

Company registration number 11898062 (England and Wales)

**DIG INTERNATIONAL GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

# DIG INTERNATIONAL GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M G Condon Mr A G Peters Mr R T Evans
<b>Secretary</b>	Mr R T Evans
<b>Company number</b>	11898062
<b>Registered office</b>	Stradey Business Centre South Mwrwg Road Llangennech Llanelli Dyfed United Kingdom SA14 8YP
<b>Auditor</b>	Azets Audit Services Charter Court Phoenix Way Enterprise Park Swansea United Kingdom SA7 9FS

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# **DIG INTERNATIONAL GROUP LIMITED**

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# DIG INTERNATIONAL GROUP LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present the strategic report for the year ended 31 March 2022.

### Fair review of the business

DIG International Group Limited is an International Civil Engineering contractor with capability in infrastructure and surface mining.

Since establishing in 2019 the company has assembled a technically strong and experienced team in a wide range of disciplines and difficult operating environments. This allows the company to enjoy a competitive advantage in its ability to analyse, develop and execute innovative solutions to challenging projects.

During the year the company increased its turnover to £11.2m (2021: £7.5m), an increase of 48% which is in line with the company's business plan of sustained and controlled growth. This result is underpinned by the on-going successful delivery of current mining infrastructure projects predominantly in Sierra Leone. Gross margin achieved on the delivery of the projects remained strong in the year at 37.98% (2021: 43.22%) and operating profit generated increased to £2.8m (2021: £1.7m).

The asset register maintained by the company is an important aspect of the business and the strategy is to proactively enhance and maintain its plant and machinery to facilitate the continued expansion of the company's activities. Continued investment in the asset base saw capital expenditure of £3.4m being made in the year. With total assets less current liabilities increasing during the year to £4.6m (2021: £2.3m), the company is well placed to continue the undertaking of large contracts and fund further acquisitions should such opportunities arise.

Our vision is to deliver total solutions to our clients using innovation and our project development, engineering and management skills to add value to their business. Undoubtedly the commitment and enthusiasm displayed by all our staff has contributed significantly to our success.

### Key Performance Indicators

	2022	2021	Variance
Turnover	£11,152,825	£7,537,540	£3,615,285
Gross Profit	£4,236,355	£3,257,688	£978,667
Gross Profit %	37.98%	43.22%	-5.23%
Operating Profit	£2,850,778	£1,714,803	£1,131,377
Operating Profit %	25.56%	22.75%	2.77%

### Future Developments

The company is establishing itself as an International Civil Engineering contractor and further opportunities are becoming more and more available through the sound reputation that has been created and along with successful recruitment, we intend to expand upon what has been achieved to date with movement into new territories to ensure growth and support our strategic plan.

### Environmental matters

The company recognises the importance of its environmental responsibilities and accepts that concern for the environment and all employees is an integral and fundamental part of its corporate business strategy. The company monitors its impact on the environment and endeavours to design and implement policies and processes to reduce any damage that might be caused by the company's activities.

### Principal risks and uncertainties

The nature of the business environment in which the company operates is inherently risky. Whilst it is not possible to eliminate all such risk and uncertainties, the company has established a risk management and internal control system to manage them. The company's performance is heavily influenced by the competition it faces in acquiring new contracts. Given the company's growing reputation to date, its successful relationships within the regions it currently serves, and the work being undertaken to seek and develop new opportunities in wider territories, the company is looking to mitigate the risk to the largest extent possible.

# **DIG INTERNATIONAL GROUP LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **Financial risk management objectives and policies**

The company operates a number of risk management policies designed to minimise its exposure to financial risk including key financial controls and targets implemented on every project which are reviewed monthly by the board to ensure that risk is mitigated, and opportunities explored fully.

### **Liquidity and cash flow risk**

The company produces detailed management accounts and forecasts, which enable the directors to monitor the cash position and to ensure that there is sufficient liquidity and cash flow to minimise the risk of the company being unable to pay its debts as they fall due.

