measured at amortised cost

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Financial assets that are debt instruments measured at amortised cost	<u>4,671,783</u>	<u>4,886,026</u>

#### Financial liabilities measured at amortised cost

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Financial liabilities measured at amortised cost	<u>8,686,054</u>	<u>9,582,614</u>

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 30 June 2018

#### 29. PRIOR PERIOD RESTATEMENT

There has been a prior year adjustment in the company to reclassify other creditors and amounts owed by group undertakings. As a result of this debtors increased by £348,080, creditors falling due within one year increased by £16,217 and creditors falling due after more than one year increased by £331,863.

Additionally, there has been a prior year adjustment in the company due to change of accounting policy for investments in associates. Details of the impact on the financial statements can be found in note 17.

There has been no impact on any balance in the consolidated financial statements.

#### 30. CALLED UP SHARE CAPITAL

##### Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,007,221</u>	<u>1,007,221.00</u>	<u>1,007,221</u>	<u>1,007,221.00</u>

#### 31. RESERVES

Called up share capital - This represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Fair value reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

# **DAUSON ENVIRONMENTAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**Year ended 30 June 2018**

### **32. CONTINGENCIES**

The bank loan and overdraft facility of Neal Soil Suppliers Ltd have the following guarantees attached to them:

First legal charge dated 14 May 2002 over Freehold Property known as Land in the south west side of Heol Miskin, Pontyclun, Llantrisant.

Unlimited Multilateral Guarantee dated 29 September 2010 given by Neal Soil Suppliers Ltd, Action Recycling Limited, Atlantic Recycling Ltd, Atlantic Waste Management Limited, Cardiff Demolition Company Limited, Neal Recycling Limited and Dauson Environmental Group Limited.

Unlimited Multilateral Guarantee dated 18 December 2006 given by Neal Soil Suppliers Ltd, Atlantic Waste Management Limited, Cardiff Demolition Company Limited, Dauson Holdings Limited, Remtech Remediation & Ground Engineering Limited and Action Recycling Limited.

Debenture including Fixed charge over all present freehold and leasehold property; First Fixed charge over book and other debts, chattels, goodwill and uncalled share capital, both present and future; and first floating charge over all assets and undertakings both present and future dated 12 June 1998.

First legal charge dated 23 August 2000 over freehold property known as Land at Sym Y More, Peterstone, Wentloog, Newport.

First legal charge dated 23 August 2000 over freehold property known as Land lying north of Broadsteer, Common Peterstone, Wentloog.

First legal charge dated 24 August 2000 over freehold property known as Land at Sym Y More, Peterstone, Wentloog, Newport.

Unlimited Multilateral Guarantee dated 26 January 2012 given by Neal Soil Suppliers Limited, Action Recycling Limited, Atlantic Recycling Limited, Atlantic Waste Management Limited, Cardiff Demolition Company Limited, Neal Recycling Limited, Dauson Environmental Group Limited and Neal Aggregate Suppliers Limited.

Neal Soil Suppliers Ltd has provided a cross guarantee in connection with Dauson Environmental Group Limited's bank facility. This guarantee is unlimited and takes the form of debenture, fixed charge and floating charge covering the assets of the company for current and future periods.

The directors are confident no liabilities will arise from these.

The group also has a right of set off in place over the bank balances held.

### **33. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 1st July 2018, Dauson Environmental Group Limited acquired the entire issued share capital of Neal Remediation Ltd.

# DAUSON ENVIRONMENTAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 30 June 2018

#### 34. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included in other creditors are the following balances due to directors within the group;

	2018	2017
	£	£
Mr G Goodman	–	10,687
Mr P M Farnham	–	67,167
	<u>–</u>	<u>77,854</u>

#### 35. RELATED PARTY TRANSACTIONS

##### Group

The group has taken advantage of the exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Included within rent is £99,000 (2017 - £99,000) invoiced to close family members of Mr D J Neal. Also included within rent is £10,380 (2017 - £21,660) invoiced to a company owned by a close family member of Mr D J Neal.

Included within other creditors is £5,859 (2017 - £17,787) due to Mr L Neal - a close family member of Mr D J Neal.

Included within trade creditors is £10,830 (2017 - £10,830) due to a company owned by a close family member of Mr D J Neal.

During the year, the group made purchases of £678,294 (2017 - £785,757) from Envirosavers Limited. At the year end, the group owed £23,280 (2017 - £291,138) to Envirosavers Limited. Envirosavers Limited is an associate.

Included within legal & professional fees is £40,000 (2017 - £46,000) in relation to consultancy fees paid to a company owned by a close family member of the director Mr D Neal.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £160,642 (2017: £139,627).

##### Company

During the year, the company received dividends totalling £22,500 (2017 - £22,500) from Envirosavers Limited.

#### 36. CONTROLLING PARTY

The ultimate controlling party is Mr D J Neal.