

Registered number: SC107948

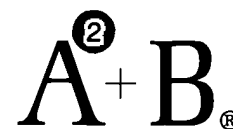
A<sup>2</sup>+B<sup>®</sup>

**DALES ENGINEERING SERVICES  
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



**DALES ENGINEERING SERVICES LIMITED**



**COMPANY INFORMATION**

**Directors**

G Mackie  
W Duncan  
K Thomson  
N Mackie  
J B Duncan

**Company secretary**

Masson Glennie LLP

**Registered number**

SC107948

**Registered office**

Broad House  
Broad Street  
Peterhead  
AB42 1HY

**Independent auditors**

Anderson Anderson & Brown Audit LLP  
Statutory Auditor  
Kingshill View  
Kingswells  
Aberdeen  
AB15 8PU



CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditors' report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 21

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Introduction**

The principal activity of the company is that of the fabrication of materials and the provision of engineering services to the energy industry.

**Business review**

The directors are disappointed with the results for the year which are attributed to the continuing difficult trading conditions in the sector.

The external commercial environment is expected to remain competitive in 2019; however the directors are optimistic with regards to the future.

**Principal risks and uncertainties**

The directors have considered the principal risks and uncertainties to be associated with the global oil and gas market where changes in political and operational landscapes could impact favourably or otherwise upon business and as such are continually monitoring new opportunities.

**Financial key performance indicators**

The directors consider turnover and gross profit to be key performance indicators and monitor these on an ongoing basis.

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

.....  
*Graham Mackie*

**G Mackie**  
Director

Date: 31/7/2019

**DALES ENGINEERING SERVICES LIMITED**



**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

**Results and dividends**

The loss for the year, after taxation, amounted to £40,443 (2017 - loss £49,896).

No dividends were paid in the year (2017 - £nil).

**Directors**

The directors who served during the year were:

G Mackie  
W Duncan  
K Thomson  
N Mackie  
J B Duncan

**Future developments**

The company will face a highly competitive market in 2019 with the continued low oil price. However, the directors are confident that the company will continue to be a going concern in future periods.

**Disclosure of information to auditors**

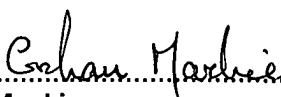
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

  
.....  
**G Mackie**  
Director

Date: 31/7/2019

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

## Opinion

We have audited the financial statements of Dales Engineering Services Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 Financial Reporting Standard 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 Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

## Other information

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
DALES ENGINEERING SERVICES LIMITED (CONTINUED)**

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.

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

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 3, 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.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
DALES ENGINEERING SERVICES LIMITED (CONTINUED)**

**Auditors' 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 Auditors' 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.

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

**Use of our report**

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

*Anderson Anderson & Brown Audit LLP*

Derek Mair (Senior statutory auditor)

for and on behalf of

**Anderson Anderson & Brown Audit LLP**

Statutory Auditor

Kingshill View  
Kingswells  
Aberdeen  
AB15 8PU

12 August 2019

DALES ENGINEERING SERVICES LIMITED



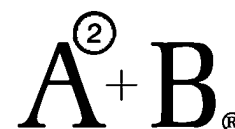
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	10,562,929	10,995,136
Cost of sales		(7,920,020)	(8,320,291)
<b>GROSS PROFIT</b>		<u>2,642,909</u>	<u>2,674,845</u>
Administrative expenses		(2,722,546)	(2,781,194)
<b>OPERATING LOSS</b>	5	<u>(79,637)</u>	<u>(106,349)</u>
Interest receivable and similar income	9	34,984	51,212
<b>LOSS BEFORE TAX</b>		<u>(44,653)</u>	<u>(55,137)</u>
Tax on loss	10	4,210	5,241
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(40,443)</u></u>	<u><u>(49,896)</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 10 to 21 form part of these financial statements.