### **Interest rate risk**

The company utilises where appropriate a number of financial instruments including hire purchase contracts and finance lease obligations in order to finance its operations. The primary risk faced by the company as a result of its use of the financial instruments is interest rate risk. These fixed rate borrowings can arise on the acquisition of larger plant, machinery and vehicle purchases. As before, the directors actively manage this risk through prudent use of the company's cash reserves, considering whether each acquisition should be financed or purchased outright along with the consideration of strengthening its balance sheet.

### **Credit risk**

The company's credit risk is primarily attributed to its debtors, the company operates a number of policies and controls to minimise credit risk. All customers are subject to a detailed credit review prior to any terms being agreed. Directors must authorise any larger value contracts and the company will only conduct business with customers deemed to be credit worthy.

### **Price risk**

The company actively manages price risk by agreeing terms with suppliers prior to entering into any transactions with customers.

### **Foreign Exchange risk**

The majority of the company's trade is currently conducted in overseas territories, as a result, the company's profits and losses can be affected by movements in exchange rates. The company does not seek to hedge this exposure, however there is an element of natural mitigation as both costs and sales are incurred in foreign currencies.

On behalf of the board

Mr R T Evans  
**Director**

21 December 2022

# **DIG INTERNATIONAL GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their annual report and financial statements for the year ended 31 March 2022.

#### **Principal activities**

The principal activity of the company is that of an international civil engineering contractor.

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £231,000. The directors do not recommend payment of a further dividend.

#### **Going concern**

These financial statements are prepared on the going concern basis

The period ended 31 March 2022 was the company's third period of trade following incorporation on 22 March 2019 and the company generated a profit before tax for the financial year of £2,812,945 (2021: £1,665,486). As at 31 March 2022 the company had net assets of £4,133,332 (2021: £2,147,676) and net current assets of £652,177 (2021: £1,172,389).

In determining the appropriate basis of preparation of these financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The directors have prepared detailed cash flow projections underpinned by secured contracts which indicate that the Company, as at the date of approval of these financial statements, will be able to operate within its facilities for a period of at least 12 months from the date of the signing these financial statements.

Furthermore, the directors do not regard the projections as containing any material uncertainties as at the date of these financial statements. Even considering the nature of the international civil engineering business whereby the timing, quantum and funding under medium term contracts could alter unexpectedly, the directors have calculated various worst case scenario outcomes and are confident that there is adequate headroom in the Company's cash resources. As such the directors have a reasonable expectation that the Company will be able to meet its liabilities, as they fall due, for the foreseeable future.

On this basis the directors consider it appropriate to prepare the Company's financial statements on a going concern basis.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M G Condon

Mr A G Gifford

(Resigned 12 August 2022)

Mr A G Peters

Mr T N McDonald

(Resigned 12 August 2022)

Mr R T Evans

#### **Future developments**

The strategy and future developments in the business are set out in the Strategic Report.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

# **DIG INTERNATIONAL GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 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 and then apply them consistently;
- make judgements 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr R T Evans  
**Director**

21 December 2022

# DIG INTERNATIONAL GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF DIG INTERNATIONAL GROUP LIMITED

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#### Opinion

We have audited the financial statements of DIG International Group Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.



## **DIG INTERNATIONAL GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF DIG INTERNATIONAL GROUP LIMITED**

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##### **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 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, 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **DIG INTERNATIONAL GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF DIG INTERNATIONAL GROUP LIMITED**

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The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

## **DIG INTERNATIONAL GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF DIG INTERNATIONAL GROUP LIMITED**

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##### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

