

Davies & Co. (Environmental) Limited

Report and Financial Statements

31 December 2014



Directors

J A de Bruijn

S Telford

Secretary

J E Stratton

Auditors

Ernst & Young LLP

1 Bridgewater Place

Water Lane

Leeds LS11 5QR

Registered Office

Moor Road

Leeds LS10 2DD

Registered No. 00715014

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £118,167 (2013 – profit of £91,450). The directors do not recommend a final dividend (2013 – £nil). An interim dividend of £150,000 was paid during the year (2013 – £350,000).

Principal activity and review of the business

The principal activity of the company in the year under review continues to be the testing of cremation equipment.

The directors consider that the results for the year and future prospects are satisfactory.

	2014 £000	2013 £000	Change %
Turnover	406	327	24
Operating Profit	150	119	26
Profit after tax	118	91	30
Shareholders' funds	54	85	-36

The company's operating profit was as expected and reflected the market conditions during the year. Notwithstanding this, the company has continued to invest in its techniques, facilities and IT during the year. Focused cash management has enabled the company's positive cash position to be maintained without the need for bank debt.

Future developments

The directors will maintain the management policies, which have resulted in the company's growth in recent years. They consider that 2015 will show growth in sales.

Principal risks and uncertainties

The company occasionally deals with organisation for contracts which are subject to competitive tender, obtaining these contracts are therefore uncertain.

Strategic Report

The company is entitled to the small companies exemption. As such, there is no statutory requirement to prepare a Strategic Report.

Going concern

The company's business activities, together with the financial results, current and future developments, key performance indicators, principal risks and uncertainty that are likely to affect the company are described above.

With positive cash position, a vast experience and knowledge of the market place, good forward looking orderbook and a positive underlying result it remains positive despite the current economic conditions.

As a consequence, the directors believe the company is well placed to manage its business risks successfully.

Directors' report (continued)

Directors

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

J A de Bruijn
S Telford

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



S Telford
Secretary
Date:

20 APRIL 2015

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

Independent auditor's report

to the members of Davies & Co. (Environmental) Limited

We have audited the financial statements of Davies & Co. (Environmental) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report

to the members of Davies & Co. (Environmental) Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; and
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report.

Ernst & Young LLP

Peter Buckler (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Leeds

Date: 21st April 2015.

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	406,178	327,203
Cost of sales		<u>(203,127)</u>	<u>(159,226)</u>
Gross Profit		203,051	167,977
Administrative expenses		<u>(52,720)</u>	<u>(48,625)</u>
Operating Profit	3	150,331	119,353
Interest payable and similar charges	6	<u>(1)</u>	<u>(61)</u>
Profit on ordinary activities before taxation		150,330	119,292
Tax	7	<u>(32,163)</u>	<u>(27,842)</u>
Profit for the financial year	13	<u>118,167</u>	<u>91,450</u>

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £118,167 in the year ended 31 December 2014 (2013 – profit of £91,450).

Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	8	10,516	1,710
Current assets			
Debtors	9	45,893	76,293
Cash at bank		76,700	49,940
		122,593	126,233
Creditors: amounts falling due within one year	10	78,371	42,609
Net current assets		44,222	83,624
Total assets less current liabilities		54,738	85,334
Provision for liabilities	11	(1,237)	–
Net assets		53,501	85,334
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	53,401	85,234
Shareholders' funds	13	53,501	85,334

Approved by the board on 20 APRIL 2015 and signed on its behalf by:



S Telford
Director

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

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

Statement of cash flows

A statement of cash flows is not included in these financial statements because the company is a wholly owned subsidiary of Facultatieve Group B.V., which prepares a group statement of cash flows including the cash flows of the company.

Tangible fixed assets

All fixed assets are initially recorded at cost. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost, less estimated residual value of each asset evenly over its expected useful life as follows:

Plant and machinery – over 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions

The Facultatieve group, of which Davies & Co. (Environmental) Limited is a subsidiary, operates a number of defined contribution pension schemes. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Accounting for contracts

Profit on 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. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2. Turnover

Turnover, which is stated net of value added tax, represents the amounts derived from the provision of goods and services and is attributable to one continuing activity, the testing of cremation equipment.

An analysis of turnover by geographical market is given below:

	2014 £	2013 £
United Kingdom	406,178	327,203

3. Operating profit

This is stated after charging:

	2014 £	2013 £
Auditors' remuneration	—	—
— audit services	3,000	2,000
— tax services	600	400
Depreciation of tangible fixed assets	—	—
— owned	2,945	1,356

4. Directors' remuneration

	2014 £	2013 £
Remuneration	51,752	51,360
Company contributions paid to money purchase pension schemes	513	—

Notes to the financial statements

at 31 December 2014

5. Staff costs

	2014 £	2013 £
Wages and salaries	131,628	125,573
Social security costs	14,011	13,375
Other pension costs	1,680	1,627
	<u>147,319</u>	<u>140,575</u>

The monthly average number of employees during the year was 4 (2013 – 4).

