



Chartered Accountants  
*Local Matters, National Strength.*

# Dauson Environmental Group Limited

## Financial Statements

For the year to 30 June 2015

Company Registration No: 07040124

[www.hwca.com](http://www.hwca.com)





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for the Year Ended 30th June 2015**

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**Dauson Environmental Group Limited**

**Company Information  
for the Year Ended 30th June 2015**

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<b>Directors:</b>	Mr M Kenney Mr. D J Neal
<b>Registered office:</b>	Newtown Road Rumney Cardiff CF3 2EJ
<b>Registered number:</b>	07040124
<b>Auditors:</b>	Haines Watts Wales LLP, Statutory Auditors 7 Neptune Court Vanguard Way CARDIFF CF24 5PJ
<b>Bankers:</b>	HSBC City Branch 114 St Mary Street Cardiff CF10 1LF
<b>Solicitors:</b>	Dolmans Solicitors 17-21 Windsor Place Cardiff CF10 3DS



## Dauson Environmental Group Limited

### Group Strategic Report for the Year Ended 30th June 2015

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The directors present their strategic report of the company and the group for the year ended 30th June 2015.

The directors consider that the results for the year and the financial position at the end of the year were exceptionally good. The last 6 months of the review period all Group companies traded profitably having overcome some of the challenges it faced at the beginning of the period in a highly regulated environment that various Group companies have dealt with during the 2015 year end and in a market driven by increased legislation together with financial and regulatory constraints.

#### **Review of business**

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

Once again high professional costs for the period under review related to the maintenance of the Environmental Permits and regulatory requirements. These amounted to £720,187 (2014: £380,719).

The Atlantic Recycling-MRF plant was repaired during the first half of the review period and has operated at full capacity for the last 6 months of the review period. This enabled the business to return to the trading position it achieved in March 2014 prior to the fire and has built on that trade.

The reputation of the Group has been enhanced by its ability to face up to and overcome challenges. This means that new customer relationships continue to be gained, who want to take advantage of the leading edge technology provided by the Group to achieve their ultimate individual objectives in diverting waste from Landfill to recycling/recovery of reusable recycled products.

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

The Groups unique location of its 130 acre Ecopark, within 2 miles of the City centre and its easy access to the South Wales motorway network makes it very accessible. The Group employ c220 employees and a significant resource continues to be directed towards, training, personal development and succession planning.

2014/15 was again a challenging period for the group balanced between regulatory compliance activity and continued investments in infrastructure and plant. Repairing fire damaged plant following the fire in Atlantic Recycling at its own cost.

## **Dauson Environmental Group Limited**



### **Group Strategic Report for the Year Ended 30th June 2015**

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The Group achieved a post-tax profit of £1,275,337 (2014: Loss £961,073) attributable to the members of the parent company for the year:

Neal Soil Suppliers Ltd ("Neal Soil") Revenues recovered during the period as the market improved. The directors consider the operations of Neal Soil Suppliers Ltd "Neal Soil" and its wholly owned subsidiary Neal Aggregate Suppliers Ltd "NAS" as one trading operation. Neal Soil pay the overheads excluding interest for NAS. On a combined basis they had total revenues of £11.3m and Gross Profit of £4.3m for the period under review.

Neal Soils produced a pre-tax profit of £1,205,638 (Loss £609,447) for the year. £141,000 of the profit was attributable to the sale of assets. The overheads continue to include some additional costs in respect of Neal Aggregate Suppliers Ltd overheads.

Atlantic Recycling Ltd ("Atlantic"). Following the fire in March 2014, Atlantic has made a significant recovery, trading profitably for the last 6 months of the financial period. This has resulted in a reduced pre-tax loss of £316,634 (Loss £1,103,869). Profitability has continued since the start of the current financial year.

Cardiff Demolition Co. Ltd has improved its market share in a highly competitive market. It continues to maintain a competitive position and continues to gain contracts Pre-tax profits were £559,209 (£771,317) for the year, this pre tax profit is considered satisfactory for a contracting company.

Neal Aggregate Suppliers Ltd ("Neal Agg") during its trading year achieved a pre-tax profit of £39,342 (£133,414). The washplant continues to work to full capacity and improvements to increase processing capacity is planned for 2015/16. The only income recorded for Neal Agg is scrap metal sales which were well below the previous years. The revenue from sand and aggregate produced by the plant is recognised in the Neal Soils accounts where the majority of its overheads are also covered.