**Paul Bowden (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

21 December 2022

**Chartered Accountants**  
**Statutory Auditor**

Charter Court  
Phoenix Way Enterprise Park  
Swansea  
United Kingdom  
SA7 9FS

## DIG INTERNATIONAL GROUP LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	11,152,825	7,537,540
Cost of sales		(6,916,470)	(4,279,852)
<b>Gross profit</b>		<b>4,236,355</b>	<b>3,257,688</b>
Administrative expenses		(1,635,577)	(1,542,885)
Other operating income		250,000	-
<b>Operating profit</b>	4	<b>2,850,778</b>	<b>1,714,803</b>
Interest receivable and similar income	7	-	7
Interest payable and similar expenses	8	(37,833)	(49,324)
<b>Profit before taxation</b>		<b>2,812,945</b>	<b>1,665,486</b>
Tax on profit	9	(596,289)	(158,884)
<b>Profit for the financial year</b>		<b>2,216,656</b>	<b>1,506,602</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# DIG INTERNATIONAL GROUP LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2022*

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	2022 £	2021 £
Profit for the year	2,216,656	1,506,602
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,216,656</u>	<u>1,506,602</u>

# DIG INTERNATIONAL GROUP LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	11		3,978,709		1,161,592
<b>Current assets</b>					
Stocks	12	914,966		545,774	
Debtors	13	4,118,568		3,425,943	
Cash at bank and in hand		1,607,982		606,418	
		<u>6,641,516</u>		<u>4,578,135</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(5,989,339)</u>		<u>(3,405,746)</u>	
<b>Net current assets</b>			<u>652,177</u>		<u>1,172,389</u>
<b>Total assets less current liabilities</b>			<u>4,630,886</u>		<u>2,333,981</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(40,035)		(45,325)
<b>Provisions for liabilities</b>					
Deferred tax liability	17	<u>457,519</u>		<u>140,980</u>	
			<u>(457,519)</u>		<u>(140,980)</u>
<b>Net assets</b>			<u><u>4,133,332</u></u>		<u><u>2,147,676</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		3		3
Profit and loss reserves			<u>4,133,329</u>		<u>2,147,673</u>
<b>Total equity</b>			<u><u>4,133,332</u></u>		<u><u>2,147,676</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21 December 2022 and are signed on its behalf by:

Mr R T Evans  
Director

Company Registration No. 11898062

# DIG INTERNATIONAL GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 April 2020</b>		3	647,071	647,074
<b>Year ended 31 March 2021:</b>				
Profit and total comprehensive income for the year		-	1,506,602	1,506,602
Dividends	10	-	(6,000)	(6,000)
<b>Balance at 31 March 2021</b>		3	2,147,673	2,147,676
<b>Year ended 31 March 2022:</b>				
Profit and total comprehensive income for the year		-	2,216,656	2,216,656
Dividends	10	-	(231,000)	(231,000)
<b>Balance at 31 March 2022</b>		3	4,133,329	4,133,332

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **1 Accounting policies**

#### **Company information**

DIG International Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Stradey Business Centre, South Mwrwg Road, Llangennech, Llanelli, Dyfed, United Kingdom, SA14 8YP.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of DIG Civil Engineering Limited. These consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.



# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

These financial statements are prepared on the going concern basis.

The period ended 31 March 2022 was the company's third period of trade following incorporation on 22 March 2019 and the company generated a profit before tax for the financial year of £2,812,945 (2021: £1,668,486). As at 31 March 2022 the company had net assets of £4,409,205 (2021: £2,147,676) and net current assets of £852,177 (2021: £1,172,389).

In determining the appropriate basis of preparation of these financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The directors have prepared detailed cash flow projections underpinned by secured contracts which indicate that the Company, as at the date of approval of these financial statements, will be able to operate within its facilities for a period of at least 12 months from the date of the signing these financial statements.

Furthermore, the directors do not regard the projections as containing any material uncertainties as at the date of these financial statements. Even considering the nature of the international civil engineering business whereby the timing, quantum and funding under medium term contracts could alter unexpectedly, the directors have calculated various worst case scenario outcomes and are confident that there is adequate headroom in the Company's cash resources. As such the directors have a reasonable expectation that the Company will be able to meet its liabilities, as they fall due, for the foreseeable future.