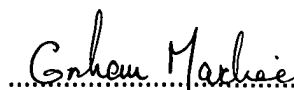
**DALES ENGINEERING SERVICES LIMITED**  
**REGISTERED NUMBER: SC107948**



**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	11	487,624	477,118
		<u>487,624</u>	<u>477,118</u>
<b>CURRENT ASSETS</b>			
Stocks	12	831,948	827,495
Debtors: amounts falling due after more than one year	13	250,000	250,000
Debtors: amounts falling due within one year	13	4,954,147	4,171,308
Cash at bank and in hand	14	4,737,662	5,189,434
		<u>10,773,757</u>	<u>10,438,237</u>
Creditors: amounts falling due within one year	15	(1,135,527)	(747,869)
<b>NET CURRENT ASSETS</b>		<u>9,638,230</u>	<u>9,690,368</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,125,854</u>	<u>10,167,486</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	17	(67,033)	(68,222)
		<u>(67,033)</u>	<u>(68,222)</u>
<b>NET ASSETS</b>		<u><u>10,058,821</u></u>	<u><u>10,099,264</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	50,400	50,400
Share premium account		2,100	2,100
Profit and loss account		10,006,321	10,046,764
		<u>10,058,821</u>	<u>10,099,264</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**G Mackie**  
 Director

Date: 31/7/2018

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	50,400	2,100	10,096,660	10,149,160
Loss for the year	-	-	(49,896)	(49,896)
<b>At 1 January 2018</b>	50,400	2,100	10,046,764	10,099,264
Loss for the year	-	-	(40,443)	(40,443)
<b>At 31 December 2018</b>	50,400	2,100	10,006,321	10,058,821

The notes on pages 10 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. General information**

Dales Engineering Services Limited is incorporated in Scotland. The registered office is Broad House, Broad Street, Peterhead, AB42 1HY. The principal activity is the fabrication of materials and the provision of engineering services to the energy industry.

**2. Accounting policies**

**2.1 Basis for preparation of financial statements**

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

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

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

The following principal accounting policies have been applied:

**2.2 Going concern**

The directors, having made due and careful enquiry are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

**2.3 Revenue**

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

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Operating leases**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.8 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant & machinery	- 15% reducing balance
Motor vehicles	- 20-25% reducing balance
Office equipment	- 15% straight line

**2.9 Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Work in progress is valued at cost less progress payments and any foreseeable losses. A prudent estimate of the profit attributable to work completed is recognised on contracts once the outcome of the contract can be assessed with reasonable certainty.

At each statement of financial position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of comprehensive income.

**2.10 Profit recognition on long term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer or there is a reasonable degree of certainty that they will be accepted. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. The excess of payments on accounts over the value of the work done on individual contracts is included in creditors.

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Debtors due after more than one year are measured at the present value of future payments discounted at a market rate of interest.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

**2.15 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from group companies. These are measured at amortised cost and are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements.

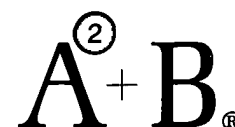
**Profit recognition on long term contracts**

In assessing the profit on long term contracts that span the period end, an estimate is required for the stage of completion on individual contracts (where the outcome can be assessed with reasonable certainty. The estimate is determined by management making use of all information available at the time, in order to make a reasonable judgement on the stage of completion and the forecast profitability of the overall contract.



DALES ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018



4. Turnover

All turnover arose within the United Kingdom.

Turnover represents net invoiced supply of services, excluding value added tax.

Turnover relates to the rendering of services.

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	92,916	94,271
Defined contribution pension cost	76,434	223,201
<b>Operating lease rentals</b>		
- plant and machinery	10,718	14,284
- land and buildings	141,290	112,388

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14,500	14,500

**DALES ENGINEERING SERVICES LIMITED**



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. Employees**

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

	2018 £	2017 £
Wages and salaries	4,330,068	4,099,229
Social security costs	461,774	438,500
Cost of defined contribution scheme	76,434	223,201
	<u>4,868,276</u>	<u>4,760,930</u>

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

	2018 No.	2017 No.
Administration	26	26
Production	82	78
	<u>108</u>	<u>104</u>

**8. Directors' remuneration**

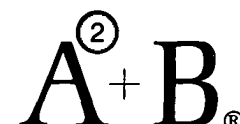
	2018 £	2017 £
Directors' emoluments	117,701	108,022
Company contributions to defined contribution pension schemes	6,728	160,180
	<u>124,429</u>	<u>268,202</u>

During the year retirement benefits were accruing to 1 director (2017 - 3) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2018 £	2017 £
Bank interest receivable	34,984	51,212
	<u>34,984</u>	<u>51,212</u>