Bluefield Land Ltd ("Bluefield") reported no income for the period awaiting property sales from existing land bank of two sites in South Wales with outline planning for housing. Bluefield's pre tax loss for the period was £90,829 (Loss £192,340).

#### **Mission statement**

"Dauson Group and its affiliates mission, is to increase profitability through innovation in managing environments, which will contribute towards minimising landfill, help to reduce carbon emissions and making the difference to our environment for all our futures".



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**Key non-financial performance indicators**

1. The Group relies on significant Capital Expenditure for both Infrastructure and Plant and Machinery. The group has been able to continue to finance necessary infrastructure costs from its cash flow and support from its stakeholders. Plant and machinery has been financed with asset finance over relatively short period compared with the plants normal working life, freeing up available finance for replacement and additional plant.
2. The Ecopark operates in a SSSI area and continues to work with the Regulator (the NRW) to bring and maintain the Ecopark in a state of high compliance with its permits. The Group continues to carry out significant measures to prevent any pollution or harm to human life or the Environment as a result of its operations on the Ecopark.
3. The Group has recovered its processing operations and aiming to attain its previous recycling of waste targets by achieving 100% diversion from landfill.
4. The continual development and investment in technology is enabling the Group to discover treatment of new types of waste streams each year. Major investment in infrastructure started during the period under review is planned to be complete by the end 2015.
5. The strategic objective of receiving higher value waste streams, but less volume is still important to the Group.
6. The operation of the washplant continues to produce sand and aggregate to satisfy industry protocols but demand currently out strips supply.

The Group are involved in three main sector operating activities:

Construction/Development Related: Bluefield Land Ltd and Cardiff Demolition Co. Ltd

Haulage, Soil and Aggregate Recycling Supply: Neal Soil Suppliers Ltd, Neal Aggregate Suppliers Ltd

Waste Management: Atlantic Recycling Ltd

**Critical issues facing the group**

To ensure that we continue to fulfil our duty of care towards the environment and comply with the various environmental and quality performance standards issued by government and regulatory bodies.

Continue to develop innovative methods to face the challenges that the Dauson Group will encounter in a complex and changing market and operating environment, whilst continuing to build its reputation by demonstrating the Groups' environmental awareness and responsibility.

The generation of a series of environmentally beneficial and innovative production processes in soil processing, recycling commercial waste materials and green waste recycling are seen as the main innovators. Significant long term contracts with Blue-chip customers continue to underpin future investments at the Ecopark.

The problems associated with the UK's changing weather conditions, the current economic climate and pressure on cash management remain as the biggest challenge to the Group.

The core key areas remain unchanged which will support the Group to achieve future success.

- Improved infrastructure
- Acquiring up to date technology
- Securing adequate long term investment and funding.

The Group continues to recognise like most businesses that the risk of staying the same is greater than the risk of changing in this fast developing sector and current financial environment.



#### **Internal analysis**

The Dauson Group is strong in proven resources, well located with a wealth of experience and a serious contender to maximise the growth opportunity present in the waste recycling market within South East Wales and construction related industries. The management team is young and experienced, they will continue to be strengthened and supported by market sector specialist/professionals.

#### **External Analysis**

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

The main services provided by the industry are waste treatment, waste disposal and electricity generation. The share of revenue generated by each of the different segments of the industry is changing rapidly. In 2003-04, over 70% of municipal waste was sent to landfill, which was the cheapest means of disposal. In 2005-06, landfill gate fees still generated the largest share of industry revenue, at close to 52%. Currently, landfill gate-fee revenue has reduced to c35% of industry revenue. The cost of sending waste to landfill has risen sharply due to progressive increases in landfill tax, which is not itself included in industry revenue, from £11 per tonne in 2000 to £90 per tonne in 2015. These targeted increases in recycling and separation of waste present opportunities to waste management businesses to increase both their recycling and composting/anaerobic digestion offerings in the coming years.

The external opportunities created for the Dauson Group to succeed continue to be mainly legislative driven and with limited threats from competition because of its location and extensive facilities at the Ecopark, are well placed to capture a larger market share providing it can maintain financial stability.



**Dauson Environmental Group Limited**

**Group Strategic Report  
for the Year Ended 30th June 2015**

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**Financial performance**

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

<b>Dauson Group</b>	<b>Audited 2012 £'000's</b>	<b>Audited 2013 £'000's</b>	<b>Audited 2014 £'000's</b>	<b>Audited 2015 £'000's</b>
Turnover	12,507	14,700	15,044	21,359
Profit/(Loss) before tax	(421)	(69)	(1,007)	1,530
Shareholders funds	1,681	1,799	790	2,049

**POST BALANCE SHEET EVENTS**

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

**Results and dividends**

The Profit after taxation of the Group for the year amounted to £1,275,337 (2014: Loss £961,073). The directors have not recommended a dividend.