On this basis the directors consider it appropriate to prepare the Company's financial statements on a going concern basis.

#### 1.3 Turnover

Turnover, which represents the value of civil engineering works undertaken, is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be measured reliably. Turnover is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% straight line with 20% residual value
Computers	20% - 33% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks and work in progress (other than long term contract balances) are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Amounts recoverable on contracts

During the year and at the balance sheet date the company task in house experienced quantity surveyors with quantifying the amounts recoverable on each contract in progress. Cost of work done to date including materials, subcontractors and staff is taken into consideration before arriving at a valuation by reference to the stage of completion. The company include provisions in their valuations for unforeseen costs based on their risk and likelihood of them occurring.

#### Carrying value of stock

Stocks are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast future use.

### 3 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Civil engineering contracts	11,152,825	7,537,540
	<u>11,152,825</u>	<u>7,537,540</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	12,462	53,388
Rest of the World	11,140,363	7,484,152
	<u>11,152,825</u>	<u>7,537,540</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	-	7
Insurance proceeds	250,000	-
	<u>250,000</u>	<u>-</u>

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	56,362	(211,770)
Fees payable to the company's auditor for the audit of the company's financial statements	16,000	16,000
Depreciation of owned tangible fixed assets	580,559	345,690
Loss on disposal of tangible fixed assets	23,158	76,057
Operating lease charges	7,200	31,145
	<u>683,279</u>	<u>768,112</u>

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 4 Operating profit

(Continued)

The company has not disclosed fees payable to the company's auditors for "other services" as the information is included in the consolidated financial statements of DIG Civil Engineering Limited. See note 21.

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2022	2021
Number	Number
155	115

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,047,606	1,977,024
Social security costs	61,501	109,828
Pension costs	90,224	182,117
	<u>2,199,331</u>	<u>2,268,969</u>

### 6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	176,188	507,020
Company pension contributions to defined contribution schemes	48,421	135,637
	<u>224,609</u>	<u>642,657</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	n/a	206,463
Company pension contributions to defined contribution schemes	n/a	24,512

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 7 Interest receivable and similar income

	2022	2021
	£	£
<b>Interest income</b>		
Interest on bank deposits	-	7
	<u>          </u>	<u>          </u>

### 8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	37,833	49,324
	<u>          </u>	<u>          </u>

### 9 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	9,794
Foreign current tax on profits for the current period	320,416	166,908
	<u>          </u>	<u>          </u>
Total current tax	320,416	176,702
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	316,539	(17,818)
Tax losses carried forward	(40,666)	-
	<u>          </u>	<u>          </u>
Total deferred tax	275,873	(17,818)
	<u>          </u>	<u>          </u>
 Total tax charge	 596,289	 158,884
	<u>          </u>	<u>          </u>



# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	2,812,945	1,665,486
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	534,460	316,442
Tax effect of expenses that are not deductible in determining taxable profit	4,400	3,489
Tax effect of income not taxable in determining taxable profit	(45,061)	-
Unutilised tax losses carried forward	(40,666)	-
Adjustments in respect of prior years	-	(254,004)
Effect of change in corporation tax rate	100,045	-
Effect of overseas tax rates	46,375	100,963
Pension	(3,264)	(8,006)
Taxation charge for the year	596,289	158,884

### 10 Dividends

	2022 £	2021 £
Final paid	231,000	-
Interim paid	-	6,000
	231,000	6,000

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 11 Tangible fixed assets

	Plant and equipment	Computers	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2021	1,486,081	65,126	198,205	1,749,412
Additions	3,079,592	24,557	316,685	3,420,834
Disposals	(24,258)	-	(25,122)	(49,380)
At 31 March 2022	4,541,415	89,683	489,768	5,120,866
<b>Depreciation and impairment</b>				
At 1 April 2021	497,575	16,299	73,946	587,820
Depreciation charged in the year	504,306	21,353	54,900	580,559
Eliminated in respect of disposals	(11,986)	-	(14,236)	(26,222)
At 31 March 2022	989,895	37,652	114,610	1,142,157
<b>Carrying amount</b>				
At 31 March 2022	3,551,520	52,031	375,158	3,978,709
At 31 March 2021	988,506	48,827	124,259	1,161,592