DALES ENGINEERING SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(5,071)	(108)
	<u>(5,071)</u>	<u>(108)</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	2,050	-
	<u>2,050</u>	<u>-</u>
<b>Total current tax</b>	<u>(3,021)</u>	<u>(108)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,189)	(5,064)
Adjustments in respect of prior periods	-	(69)
<b>Total deferred tax</b>	<u>(1,189)</u>	<u>(5,133)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(4,210)</u>	<u>(5,241)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(44,653)</u>	<u>(55,137)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(8,484)	(10,612)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	265	1,712
Foreign tax	2,050	-
Adjustments to tax charge in respect of prior periods	(5,071)	(177)
Adjust deferred tax to average rate	140	669
Group relief	6,890	3,167
<b>Total tax charge for the year</b>	<u>(4,210)</u>	<u>(5,241)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2018	1,334,548	180,435	112,600	1,627,583
Additions	68,884	25,495	16,453	110,832
Disposals	-	(34,820)	-	(34,820)
At 31 December 2018	1,403,432	171,110	129,053	1,703,595
<b>Depreciation</b>				
At 1 January 2018	979,240	110,822	60,403	1,150,465
Charge for the year on owned assets	57,000	21,956	13,960	92,916
Disposals	-	(27,410)	-	(27,410)
At 31 December 2018	1,036,240	105,368	74,363	1,215,971
<b>Net book value</b>				
At 31 December 2018	367,192	65,742	54,690	487,624
At 31 December 2017	355,308	69,613	52,197	477,118

12. Stocks

	2018 £	2017 £
Raw materials and consumables	410,189	426,218
Work in progress	421,759	401,277
	831,948	827,495

DALES ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018



13. Debtors

	2018 £	2017 £
<b>Due after more than one year</b>		
Other debtors	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
<b>Due within one year</b>		
Trade debtors	2,080,736	1,247,909
Amounts owed by group undertakings	2,434,705	2,514,836
Other debtors	17,964	-
Prepayments and accrued income	420,742	408,563
	<u>4,954,147</u>	<u>4,171,308</u>

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	4,737,662	5,189,434
	<u>4,737,662</u>	<u>5,189,434</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	602,376	320,229
Taxation and social security	400,423	385,412
Accruals and deferred income	132,728	42,228
	<u>1,135,527</u>	<u>747,869</u>

The bank holds a bond and floating charge over the assets of the company.

Cross guarantees exist with Dales 2002 Limited in respect of bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

## 16. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	4,987,662	5,439,434
Financial assets that are debt instruments measured at amortised cost	4,849,371	4,095,221
	<u>9,837,033</u>	<u>9,534,655</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(612,221)</u>	<u>(362,457)</u>

Financial assets measured at fair value through profit or loss comprise bank balances and long term debtors

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors and accruals.

## 17. Deferred taxation

	2018 £
At beginning of year	(68,222)
Charged to the profit or loss	1,189
<b>At end of year</b>	<u>(67,033)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	(68,244)	(69,317)
Short term timing differences	1,211	1,095
	<u>(67,033)</u>	<u>(68,222)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018



18. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
50,000 (2017 - 50,000) Ordinary shares of £1.00 each	50,000	50,000
400 (2017 - 400) 'A' Ordinary shares of £1.00 each	400	400
	<u>50,400</u>	<u>50,400</u>

19. Capital commitments

At 31 December 2018 the Company had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	66,900	-
	<u>66,900</u>	<u>-</u>

20. Pension commitments

During the year the company made contributions to a defined contribution pension scheme of £76,434 (2017 - £223,201). Contributions payable at the year end totalled £14,954 (2017 - £9,865).

21. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	14,287	10,718
Between 2 and 5 years	21,425	7,160
	<u>35,712</u>	<u>17,878</u>

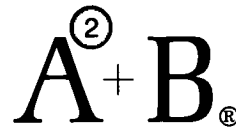
22. Related party transactions

**Control**

Throughout the year the company was controlled by the directors.

**Transactions**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33.1A "Related Party Disclosures" from the need to disclose transactions between group entities which are wholly owned.



23. Ultimate parent undertaking and controlling party

The ultimate parent company is Dales 2002 Limited, a company registered in Scotland.