**On behalf of the board:**

Mr. D J Neal - Director

Date: 18/11/15





**Dauson Environmental Group Limited**

**Report of the Directors  
for the Year Ended 30th June 2015**

The directors present their report with the financial statements of the company and the group for the year ended 30th June 2015.

**Dividends**

No dividends will be distributed for the year ended 30th June 2015.

**Directors**

The directors shown below have held office during the whole of the period from 1st July 2014 to the date of this report.

Mr M Kenney  
Mr. D J Neal

**Statement of directors' responsibilities**

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Auditors**

The auditors, Haines Watts Wales LLP, Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**

Mr. D J Neal - Director

Date: 18/11/15



## Report of the Independent Auditors to the Members of Dauson Environmental Group Limited

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We have audited the financial statements of Dauson Environmental Group Limited for the year ended 30th June 2015 on pages ten to thirty one. 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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30th June 2015 and of the group's 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.

### **Emphasis of Matter**

In forming our opinion of the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the individual parent company's ability to continue as a going concern. The company incurred a loss of £11,000 during the year to 30 June 2015 and, at that date, the company had net liabilities of £1,994,092. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the individual parent company's ability to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

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



**Report of the Independent Auditors to the Members of  
Dauson Environmental Group Limited**

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

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

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

Stephen Lucey (Senior Statutory Auditor)  
for and on behalf of Haines Watts Wales LLP, Statutory Auditors  
7 Neptune Court  
Vanguard Way  
CARDIFF  
CF24 5PJ

Date: 19 November 2015



**Dauson Environmental Group Limited**

**Consolidated Profit and Loss Account  
for the Year Ended 30th June 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>		21,359,432	15,044,735
Cost of sales		(16,100,800)	(11,974,808)
<b>Gross profit</b>		5,258,632	3,069,927
Administrative expenses		(3,305,609)	(3,624,998)
		1,953,023	(555,071)
Other operating income		178,064	178,064
<b>Group operating profit/(loss)</b>	3	2,131,087	(377,007)
Share of operating profit in Associates		50,290	27,233
Income from other participating interests		20,000	-
		2,201,377	(349,774)
Interest payable and similar charges	5	(670,917)	(657,973)
<b>Profit/(loss) on ordinary activities before taxation</b>		1,530,460	(1,007,747)
Tax on profit/(loss) on ordinary activities	6	(272,060)	(1,411)
<b>Profit/(loss) on ordinary activities after taxation</b>		1,258,400	(1,009,158)
Minority interest - equity		16,937	48,085
<b>Retained profit/(deficit) for the group carried forward</b>		1,275,337	(961,073)

**Continuing operations**

None of the group's activities were acquired or discontinued during the current year or previous year.

**Total recognised gains and losses**

The group has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements



**Consolidated Balance Sheet**  
30th June 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Intangible assets	8	-	14,740
Tangible assets	9	6,830,179	6,511,345
Investments	10	144,962	74,672
		<u>6,975,141</u>	<u>6,600,757</u>
<b>Current assets</b>			
Stocks	11	3,022,573	3,037,259
Debtors	12	5,946,800	3,503,253
Cash at bank and in hand		5,971,323	5,618,956
		<u>14,940,696</u>	<u>12,159,468</u>
<b>Creditors</b>			
Amounts falling due within one year	13	(16,342,146)	(14,105,312)
<b>Net current liabilities</b>		<u>(1,401,450)</u>	<u>(1,945,844)</u>
<b>Total assets less current liabilities</b>		5,573,691	4,654,913
<b>Creditors</b>			
Amounts falling due after more than one year	14	(3,357,943)	(3,736,744)
<b>Provisions for liabilities</b>	18	(167,240)	(128,061)
<b>Net assets</b>		<u>2,048,508</u>	<u>790,108</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,007,221	1,007,221
Profit and loss account	20	1,294,911	19,574
<b>Shareholders' funds</b>	26	2,302,132	1,026,795
<b>Minority interests</b>	21	(253,624)	(236,687)
<b>Total equity</b>		<u>2,048,508</u>	<u>790,108</u>

The financial statements were approved by the Board of Directors on 18/11/15 and were signed on its behalf by:

  
Mr. D J Neal - Director

The notes form part of these financial statements

Company Balance Sheet  
30th June 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Intangible assets	8	-	-
Tangible assets	9	-	-
Investments	10	911,089	911,089
		<u>911,089</u>	<u>911,089</u>
<b>Current assets</b>			
Debtors	12	1,497,659	1,427,359
<b>Creditors</b>			
Amounts falling due within one year	13	(4,402,840)	(4,321,540)
<b>Net current liabilities</b>		<u>(2,905,181)</u>	<u>(2,894,181)</u>
<b>Total assets less current liabilities</b>		<u>(1,994,092)</u>	<u>(1,983,092)</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,007,221	1,007,221
Profit and loss account	20	(3,001,313)	(2,990,313)
<b>Shareholders' funds</b>	26	<u>(1,994,092)</u>	<u>(1,983,092)</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 18/11/15 and were signed on its behalf by:

  
Mr. D J Neal - Director



**Dauson Environmental Group Limited**

**Consolidated Cash Flow Statement  
for the Year Ended 30th June 2015**

		<b>2015</b>	<b>2014</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	1	2,527,532	2,559,782
<b>Returns on investments and servicing of finance</b>	2	(670,917)	(657,973)
<b>Capital expenditure and financial investment</b>	2	(111,015)	(100,346)
		<u>1,745,600</u>	<u>1,801,463</u>
<b>Financing</b>	2	(1,393,233)	(1,065,667)
<b>Increase in cash in the period</b>		<u>352,367</u>	<u>735,796</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Increase in cash in the period		352,367	735,796
Cash outflow from decrease in debt and lease financing		<u>1,393,233</u>	<u>1,065,667</u>
Change in net debt resulting from cash flows		1,745,600	1,801,463
New finance leases		<u>(2,094,789)</u>	<u>(1,710,635)</u>
<b>Movement in net debt in the period</b>		<u>(349,189)</u>	<u>90,828</u>
<b>Net debt at 1st July</b>		<u>(4,967,768)</u>	<u>(5,058,596)</u>
<b>Net debt at 30th June</b>		<u>(5,316,957)</u>	<u>(4,967,768)</u>

The notes form part of these financial statements



**Dauson Environmental Group Limited**

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30th June 2015**

**1. Reconciliation of operating profit/(loss) to net cash inflow from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss)	2,131,087	(377,007)
Depreciation charges	1,940,268	1,879,388
Profit on disposal of fixed assets	(38,558)	(43,771)
Government grants	(178,064)	(178,064)
Decrease in stocks	14,686	14,991
(Increase)/decrease in debtors	(2,306,708)	1,324,649
Increase/(decrease) in creditors	964,821	(60,404)
<b>Net cash inflow from operating activities</b>	<b>2,527,532</b>	<b>2,559,782</b>

**2. Analysis of cash flows for headings netted in the cash flow statement**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	(188,489)	(209,653)
Interest element of hire purchase payments	(482,428)	(448,320)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(670,917)</b>	<b>(657,973)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(247,849)	(398,220)
Sale of tangible fixed assets	136,834	297,839
Sale of fixed asset investments	-	35
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(111,015)</b>	<b>(100,346)</b>
<b>Financing</b>		
New loans in year	356,776	664,561
Loan repayments in year	(185,691)	(173,985)
Capital repayments in year	(1,564,318)	(1,556,243)
<b>Net cash outflow from financing</b>	<b>(1,393,233)</b>	<b>(1,065,667)</b>

The notes form part of these financial statements





Dauson Environmental Group Limited

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30th June 2015

3. Analysis of changes in net debt

	At 1.7.14 £	Cash flow £	Other non-cash changes £	At 30.6.15 £
Net cash:				
Cash at bank and in hand	5,618,956	352,367		5,971,323
	<u>5,618,956</u>	<u>352,367</u>		<u>5,971,323</u>
Debt:				
Hire purchase	(3,136,259)	1,564,318	(2,094,789)	(3,666,730)
Debts falling due within one year	(5,838,665)	(356,776)	-	(6,195,441)
Debts falling due after one year	(1,611,800)	185,691	-	(1,426,109)
	<u>(10,586,724)</u>	<u>1,393,233</u>	<u>(2,094,789)</u>	<u>(11,288,280)</u>
Total	<u>(4,967,768)</u>	<u>1,745,600</u>	<u>(2,094,789)</u>	<u>(5,316,957)</u>

The notes form part of these financial statements



1. **Accounting policies**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2015.

All subsidiary undertakings are included using the acquisition method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside of the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as Associates. In the group financial statements, Associates are accounted for using the equity method.

**Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customer. For demolition, site clearance and waste disposal activities turnover represents the sales value of work undertaken during the year and the despatch of soil and stone arising from site clearance. For skip hire activities, turnover represents charges for hire periods during the year.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, is being amortised evenly over its estimated useful life of five years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 12.5% on cost
Other tangibles	- at varying rates on cost
Plant and machinery	- 33% on cost, 12.5% on cost and 12.5% to 50% on cost
Fixtures and fittings	- 33% on reducing balance, 33% on cost, 25% on cost and 12.5% & 25% on cost
Motor vehicles	- 33% on cost, 20% on cost and 12.5% to 50% on cost
Haulage vehicles	- 33% on reducing balance, 25% on cost and 12.5% on cost

**Stocks**

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

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

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.



1. Accounting policies - continued

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

**Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

**Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

**Going concern**

The directors are satisfied that there is sufficient support within the group to allow the individual parent company to continue in business for the foreseeable future and therefore it is considered appropriate that the accounts are prepared on a going concern basis.

2. Staff costs

	2015 £	2014 £
Wages and salaries	4,397,734	3,692,108
Social security costs	443,288	402,659
Other pension costs	35,586	23,586
	<u>4,876,608</u>	<u>4,118,353</u>

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

	2015	2014
Administration and support	14	23
Production	141	105
	<u>155</u>	<u>128</u>



Dauson Environmental Group Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015

3. Operating profit/(loss)

The operating profit (2014 - operating loss) is stated after charging/(crediting):

	2015 £	2014 £
Depreciation - owned assets	315,208	930,838
Depreciation - assets on hire purchase contracts	1,610,320	904,337
Profit on disposal of fixed assets	(38,558)	(43,771)
Goodwill amortisation	14,740	44,212
	<u>75,378</u>	<u>89,299</u>
Directors' remuneration	75,378	70,384
Directors' pension contributions to money purchase schemes	11,429	8,929
	<u>11,429</u>	<u>8,929</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditors for the audit of the company's financial statements	34,850	31,500
Auditors' remuneration for non audit work	1,600	-
	<u>34,850</u>	<u>31,500</u>

5. Interest payable and similar charges

	2015 £	2014 £
Bank interest	61,743	69,526
Other interest	2,335	5,810
Loan	124,411	134,317
Hire purchase	482,428	448,320
	<u>670,917</u>	<u>657,973</u>

6. Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2015 £	2014 £
Current tax:		
UK corporation tax	230,164	(9,073)
Under/over provision of tax	2,717	-
Total current tax	<u>232,881</u>	<u>(9,073)</u>
Deferred tax	39,179	10,484
Tax on profit/(loss) on ordinary activities	<u>272,060</u>	<u>1,411</u>



**Dauson Environmental Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015**

**6. Taxation - continued**

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	1,530,460	(1,007,747)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 20%)	306,092	(201,549)
Effects of:		
Expenses not deductible for tax purposes	46,127	42,221
Income not taxable for tax purposes	(78,162)	(27,370)
Depreciation in excess of capital allowances	66,004	66,061
Adjustments to tax charge in respect of previous periods	2,717	(9,073)
Losses (brought) / carried forward	(118,104)	8,008
Losses utilised	-	38,148
Marginal relief	(434)	74,405
Other non trade adjustments	-	(244)
Bank and other interest	233	320
Different tax rate	8,408	-
Current tax charge	232,881	(9,073)

**7. Loss of parent company**

As permitted by Section 408 of the Companies Act 2006, the profit and loss of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £11,000 (2014: £50,364).

**8. Intangible fixed assets**

Group	Goodwill £
<b>Cost</b>	
At 1st July 2014 and 30th June 2015	541,827
<b>Amortisation</b>	
At 1st July 2014	527,087
Amortisation for year	14,740
At 30th June 2015	541,827
<b>Net book value</b>	
At 30th June 2015	-
At 30th June 2014	14,740



Dauson Environmental Group Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015

9. Tangible fixed assets

Group

	Freehold property £	Other tangibles £	Plant and machinery £
<b>Cost</b>			
At 1st July 2014	708,690	2,538,333	10,421,718
Additions	-	-	2,104,657
Disposals	-	-	(133,300)
Reclassification/transfer	-	(703,106)	703,106
At 30th June 2015	708,690	1,835,227	13,096,181
<b>Depreciation</b>			
At 1st July 2014	260,642	1,082,371	5,821,887
Charge for year	60,175	253,750	1,466,806
Eliminated on disposal	-	-	(47,752)
Reclassification/transfer	-	(278,312)	278,313
At 30th June 2015	320,817	1,057,809	7,519,254
<b>Net book value</b>			
At 30th June 2015	387,873	777,418	5,576,927
At 30th June 2014	448,048	1,455,962	4,599,831