### 12 Stocks

	2022	2021
	£	£
Raw materials and consumables	914,966	545,774

### 13 Debtors

	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	88,845	481,894
Gross amounts owed by contract customers	2,846,099	2,498,639
Corporation tax recoverable	108,613	263,694
Other debtors	333,890	169,015
Prepayments and accrued income	672,699	12,701
	4,050,146	3,425,943
Deferred tax asset (note 17)	68,422	-
	4,118,568	3,425,943

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	16	457,472	4,675
Payments received on account		2,854,580	2,192,884
Trade creditors		647,022	190,792
Amounts owed to group undertakings		231,000	-
Corporation tax		-	9,794
Other taxation and social security		10,413	27,342
Other creditors		188,412	417,077
Accruals and deferred income		1,600,440	563,182
		<u>5,989,339</u>	<u>3,405,746</u>

The amounts owed to group undertakings are due to the immediate parent company, DIG Civil Engineering Limited, are interest free, unsecured and have no fixed terms for repayment.

Included in other creditors is a balance of £60,000 (2021: £85,000) in relation to amounts payable to employees. These loans are interest bearing and unsecured.

### 15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	<u>40,035</u>	<u>45,325</u>

The bank loan falling due after more than one year is unsecured and incurs interest at a rate of 2.5% per annum after an initial 12 month interest free period.

### 16 Loans and overdrafts

	2022 £	2021 £
Bank loans	<u>497,507</u>	<u>50,000</u>
Payable within one year	457,472	4,675
Payable after one year	<u>40,035</u>	<u>45,325</u>

Included in bank loans as at 31 March 2022 is a bank loan of £46,667 (2021: £50,000) which is unsecured and incurs interest at a rate of 2.5% per annum after an initial 12 month interest free period. Further loans of £450,841 (2021: £nil) incur interest at a rate of 3.5% per month and are secured by fixed and floating charges over the assets of the company.

# DIG INTERNATIONAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Accelerated capital allowances	457,519	140,980	-	-
Tax losses	-	-	40,666	-
Other	-	-	27,756	-
	<u>457,519</u>	<u>140,980</u>	<u>68,422</u>	<u>-</u>
<b>Movements in the year:</b>				<b>2022 £</b>
Liability at 1 April 2021				140,980
Charge to profit or loss				148,072
Effect of change in tax rate - profit or loss				100,045
				<u>389,097</u>
Liability at 31 March 2022				<u>389,097</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse in future periods and relates to accelerated capital allowances that are expected to mature within the same period as the estimated useful economic lives of the assets to which they relate.

### 18 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	90,224	182,117
	<u>90,224</u>	<u>182,117</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary of £1 each	3	3	3	3
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

On incorporation the company issued 3 ordinary shares of £1 each, which were issued at par.

## DIG INTERNATIONAL GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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#### 20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022	2021
	£	£
Acquisition of tangible fixed assets	4,341,634	-

#### 21 Ultimate controlling party

The immediate parent company is DIG Civil Engineering Limited, a company registered in the United Kingdom, by virtue of its 100% holding of the share capital of the company.

DIG Civil Engineering Limited is the ultimate parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of DIG Civil Engineering Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider there to be no ultimate controlling party of the company.

#### 22 Directors' transactions

As at 31 March 2022, balances owed to the directors by the company amounted to £126,090 (2021:£203,919). These amounts are interest free, unsecured and have no fixed terms for repayment. The amounts are included within other creditors falling due within one year.

As at 31 March 2022, balances owed by the directors to the company amounted to £3,000 (2021:£nil). These amounts are interest free, unsecured and have no fixed terms for repayment. The amounts are included within other debtors falling due within one year.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.