6. Interest payable and similar charges

	2014 £	2013 £
Other interest payable	<u>1</u>	<u>61</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £	2013 £
Current tax:		
UK corporation tax on the profit for the year	30,184	27,357
Adjustment in respect of prior year	–	(2)
Total current tax (note 7(b))	<u>30,184</u>	<u>27,355</u>
Deferred tax:		
Origination and reversal of timing differences	2,126	487
Effect of changes in tax rate	(147)	–
Total deferred tax credit (note 7(c))	<u>1,979</u>	<u>487</u>
Tax on profit on ordinary activities	<u>32,163</u>	<u>27,842</u>

Notes to the financial statements

at 31 December 2014

7. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.49% (2013 – 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	150,330	119,292
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 – 23.25%)	32,311	27,736
<i>Effects of:</i>		
Accelerated capital allowances	(2,090)	(422)
Other timing differences	(37)	41
Current tax for the year (note 7(a))	30,184	27,355

(c) Deferred tax

The deferred tax included in debtors is as follows:

	2014 £	2013 £
Accelerated capital allowances	1,266	(679)
Other timing differences	(29)	(63)
Deferred tax asset	1,237	(742)
		£
At 1 January 2014		(742)
Deferred tax credit in profit and loss account (note 7(a))		1,979
At 31 December 2014 (note 11)		1,237

(d) Factors that may affect future tax changes

The Finance Act 2013 received Royal Assent on 17 July 2013 and enacted a reduction in the main rate of corporation tax of 21% with effect from 1 April 2014 and a further 1% reduction will be applied to bring the main rate of corporation tax to 20% from 1 April 2015. Deferred tax has therefore been provided at 20%.

Notes to the financial statements

at 31 December 2014

8. Tangible fixed assets

	<i>Plant and machinery</i>
	£
Cost:	
At 1 January 2014	15,897
Additions	11,751
Disposals	—
At 31 December 2014	<u>27,648</u>
Depreciation:	
At 1 January 2014	14,187
Charge for the year	2,945
Disposals	—
At 31 December 2014	<u>17,132</u>
Net book value:	
At 31 December 2014	<u>10,516</u>
At 1 January 2014	<u>1,710</u>

9. Debtors

	<i>2014</i>	<i>2013</i>
	£	£
Trade debtors	19,704	8,772
Amounts owed by group undertakings	—	36,028
Deferred tax asset (note 7(c))	—	742
Prepayments and accrued income	26,189	30,751
	<u>45,893</u>	<u>76,293</u>

Notes to the financial statements

at 31 December 2014

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	4,145	3,404
Amounts owed to group undertakings	43,527	1,636
Corporation tax	8,934	13,637
Accruals and deferred income	7,274	5,374
Other taxes and social security costs	14,491	18,558
	<u>78,371</u>	<u>42,609</u>

11. Provision for liabilities

	£
At 1 January 2014	–
Deferred tax liability arising during the year (note 7(c))	1,237
At 31 December 2014	<u>1,237</u>

12. Issued share capital

	No.	2014	No.	2013
		£		£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

13. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
At 1 January 2013	100	343,784	343,884
Profit for the year		91,450	91,450
Dividends Paid 2013	–	(350,000)	(350,000)
At 1 January 2014	100	85,234	85,334
Profit for the year		118,167	118,167
Dividends Paid 2014		(150,000)	(150,000)
At 31 December 2014	<u>100</u>	<u>53,401</u>	<u>53,501</u>

Notes to the financial statements

at 31 December 2014

14. Pensions

The company participates in the Facultatieve group defined contribution pension schemes. The assets of the scheme are held separately from those of the group companies, in independently administered funds. The pension cost represents contributions payable by the company to the funds and amounted to £1,680 (2013 – £1,627). Pension contributions of £625 (2013 – £454) were outstanding at the balance sheet date.

15. Related party transactions

The company is a wholly owned subsidiary of Facultatieve Group B.V., the group financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of Facultatieve Group B.V.

16. Ultimate parent undertaking and controlling party

The company's ultimate controlling party is the controlling shareholder of Facultatieve Group B.V., H Keizer, a director of the company.

Copies of the financial statements of Facultatieve Group B.V. can be obtained from The Facultatieve Group, Van Stolkweg 29a, PO Box 80532, 2508 GM, The Hague, Netherlands.