	Fixtures and fittings £	Motor vehicles £	Haulage vehicles £	Totals £
<b>Cost</b>				
At 1st July 2014	98,089	898,419	505,851	15,171,100
Additions	-	237,981	-	2,342,638
Disposals	-	(86,888)	(45,558)	(265,746)
At 30th June 2015	98,089	1,049,512	460,293	17,247,992
<b>Depreciation</b>				
At 1st July 2014	98,089	897,306	499,460	8,659,755
Charge for year	1	144,492	304	1,925,528
Eliminated on disposal	-	(79,972)	(39,746)	(167,470)
Reclassification/transfer	(1)	-	-	-
At 30th June 2015	98,089	961,826	460,018	10,417,813
<b>Net book value</b>				
At 30th June 2015	-	87,686	275	6,830,179
At 30th June 2014	-	1,113	6,391	6,511,345



**Dauson Environmental Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015**

**9. Tangible fixed assets - continued**

**Group**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Other tangibles £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Haulage vehicles £</b>	<b>Totals £</b>
<b>Cost</b>					
At 1st July 2014	703,106	6,699,872	683,872	56,736	8,143,586
Additions	-	1,899,220	195,569	-	2,094,789
Disposals	-	-	-	(56,736)	(56,736)
Transfer to ownership	-	(199,950)	(37,030)	-	(236,980)
Reclassification/transfer	(703,106)	649,995	(347,310)	-	(400,421)
At 30th June 2015	-	9,049,137	495,101	-	9,544,238
<b>Depreciation</b>					
At 1st July 2014	278,312	2,151,485	384,220	36,389	2,850,406
Charge for year	-	1,477,608	129,355	3,357	1,610,320
Eliminated on disposal	-	-	-	(39,746)	(39,746)
Transfer to ownership	-	(165,096)	(43,094)	-	(208,190)
Reclassification/transfer	(278,312)	646,569	-	-	368,257
At 30th June 2015	-	4,110,566	470,481	-	4,581,047
<b>Net book value</b>					
At 30th June 2015	-	4,938,571	24,620	-	4,963,191
At 30th June 2014	424,794	4,548,387	299,652	20,347	5,293,180

**10. Fixed asset investments**

**Group**

	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1st July 2014	74,672
Additions	70,290
At 30th June 2015	144,962
<b>Net book value</b>	
At 30th June 2015	144,962
At 30th June 2014	74,672



Dauson Environmental Group Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015

10. Fixed asset investments - continued

Company

Shares in  
group  
undertakings  
£

Cost

At 1st July 2014  
and 30th June 2015

911,089

Net book value

At 30th June 2015

911,089

At 30th June 2014

911,089

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Neal Soil Suppliers Limited

Country of incorporation: UK

Nature of business: Site clearance and sale of compactable materials

%

Class of shares: holding  
Ordinary 100.00

Cardiff Demolition Company Limited

Country of incorporation: UK

Nature of business: Demolition and clearing of building sites

%

Class of shares: holding  
Ordinary 100.00

Atlantic Recycling Limited

Country of incorporation: UK

Nature of business: Recycling operations

%

Class of shares: holding  
Ordinary 100.00

Bluefield Land

Country of incorporation: UK

Nature of business: Regenerating brownfield sites

%

Class of shares: holding  
Ordinary 75.00

Neal Aggregate Suppliers Limited

Country of incorporation: UK

Nature of business: Treatment and sale of construction waste

%

Class of shares: holding  
Ordinary 100.00





10. Fixed asset investments - continued

**Atlantic Composting Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Atlantic Ecopark Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Atlantic Organics (UK) Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Atlantic Organics (Wales) Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Action Recycling Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Atlantic Power Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Dauson Holdings UK Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Neal Recycling Limited**

Country of incorporation: UK

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00



**Dauson Environmental Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015**

**10. Fixed asset investments - continued**

**Plantline (CO) Limited**

Country of incorporation: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Atlantic Waste Management Limited**

Country of incorporation: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Associated companies**

**Envirosavers Limited**

Country of incorporation: UK

Nature of business: Clearance of hazardous waste

	%
Class of shares:	holding
Ordinary	30.00

**Bluefield Caernarfon Limited**

Country of incorporation: UK

Nature of business: Property development

	%
Class of shares:	holding
Ordinary	26.25

**Bluefield Caernarfon Management Limited**

Country of incorporation: UK

Nature of business: Property management and estate services

	%
Class of shares:	holding
Ordinary	26.25

The closing balance on investments held as fixed assets relates to the shares owned by Dauson Environmental Group Limited in:

Envirosavers Limited (under equity method of accounting)

As an associate undertaking, the results for Envirosavers Limited have been incorporated into the group results by accounting for the groups share of reserves as at 30 June 2015. The year end of this company is 31 January and so the management accounts have been used to incorporate the results for the year ended 30 June 2015 into the consolidated accounts.



**Dauson Environmental Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015**

**11. Stocks**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Stocks	1,543,491	1,558,177
Work-in-progress	1,479,082	1,479,082
	<u>3,022,573</u>	<u>3,037,259</u>

**12. Debtors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	4,571,277	3,050,185	-	-
Amounts owed by group undertakings	-	-	1,497,659	1,427,359
Amounts owed by participating interests	103	-	-	-
Amounts recoverable on contract	1,032,442	217,883	-	-
Other debtors	3,550	5,426	-	-
VAT	101,150	-	-	-
Called up share capital not paid	8	8	-	-
Prepayments	238,270	229,751	-	-
	<u>5,946,800</u>	<u>3,503,253</u>	<u>1,497,659</u>	<u>1,427,359</u>

**13. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 15)	6,094,580	5,838,665	-	-
Other loans (see note 15)	100,861	82,613	-	-
Hire purchase contracts (see note 16)	2,428,214	1,749,008	-	-
Trade creditors	2,120,486	1,923,587	-	-
Amounts owed to group undertakings	-	-	4,396,390	4,318,040
Amounts owed to participating interests	592,271	72,284	-	-
Tax	229,930	(3,044)	-	-
Social security and other taxes	246,353	631,918	-	-
VAT	711,007	626,532	-	-
Other creditors	112,119	122,619	-	-
Invoice factoring	1,145,765	1,102,873	-	-
Directors' current accounts	53,784	53,784	-	-
Accrued expenses	2,328,712	1,726,409	6,450	3,500
Deferred government grants	178,064	178,064	-	-
	<u>16,342,146</u>	<u>14,105,312</u>	<u>4,402,840</u>	<u>4,321,540</u>



Dauson Environmental Group Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015

14. Creditors: amounts falling due after more than one year

	Group	
	2015	2014
	£	£
Bank loans (see note 15)	1,102,298	1,104,514
Other loans (see note 15)	323,811	424,673
Hire purchase contracts (see note 16)	1,238,516	1,387,251
Other creditors	72,500	-
Deferred Grants	99,689	99,689
Directors' loan accounts	-	15,000
Accruals and deferred income	-	6,424
Deferred government grants	521,129	699,193
	<u>3,357,943</u>	<u>3,736,744</u>

15. Loans

An analysis of the maturity of loans is given below:

	Group	
	2015	2014
	£	£
Amounts falling due within one year or on demand:		
Bank loans	-	254,800
Overdraft	6,094,580	5,583,865
Other loans	100,861	82,613
	<u>6,195,441</u>	<u>5,921,278</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	1,102,298	1,104,514
Other loans - 1-2 years	113,686	214,469
	<u>1,215,984</u>	<u>1,318,983</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>210,125</u>	<u>210,204</u>



Dauson Environmental Group Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015

16. Obligations under hire purchase contracts

Group

	Hire purchase contracts	
	2015 £	2014 £
Net obligations repayable:		
Within one year	2,428,214	1,749,008
Between one and five years	1,238,516	1,387,251
	<u>3,666,730</u>	<u>3,136,259</u>

17. Secured debts

The following secured debts are included within creditors:

	Group	
	2015 £	2014 £
Hire purchase contracts	3,666,730	3,136,259
Invoice discounting creditor	1,145,765	1,102,873
Bank loans	1,102,298	1,359,314
	<u>5,914,793</u>	<u>5,598,446</u>

Bank loans and overdrafts included in short term liabilities are secured by a multilateral guarantee given by all group companies together with a first mortgage on freehold land owned by group company directors. Security is given by a debenture including a fixed charge over present freehold and leasehold property. There is a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future dated 12 June 1998.

Bank loans included in long term creditors are secured over land held by Bluefield Land Limited at Cwmgorse. There is no fixed repayment date of the loan as it becomes repayable when the land is sold.

Hire purchase creditors are secured over the assets to which they relate.

The invoice discounting creditors are secured on the book debts of group companies.

18. Provisions for liabilities

	Group	
	2015 £	2014 £
Deferred tax	<u>167,240</u>	<u>128,061</u>



Dauson Environmental Group Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015

18. Provisions for liabilities - continued

Group

	Deferred tax £
Balance at 1st July 2014	128,061
Credit to Profit and Loss Account during year	39,179
Charge for the year	
Transferred to accruals	
Balance at 30th June 2015	<u>167,240</u>

19. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2015 £	2014 £
1,007,221	Ordinary		<u>1,007,221</u>	<u>1,007,221</u>

20. Reserves

Group

	Profit and loss account £
At 1st July 2014	19,574
Profit for the year	1,275,337
At 30th June 2015	<u>1,294,911</u>

Company

	Profit and loss account £
At 1st July 2014	(2,990,313)
Deficit for the year	(11,000)
At 30th June 2015	<u>(3,001,313)</u>

21. Minority interests

Minority interest amounts included in the accounts relate to the amounts that are due to the minority shareholders in Bluefield Land Limited.



**Dauson Environmental Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30th June 2015**

**22. Contingent liabilities**

During the year the company was involved in a legal dispute which was upcoming to a closing date for appeals, having originally been overturned in court. The Plaintiff has until January 2016 to put in an appeal against the courts decision.

**23. Directors' advances, credits and guarantees**

The following advances and credits to a director subsisted during the years ended 30th June 2015 and 30th June 2014:

	2015 £	2014 £
<b>D J Neal</b>		
Balance outstanding at start of year	68,784	68,784
Amounts repaid	(15,000)	-
Balance outstanding at end of year	<u>53,784</u>	<u>68,784</u>

In respect of the bank loan liability in Neal Soil Suppliers Limited, the bank facilities in Bluefield Land Limited and the DEG group bank overdraft facility Mr D Neal has provided a personal guarantee to secure liabilities.

**24. Related party disclosures**

**Neal Environmental Limited**

A company related by family association.

During the year the group made purchases of £5,415 (2014:£6,498) from Neal Environmental Limited and made sales of £1,382 (2014: £593).

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>-</u>	<u>8,786</u>

**Enviosavers Limited**

Associate company

During the year the group made purchases of £777,975 (2014: £276,250) from Envirosavers Limited and Sales of £1,161 (2014: £670).

	2015 £	2014 £
Amount due from/(to) related party at the balance sheet date	<u>592,168</u>	<u>(72,284)</u>

**Mr & Mrs Neal**

Parents of Director

During the year the group paid rent of £66,000 (2014: £66,000) to Mr & Mrs Neal.

**D J Neal**

Director

During the year the group paid rent of £18,000 (2014: £18,000) to Mr Neal.



## 24. Related party disclosures - continued

**Mr L Neal**  
Son of Director

During the year the group loaned an amount of £72,500 (2014: £15,000) to Mr L Neal.

	2015 £	2014 £
Amount due from related party at the balance sheet date	<u>72,500</u>	<u>15,000</u>

**Mr H Neal**  
Father of a Director

During the year there were no transactions. In prior year, group sold a vehicle to Mr H Neal for £15,000.

	2015 £	2014 £
Amount due from related party at the balance sheet date	<u>-</u>	<u>15,000</u>

## 25. Ultimate controlling party

The ultimate controlling party is D J Neal.

## 26. Reconciliation of movements in shareholders' funds

**Group**

	2015 £	2014 £
Profit/(loss) for the financial year	<u>1,275,337</u>	<u>(961,073)</u>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>1,275,337</b>	<b>(961,073)</b>
Opening shareholders' funds	<u>1,026,795</u>	<u>1,987,868</u>
<b>Closing shareholders' funds</b>	<b><u>2,302,132</u></b>	<b><u>1,026,795</u></b>

**Company**

	2015 £	2014 £
Loss for the financial year	<u>(11,000)</u>	<u>(50,364)</u>
<b>Net reduction of shareholders' funds</b>	<b>(11,000)</b>	<b>(50,364)</b>
Opening shareholders' funds	<u>(1,983,092)</u>	<u>(1,932,728)</u>
<b>Closing shareholders' funds</b>	<b><u>(1,994,092)</u></b>	<b><u>(1,983,092)</u></b>





**27. Pensions**

The group operates a defined contribution pension scheme. the pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £35,583 (2014: £23,586).

**28. Government grants**

Within creditors are amounts relating to grants received by the group to purchase capital items. These grants are released in line with the stated depreciation rate for the assets to which the grant relates.